Illegal meat cartel in Malaysia: what went wrong?

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Abstract

Halal is an essential part of the Muslim faith. The Halal certificate is one of the Malaysian government's initiatives designed to help Muslim consumers. The success rate of the government initiative, however, relies on the collaboration of every walk of life. This initiative must be compatible with efforts to eradicate all who are cashing in on the Halal industry's growth. This study, therefore, discussed the import and export sectors as a solution to the meat supply limitation in Malaysia, fulfilling the need of consumers and improving the domestic economy by reflecting the illegal meat cartel issue as the main theme of discussion. The issue of the illegally imported meats labelled with the halal logo clearly points out the weaknesses that need to be rectified immediately. To incorporate detailed ideas, library research and document analysis are employed by referring to primary sources as well as secondary sources such as article journals, official portals, conference papers and so on. Data extracted including from interviews were analysed thematically based on illegal meat cartels and the manipulation point that needs to be addressed. Research findings succeeded in revealing the manipulation point that needs to be fixed and monitored more efficiently in the illegal import meat cartel case by the agencies involved. Recommendations based on the research findings suggest that the Malaysia government needs to strengthen halal certification processes and methods of monitoring, while the industries must fulfil all requirements that had been set by the government and provide lawful food for consumers. The authorities also need to tighten the specific standard operating procedure that ensures transparency for all parties.

1. Introduction

Nowadays, the halal food industry increasingly receives an encouraging response from society. The awareness of the Malaysian community especially Muslims towards the importance of halal food consumption leads to a lifestyle change that increases halal product demand. According to the report from Halal Development Corporation (HDC) in 2019, the value of the Malaysia halal industry market is predicted to achieve RM614 billion in 2025 (Free Malaysia Today, 7 Dec 2019). In addition, the global halal industry predicts to hit USD5.0 trillion in 2030 (Halal Industry Development Corporation, 2020). However, it is undeniable that the development of this sector also faces several challenges, sabotages, and criminal elements.

According to Elliot (2014), food crime is planned activities by an organization to deceive or injure consumers through food products. Meanwhile, food fraud was defined as intentionally deceiving consumers via food products as well as getting financial benefits. Illegal meat cartel issue is one type of food crime specifically food fraud. The discussion of this issue includes the safety of imported meat, illegal slaughterhouse, non-halal meat processing and overall, this issue related to the supply chain of the meat. Food that is often involved in halal and haram issues is meat or meat-based food. For justification, red meat becomes the
first commodity that had been highlighted in threat assessment related to food crime activity (Food Standards Agency, 2020). The halal status of products become the main focus in Malaysia especially meat because the majority of the people in Malaysia are Muslims.

Related to that, meat is the largest food crime target because meat is the favourite food for the majority of societies around the world including Malaysia. Thus, the demand for meat production increases yearly (Ritchie and Roser, 2021). Besides, the bulk of meat in the Malaysian market is provided by foreign countries not only because there is a lack of local resources, but because their price is cheaper.

Following the meat demand that soared yearly, most food crime issue involves meat products (Manning, 2016), such as meat counterfeiting (Spink and Moyer, 2011) and meat product label misuse (Chuah et al., 2016). Furthermore, there is also the issue of meat manipulation such as beef manipulation with buffalo meat manipulation in sausage production and issues of illegal meat change, such as pork swapped with beef, dog meat swapped with goat meat, and non-slaughtered meat (Abd Razak et al., 2020).

Other than that, there is also discussion surrounding the issues of halal fraud involving meat-based food such as a mixture of dangerous chemical ingredients, wrong usage of the label, meat that contains dangerous ingredients, fake meat, diseased meat, carcass meat, wild animal meat, DNA modification and meat that is mixed with non-halal ingredients such as blood-based food additives (Ishaka et al., 2018). This matter clearly threatens the integrity of halalan tayyiban.

Food crime has become one of the threats involving the halal status of food, which is a sensitive issue for the Muslim community. This is because halal food consumption is compulsory and an obligation for each Muslim individual. Food consumption must be examined according to its impact on an individual whether in terms of personal, personality, spiritual, or worship (Adzharuddin and Yusoff, 2018). That is not the only implication as it also affects ibadah (Waharjani, 2015). This statement was also supported by a hadith (Ariffin et al., 2022), in which Prophet Muhammad (Please be Upon Him-PBUH) said:

Translation: Narrated by Abu Hurayrah who said: Prophet Muhammad PBUH said: “Verily Allah The Almighty is good, does not accept any but goodness. And verily Allah The Almighty commanded the believers to do that which he commanded the Messengers: O Messengers! Eat what is good and do right. And He said: O believers, eat that is good that comes from what We have provided to you. Then he mentioned of a man walking a far distance in a messy and dusty condition. He raised his hands towards the sky and said: O Lord, O Lord, while his food haram, his drink haram, his clothing haram and his needs filled with what is haram, if (such is his condition) how is his prayers accepted” (Sahih Muslim, number 1015; al-Darimi, number 2759; Musnad Ahmad, number 8348).

Thus, looking at its significant impact on individuals and society, this issue needs to be taken seriously by all parties, especially authorities to control and prevent cases involving food crime from growing rampant. This is because food crime is not only subject to the local market, but it also involves a wider and larger scope which is the international and worldwide market. Therefore, this study is aimed to reveal the vital manipulation point in the illegal import meat cartel case that needs to be adhered to by all parties in order to safeguard the integrity of halal food in Malaysia and its ecosystem.

2. Literature review

In general, all food imports need to abide by the requirements of the Food Act 1983. Approval will be given by the Ministry of Health (MOH) Malaysia officials after an inspection has been carried out at the entrance door through the Food Safety Information Malaysia (FoSIM) system as registered (Food Safety and Quality Division Portal, 2021; Ministry of Health, 2023). Firstly, meat or animal-based imported food is required to get a permit. To achieve that, the imported and exported meat policy has been set by the Malaysian government to ensure its halal status, whereas meat that is brought into Malaysia needs to get halal verification from the exporting country’s authority. The Department of Veterinary Services (DVS) requires an obligatory inspection made by DVS and JAKIM (Department of Islamic Development Malaysia) for imported and exported meat (Department of Veterinary Services, 2021). This matter is subject to the protocol related to the importation of animals that is stated in the Animal Act 1953 (Revised 2013). These conditions need to be agreed upon and followed by both parties, the exporting country and importing country before the product can be brought in.

The execution of these conditions is under the jurisdiction of the Department of Malaysian Quarantine Inspection Services (MAQIS). Based on the Malaysian Quarantine and Inspection Services Act 2011 (Act 728), MAQIS has the authority to quarantine and inspect import permits regarding agriculture including meat. Legal action will be imposed on those who violate the
permit, either fined less than MYR100,000 or imprisoned for less than six years or both (Malaysia Legislation, Act 728, 2011). The Royal Malaysian Customs Department can also impose legal action on Prohibition of Import Act 2017 offenders.

Other than DVS and JAKIM, MAQIS and Customs also have an important role in ensuring all meat brought into Malaysia fulfills the main criteria which is halal status. Thus, there is a detailed procedure prepared for merchants and industry to obtain source approval before carrying out imported and exported meat in Malaysia. This procedure is delineated in Figure 1.

Based on this figure, there are six main steps that need to be done before getting imported meat approval. This does not only involve the importer, but it also involves the exporter. DVS has a direct relationship with animals and animal-based products including meat. Therefore, DVS plays a role in ensuring meat safety in the country as well as overseas. To do so, DVS released a procedure for the industry as delineated in Figure 2.

The procedure begins with an application by the exporter in the form of a questionnaire. After that, Malaysia represented by DVS is responsible for appointing experts and related agencies to evaluate the risk from exporters. If there is no risk that leads to harm, the exporter will need to follow a protocol that is professionally developed. The main criteria that need to be fulfilled are that the imported meat must be halal. After getting approval from both sides, the exporter needs to fill out two forms that will be evaluated and checked by DVS and JAKIM.

The field audit process needs to be carried out by the responsible agency such as DVS, JAKIM and MOH. The audit process is carried out in detail beginning with live cows, slaughtering, and packaging. The exporter needs to get approval from agencies recognized by JAKIM. After getting approval from the agencies involved, an admission letter is issued and sent to the exporter through the embassy. The next step is that the exporter needs to register as a Malaysian importer and requests an import permit before operating.

Here, it is clearly mentioned that the process to obtain a permit and approval involves many parties to ensure the meat’s halal status from its source until the meat is sold at the local market. Abiding with the outlined procedure, illegally imported meats would consequently not cross Malaysian borders.

3. Materials and methods

The study focused on the rise of illegal meat cartels in Malaysia, to gain a deeper understanding of meat cartel crime. This research applied a qualitative research design via library research approach, relevant data were extracted from authoritative sources as a research base. To complete the research, primary source interviews and secondary materials such as articles, journals, books, conference papers, and so on were used as base data.

The data were then analysed from halal industries and agencies' perspectives including meat cartel issues before further discussion. Before the final analysis, the data were analysed based on the illegal meat cartel issue as the main theme. From the analysis outcomes, its main contents were analysed according to thematic methods in figuring manipulation points in fighting illegal meat cartels’ operations to be ceased to guarantee Halal integrity.
4. Results and discussion

4.1 Illegal meat cartel in Malaysia

The increase in food crimes such as sheep kidnapping, contamination, food product label forgery, and halal meat swapping has been reported by the media since the economic crisis in 2007 (McElwee, Smith and Lever, 2017). According to the information from Food Crime Intelligence, as many as 364 cases involving food crime were reported in the first three months of 2019 (Food Safety News, 2020). These cases negatively affect the food industry and consumers. The increase in food crime is a warning that the world is in a dangerous and worrying state if the increase continues in the following years.

The crime case of the illegal meat cartel which was imported from four foreign countries at the end of 2020 received the attention of Malaysian citizens. Beginning with the reveal of the cartel crime in early December 2020 by the media and followed by the reports of the crime. The illegal meat which costs RM30 million was brought in and stored in a warehouse in Senai, Johor. The meat was then repackaged before being labelled with a halal logo and distributed to the local market without approval from JAKIM officials (Sinar Harian, 2020a).

Other than the beef that raises suspicion about how it was slaughtered, horse, buffalo, and kangaroo meat were also brought in. Moreover, it is also reported that part of the halal beef was swapped with lower quality meat and diseased livestock meat (Malaysia Kini, 2020). Thus, the discovery of the pork admission records further raises suspicion of its halal status and quality. However, the Ministry of Domestic Trade and Consumer Affairs (KPDNHEP) denied the existence of pork, horse meat, and kangaroo meat when the raid was carried out (Ismail, 2020).

According to Syed Ashraf, the Chief Executive Officer of Palace Butcher Resources, the inspection procedure for imported meat admission into Malaysia is at a good and secure level, but leakage that occurs at the port facilitates illegal meat smuggling (Sinar Harian, 2020b). The mastermind behind this syndicate has bribed several government staff that are tasked at the entrance to be excluded from the set inspection compliance (Johor Kini, 2020). However, the statement that the syndicate operation has been going on for 40 years was denied by KPDNHEP.

As of 14 April 2021, 19 distributing companies that are linked to the illegal import meat cartel have been overthrown. They are suspected to be conspiring with a legal frozen imported meat company in Brazil. Other than importing from the company in Brazil, an import company in Malaysia based in Ulu Tiram, Johor also received supplies from local companies and repackaged them before distributing them to consumers. In the meantime, the involved companies were also found to have ordered boxes with halal logo from GBP Australia and Ararat India certification bodies to repackage the meat from Brazil and local companies to fulfil the consumer demand.

The company also received orders because they offer a cheaper price than the market, other than the convenience of three-month credit payment compared to other companies that require cash payment during delivery. The company can also fulfil customer demand because they always have enough stock, whereas the investigation found that the company only uses four out of five permits that were approved which equates to 108 tonnes of meat. However, the company was found to be distributing more than 1000 tonnes of meat to 202 companies before being sold to the customers. In this case, the police have detained as many as 36 suspects, including 10 women in Meat Cartel Ops. The investigation found elements that point to the offence of a criminal organization.

The unveiling of the meat cartel crime case was shocking to all parties from consumers to the authorities. The statement released by the media left a large impact especially on Muslim consumers because it involves Muslim sensitivity. This activity not only causes the issue of suspicion towards meat supplies in the market but also repackaged meat that cannot be verified in its hygiene level and is not certified by DVS (Berita Harian, 2021).

4.2 Manipulation points in the illegal meat cartel in Malaysia

From the interview, the research found several issues that need to be understood thoroughly before important points that could be manipulated can be finalized in the issue of illegal meat cartels (Harbour Officer, 2021).

First: Meat is a trading entity that has no tax and duties to be brought into Malaysia. Meat is in the category of raw food goods which include vegetables or plants that have tax and duties exemption from the Malaysian customs’ list of tariff codes. In the export practice, almost 90% of Malaysian items exported to foreign countries are not taxed. As opposed to importing, most goods that come into Malaysia will be taxed, imposed duties, or both. This is according to the government’s proposition to encourage Malaysian products export. In this case, raw imported meat only needs an imported meat permit that is approved by MAQIS after getting authorization from JAKIM, DVS,
and MOH in the early stage at the origin country before it can be imported.

Second: At the port, the Customs, which is the final entrance for imported goods, is responsible for executing document inspection as well as tax enforcement and import and export duties on every good that is eligible to be taxed. When the Customs is linked to the illegal meat smuggling cartel, it can be understood that they have no significance or profit to be conspiring in this matter because imported meat is not subject to tax or duties to be released. Customs will only check the tariff code and approve the prior inspection by MAQIS. In other words, Customs only carry out inspections and process complete documents and evaluate the tariff code and price for each carried well.

Third: Thus, this leaves the most critical point which is the misconduct and bribery regarding the imported meat cartel case among the parties involved with the raw food goods inspection and the likes that were brought into the port. According to the role of MAQIS, they were the first party that will inspect each container before the documentation are approved and handed over to the Customs. They will take the sample and check the type of meat that was brought into Malaysia at a special laboratory. There are two possibilities, which are MAQIS officers readily conspiring with the cartel or the syndicate cunningly hiding the illegal meat along with the halal meat without MAQIS officers realizing it. Even though MAQIS has denied this issue before, almost 10 MAQIS officers were remanded as of January 2021 by the Malaysian Anti-Corruption Commission (SPRM) for investigation under suspicion of being involved with bribery regarding the admission of illegally imported meats (Noh, 2021). On 23rd May 2021, 4 MAQIS assistant officers were charged in court on 10 charges of bribery in the illegal meat cartel case, along with a logistic company manager known as a delivery agent (Ali, 2021).

Fourth: The delivery company agent is an entity appointed by officials to manage import and export goods for importers and exporters. They are appointed specifically to complete all forms of documentation, declare types of goods, and acquire approval and admission in the phase before and after the goods were brought in at the Malaysian port. After that, the goods will then be brought out of the port. There are honest delivery agents that report misconduct to the authorities. However, there are also corrupt ones that conspired to release illegal goods. In January 2021, SPRM detained a delivery agent under suspicion of bribery (Noh, 2021).

In the illegal import meat cartel case, there’s a likelihood that the appointed agents are conspiring with the cartel by taking and giving bribery to certain parties to release the illegal meat that was brought in. There is likely to be a corrupted organization since delivery agents do not have a reason to commit criminal acts alone because they already received the payment by getting the approval for the represented import and export documentation affairs. In other words, agents become the mastermind or middleman that links the syndicates to the authorities.

Fifth: Another weakness discovered is the physical inspection and content confirmation operation for halal imported goods cannot be carried out at the borders. This is because there is no facility that can detect and differentiate between halal and forbidden food goods that enter Malaysia. This surely complicates the implementation of halal goods control for the readily available agencies. The accessibility of goods differentiation is important because according to the laws, there is no restriction to bringing in non-halal goods into Malaysia if there is a legal and complete permit and documents from the authorities barring restricted goods that are prohibited from being brought in and out of the country.

Six: Flying containers or red-carpet containers refer to goods that generally leave the port without declaration. It escapes by conspiracy or without inspection by port officers and agencies involved. However, in the import meat cartel case, this is illogical because the meat is a raw good that is not taxed. This practice usually involves goods that have high taxes and duties such as liquors and cigarettes that are not declared.

Seventh: Halal certification audit is usually carried out once a year. Thus, there is potential for misconduct to happen when auditors and auditees take one step ahead by contacting each other to avoid sudden audits. Thus, audits that are carried out will fail in finding non-compliances as the auditees were ready for the audit period. As a result, in the remaining 364 days, auditees can proceed with the original activity, halal logo fraud and continue with halal non-compliance practice without the authorities that regulate halal compliance in Malaysia realizing.

Eighth: Another gap is the low halal comprehension rate among industrialists in Malaysia including importers, suppliers, entrepreneurs, and product manufacturers. They see the halal symbol as a tool to sell more goods or increase profit. This is the cause of halal fraud cases going rampant. Here, there needs to be a balance between religious value and profit-based activity in the hearts of halal industrialists. In the cartel case, suspected proxy companies used sound-alike Islamic names to cloud the consumers’ minds to commit their
5. Conclusion

The illegal meat cartel issue has called attention to the weaknesses of halal certification in Malaysia. The execution of an effective and manipulation-free system is an aspect that needs to be emphasized to restrict food crime issues and actualize the dream of making Malaysia an international halal hub known worldwide thus achieving harmony in the country and the global society. The efforts to upgrade the current system, especially halal control, need to be taken to ensure Malaysia’s credibility as a certified international halal hub as well as the integrity of halalan tayyiban.

Improving the weaknesses in Malaysia’s Halal Food System either among suppliers, entrepreneurs, product manufacturers or government will lead illegal meat cartels to cease and help to empower the halal industry ecosystem. To achieve this level, everyone has a role in ensuring the Halal ecosystem and social responsibilities must be applied. Regulation of halal food should be strengthened for the young generation of Malaysia to enhance its spiritual and physical growth.

Halal food sustenance contributes to good morals and behaviours. However, the consumption of illegal food is harmful. The impact does not cease on individuals, but leads to a greater impact, on society and the country. Ultimately, all parties need to work together hand in hand in order to fight against these destructive human beings who are the main culprit of illegally imported meat that has used fake halal logos. It should be seen as all parties’ responsibility and work as one to curb the ‘disease’. Collaboration in the exchange of information is also beneficial. It is time to empower halal control standards in Malaysia to avoid the sabotage of immoral parties. The support given by each party will strengthen the sustenance of halal food through the give and take concept as well as the win-win situation.

References


