

Chapter 4

Brunei Darussalam: Halal Meat and Meat Products Processing

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CHAPTER 4

Brunei Darussalam: Halal Meat and Meat Products Processing

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[1] Introduction

This study focuses on the regulatory process governing the halal meat and meat products processing industry in Brunei Darussalam. The Brunei Halal certification is considered the most authentic certification of halal products in the country.¹ Several overseas business groups have visited Brunei and expressed interests in using its halal certification for their export market. The halal food industry has been identified as one of the niche markets for Brunei.

This report aims to identify import and export problems in the halal meat and meat products processing industry, and suggests improvements in the regulatory process that could help create a more efficient and business-friendly environment.

Specifically, this study looks into regulations on starting a business in Brunei as well as regulations in both the export and import markets in order to reduce the unnecessary burdens in halal meat and meat processing businesses.

This report is based on the issues identified in 'Issues Paper'² and the consultations with stakeholders and regulators that followed its issuance.

¹ See details and citations in Section 4.2 of this report.

² Issues Paper was the first report on this project submitted to the Economic Research Institute for

In the 'Issues Paper', we identified major stakeholders engaged in businesses related to halal meat and meat products processing. We also identified important regulators involved in business registration and halal certification. We first conducted a workshop of selected stakeholders who were provided an opportunity to register their concerns through questionnaires. We also interviewed selected stakeholders (major players) in the industry and had meetings with regulators to get more details on the processes. Questionnaires on business registration and halal certification process were sent to relevant authorities.

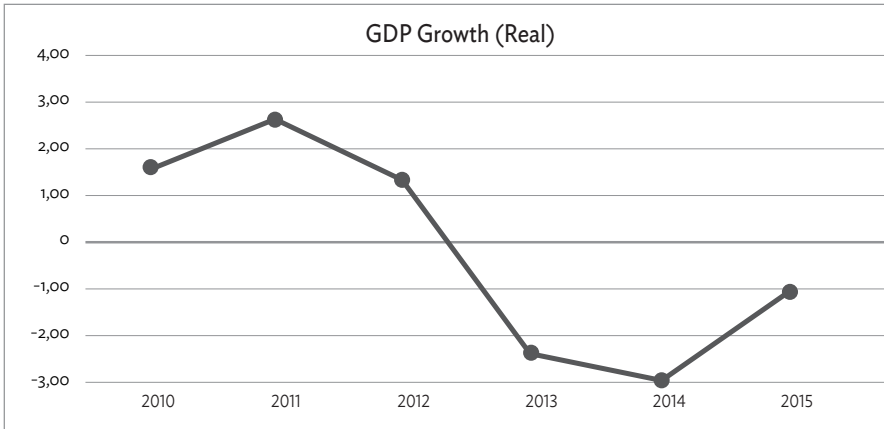
As a follow-up to the first phase of this project (Country Report), we engaged both stakeholders and regulators to specifically identify the bottlenecks and problems arising in the industry. Recommendations were proposed to ease each of the problems stated.

This report is organised as follows: Section 1 discusses the terms of reference. Section 2 presents a brief overview of the Brunei economy with focus on halal regulations. A discussion on the halal food industry, including halal certification, is provided in Section 3. Section 4 discusses the halal meat and meat products processing industry and the relevant value chain. Discussion on preparation of questionnaires, conduct of survey and interviews, and analysis is presented in Section 5. Section 6 makes concluding remarks.

[2] Brunei Economy: An Overview

Brunei is the fifth largest oil producer in Southeast Asia, with an average production of about 140,000 barrels per day (CIA World Factbook, 2014). It is the ninth largest exporter of liquefied natural gas in the world (GlobalSecurity.org, 2013). The oil and gas industry comprises about 90% of the country's exports and more than 60% of its gross domestic product (GDP) (Asian Development Bank, 2015). The revenues derived from the oil and gas industry have helped the nation achieved a GDP per capita of US\$27,000 in 2016 (World Bank, 2017).

ASEAN and East Asia (ERIA) in 2016. Its main objective was to identify areas of regulatory concerns faced by business in the halal meat and meat products processing industry.

Figure 1: GDP Growth of Brunei, 2010-2015

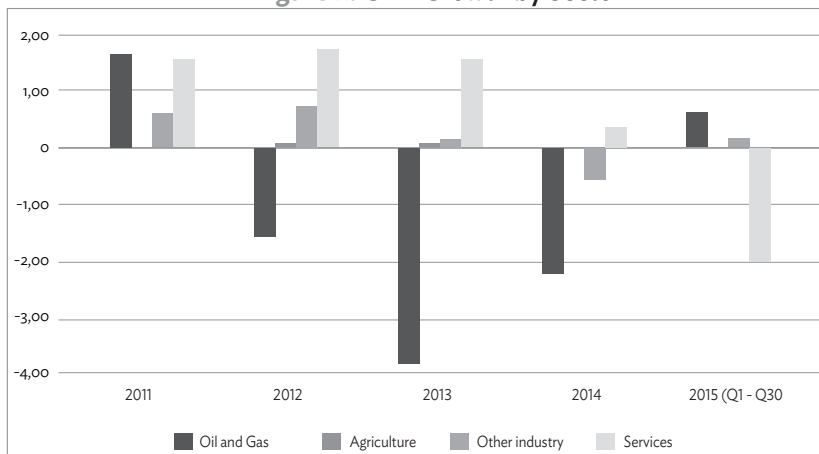
GDP = gross domestic product.

Source: World Bank.

Brunei is one of the very few countries where the state does not levy personal income tax on its subjects. Further, the government of Brunei provides free social services such as health, education, and subsidised housing for its citizens. The revenues generated through the oil and gas industry provide the much-needed income to cover these government expenditures. Brunei was able to maintain a current account surplus from 2001 until 2015 (IMF, 2015). Brunei's reliance on the oil and gas industry has made its revenue particularly vulnerable to the world fluctuations in oil and gas prices.

The current low oil prices of below US\$70 per barrel have particularly affected the country's export earnings and government revenue. Figure 1 shows the real GDP growth of Brunei's economy since 2010. It can be seen that the economy experienced a steady decline in real GDP starting from 2011. Since 2012, the country is officially in recession. A combination of falling oil prices and decline in oil production contributed to this negative growth in real output (See Figure 2).

Due to these two related factors, the government of Brunei has changed its strategy to be able to reduce the country's dependence on the oil and gas sector (Asian Development Bank, 2017). There is an urgency to diversify its economy towards non-oil industry and to promote a larger private sector by stimulating it to play a more active role in the economy.

Figure 2: GDP Growth by Sector

GDP = gross domestic product.

Source: Asian Development Outlook 2016: Asia's Potential Future Growth.

The government has already implemented Brunei's 10th National Development Plan (2012–2017), the middle-term development plan under the country's long-term development mission, also known as the Wawasan 2035. The main objectives of the Wawasan 2035 are to cultivate educated and skilled people, to have a quality of life that is amongst the 10 top nations in the world, and to achieve a dynamic and sustainable economy.

The halal food industry has been identified as one of the key industries where the country can venture into. However, as Table 1 shows, the share of any industry other than oil and gas in Brunei's GDP is almost negligible.

As shown in Table 1, the industry sector, which covers oil and gas mining, construction, electricity and water, manufacture of food and beverage, and manufacture of apparels and textiles, is the dominant sector, making up about 67% of GDP. According to estimates of Brunei's Department of Economic Planning and Development, the total output for the manufacture of food and beverage is only about B\$28.6 million, making up about 0.13% of the current GDP.

Brunei's halal food became a focus of the national planning with the announcement of Brunei Vision 2035 (along with the 9th National Development Plan (2007–2012) under the Brunei Vision 2035. This is perhaps important given that the global halal food was valued at US\$697.52 billion in 2012 and expected to reach US\$829.74 billion by 2016. However, the industry also faces some challenges.

Table 1: Brunei GDP by Economic Activity, 2016

Sector	Values at Current Price (B\$ Millions)	% Share of GDP
Agriculture, Forestry and Fishery	196.1	1.1
- Vegetables, fruits and other agricultural produce	26.1	0.1
- Livestock and poultry	63.0	0.3
- Forestry	33.5	0.2
- Fishery	73.6	0.4
Industry	10,909.1	60.2
- Oil and gas mining	7,737.0	42.7
- Manufacture of liquefied natural gas and methanol	2,382.7	13.2
- Manufacture of apparels and textiles	35.9	0.2
- Manufacture of food and beverage products	29.4	0.2
- Other manufacturing	134.7	0.7
- Electricity and water	148.3	0.8
- Construction	441.1	2.4
Services	7,009.9	38.7
GDP	18,115.2	100

GDP = gross domestic product.

Source: JPKE Brunei, 2016.

As cattle farming is not suitable in the country, Brunei imports most of its raw meat mainly from Australia, the United Kingdom, Malaysia, China, and India. As shown in Table 2, Brunei's meat imports outweigh its exports by a large margin. Brunei mainly exports processed meat to states in neighbouring Malaysia such as Sabah and Sarawak. Given the size of the global halal market, there is definitely potential for Brunei's exports in halal processed meat. We note that only four companies in Brunei are involved in the meat industry. This study will look at the regulations in both the export and import markets in order to look at ways to reduce the unnecessary burdens on businesses.

Table 2: Import of Meat and Export of Processed Meat in Brunei

	Export (B\$ Thousands)	Import (B\$ Thousands)
2010	165	42920
2011	175	43219
2012	139	47284
2013	271	51190
2014	254	48338
2015	240	58498

Source: JPKE Brunei.

[3] The Halal Food Industry

3.1 | Regulatory Process on Halal Certification and Manufacturing

The halal food industry is gaining momentum due to the growing Muslim population and the increasing interest in Islamic lifestyle (e.g. dietary rulings, dress codes) among Muslims globally. Thomson Reuters (2017) reports that the global Muslim market spends about US\$1.173 billion on food (2015 estimates) or 16.6% of the global expenditure on food. According to the same report, in 2015 alone, revenues from halal food and beverages were estimated at US\$415 billion. This rising demand for halal food and beverages requires authentic halal certification based on Islamic laws. This obviously leads to a need for a good understanding of Shariah compliance and relevant regulatory structures, and the urgency to make such regulations more business friendly. As a country known for underlining Islamic law and values, Brunei is at an advantage to position itself in the halal industry. This is a good opportunity for Brunei to develop halal certification as a service industry and halal meat products processing as an export market.

3.2 | Brunei's Halal Food Industry

Brunei aims to benefit from the halal industry through the marketing of both halal certification and exporting of halal meat products. To achieve this, the government, in 2005, issued the first enactment of halal certificate and Halal Order 2005. This section discusses some important policies regarding this.

3.2.1. Halal Certification

In view of the growing global demand for halal products and a need for a formal regulatory framework for halal certification, Brunei launched its halal branding scheme called 'Brunei Halal' in July 2009, perhaps the first attempt to introduce a global halal brand to cater to the needs of Muslims around the world (Brunei Halal, 2012). Several institutions were then established to design appropriate regulatory framework to ensure consumers and manufacturers of strict halal compliance. The government first established Brunei Wafirah Holdings Sdn Bhd as owner of the Brunei Halal brand. Later, Ghanim International Food

Corporation Sdn Bhd was set up as a joint venture between Wafirah and Brunei Global Islamic Investment, and Kerry FSDA Limited, a Hong Kong-based logistics firm (Brunei Halal, 2012). The main function of Ghanim International is to provide halal label (Brunei Halal trademark) or certification to producers and manufacturers of halal products. This certificate is issued through the Halal Food Control Section of the Department of Shariah Affairs (Brunei Halal, 2012).

The Brunei Halal certification is internationally renowned for its credibility. The Ministry of Religious Affairs of Brunei, working with several other government agencies, is the only authority that delivers the halal certification in the country. Backed by the strongest religious institution in the country, the certification standard is internationally recognised by Muslim and non-Muslim countries.

The recognition of Brunei Halal certification has governments and international agencies approaching Brunei for collaborative efforts to certify products outside Brunei's borders. Agencies from Russia and Mexico are among those who have expressed interests to adopt Brunei Halal for their markets (Shahminan, 2012; 2015).

3.2.2. Recent Development

In September 2015, the ASEAN Economic Community decided to develop the halal food industry in the region (Euromonitor, 2015). In October 2015, the Brunei Economic Development Board signed a memorandum of understanding with AZ Food (B) Sdn Bhd and Catering & International Trading, a Tunisian company, to invest in halal food production and export facility in Brunei. Part of the agreement is to focus on food and sterilised products such as plastic trays for export (Borneo Bulletin, 2015). Accordingly, a \$90 million halal food production and export facility is agreed to be developed in Anggerek Desa Technology Park. The facility aims to prepare ready-to-eat halal meals using locally sourced raw materials, manufacture packaging materials, and assemble vending machines that will be used to distribute the packaged meals with a shelf life of 24 months. The food is planned to be exported within ASEAN and other regions. This will be a significant resource to cater to the demand of the growing Muslim population in the region.

Since 2016, several countries, including the Philippines, Thailand, Malaysia, Mexico, and Russia, have approached the Brunei government for possible joint ventures in the halal food industry. In December 2015, a 19-member delegation from Yunnan, China, visited Brunei to explore the possibility of collaboration in the area of halal certification (Kassim, 2015). The proposal is to use Brunei's halal certification for China's export market, which includes the Middle East. In 2015, the government established the Global Halal Industry Development Division under the Department of Energy and Industry of the Prime Minister's Office (The Brunei Times, 2015). To promote research and development, an agreement was signed with Sengenics, an international research and diagnostics firm, to establish its headquarters in Brunei to boost the local halal industry. Sengenics has officially opened its DNA sequencing and microarray facility at the Universiti Brunei Darussalam³. The total value of the project is expected to exceed US\$11 million (B\$16.5 million) over the next two years. The aim is to develop innovative commercial products to economically complement Brunei's halal hub strategy (The Brunei Times, 2015).

[4] Halal Meat and Meat Products Processing

This study has mapped out the regulations, corresponding regulators, and the procedures and processes to identify the key bottlenecks in the regulatory and process chain in halal meat and meat products processing. In particular, the regulatory map focuses on regulations in the following key activities in the value chain related to the halal meat and meat products processing:

- a. Starting business in each of the value chain of interest to the country for the selected priority integration sectors (PIS).
- b. Sourcing of inputs, domestically or internationally, in each of the value chain of interest to the country in the selected PIS. Note that domestic sourcing necessarily includes domestic logistics.
- c. Exporting the outputs in each of the value chain of interest to the country in the selected PIS.
- d. Meeting the standards/sanitary and phytosanitary measures for inputs and outputs in each of the value chain of interest to the country in the selected PIS.

3 Sengenics (2015).

The regulations and agencies that govern halal meat and meat products processing will be reviewed and analysed to identify areas where regulations can be improved, consolidated, or simplified without compromising underlying policy objectives. Any redundant, unnecessarily burdensome, and outdated regulations will be identified for removal as a way to reduce unnecessary regulatory burdens.

4.1 | Regulations and Regulatory Burden

Regulations are Acts, laws, by-laws, rules, or directives prescribed and maintained by an authority, especially to regulate behaviour. They can also include quasi-regulations such as guidelines and administrative circulars. A good regulatory regime should have a set of regulations that are legitimate, enforceable, clear, and administratively efficient.

The legitimacy of regulations implies the capacity of regulatory agencies to ensure production of regulatory outputs (and broader outcomes). Enforceability is critical to the success of regulatory framework. Enforcement agencies are expected to have the ability to apply regulations with a minimal degree of variations throughout the country. A good enforceability mechanism will automatically bring economic efficiencies. Regulations should be clear and simple, and guidance, in plain language. The consequences of non-compliance should also be made very clear. Simple and clearly stated regulations with an appropriate time to be effective help to increase awareness among businesses being regulated as well as to improve compliance. The complexity of government formalities and paperwork is also considered as a regulatory burden. Businesses spend considerable time and devote resources in activities such as filling out forms, applying for permits and licences, reporting business information, notifying changes, etc.

Regulatory burdens are the extra requirements, activities, and costs that businesses must deliver or bear in order to comply with regulations. These costs could be either in monetary terms through extra payment for obtaining licences; administrative cost to comply with conditions pertaining to inspections, shipment and transportation, and marketability of halal products; or non-monetary costs in terms of time spent on regulatory compliance. The extra requirements may also impact the productivity of businesses. These cost impacts include:

- a. Administrative and operational requirements, such as reporting, record-keeping, getting legal advice, and training;
- b. Requirements on the way goods are produced or services supplied, such as prescriptions on production methods, occupational registration requirements, and requiring professionals to use particular techniques;
- c. Requirements on the characteristics of what is produced or supplied, such as dangerous and restricted goods; and
- d. Loss of production and marketing opportunities due to prohibitions, such as ban on import/export of certain goods.

Unnecessary regulatory burdens arise when regulation is more burdensome than necessary in serving its objectives. Where regulation is poorly designed or written, or is not administered or enforced well, it may impose greater burdens than necessary. In reviewing existing regulations, those regulatory burdens which can be considered 'unnecessary' are of primary interest. The common types of unnecessary regulatory burdens experienced by business include:

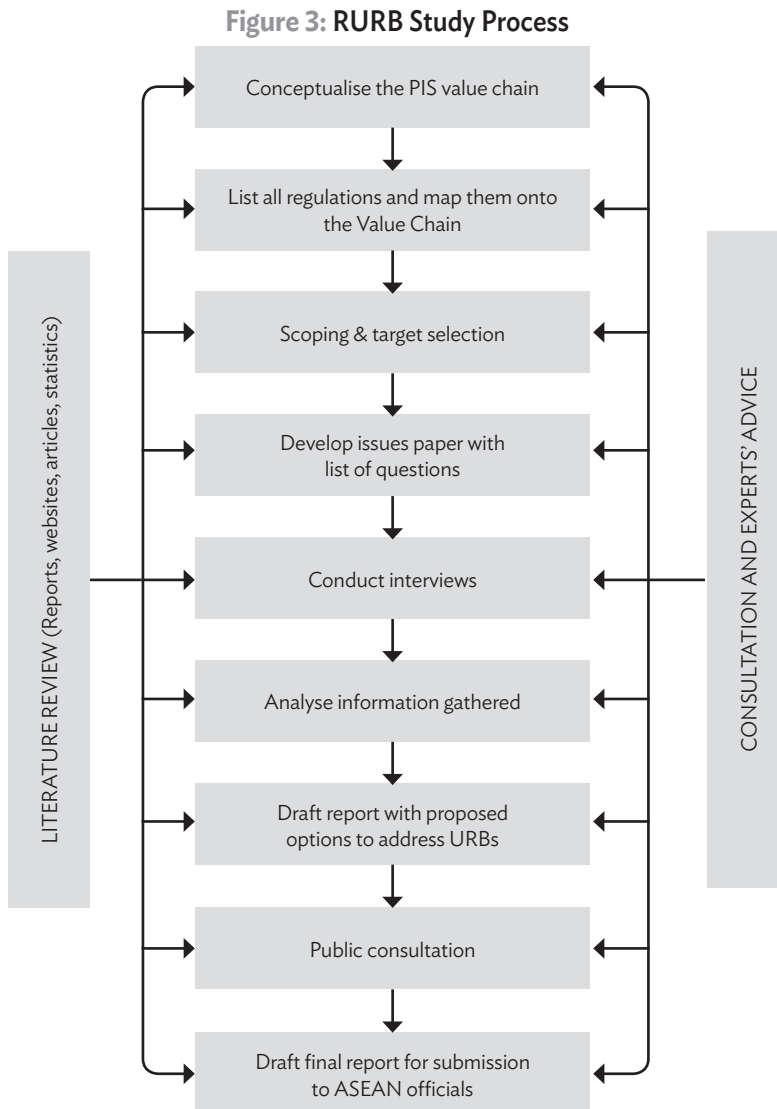
- a. Excessive coverage by a regulation, i.e. the regulation affects more economic activities than what is intended or required to achieve its objective;
- b. Subject-specific regulation that covers much the same issues as other generic regulations;
- c. Prescriptive regulation that unduly limits flexibility, such as preventing businesses from using the best/latest technology, making product changes to better meet customer demand, and meeting the underlying objectives of regulation in different, more efficient ways
- d. Overly complex regulations;
- e. Unwieldy licence application and approval processes; excessive time delays in obtaining responses and decisions from regulators;
- f. Requests to provide more information than needed; requests to provide the same information more than once; and
- g. An overlap or conflict in the activities of different regulators, and inconsistency in application or interpretation of regulations by officials.

4.2 | Reducing Unnecessary Regulatory Burdens (RURB) Study Process

This study followed the approach of the Malaysia Productivity Corporation in identifying regulatory burdens and which of these are unnecessary that they could be reduced without compromising the achievement of the regulations' objectives. The study addressed written regulations and their implementation by regulators. It investigated the value chain of focused industry using primary and secondary data. Relevant government official websites, and published reports and articles were used to identify and detail the regulatory processes involved from import of raw materials to the domestic sale and export of final products. Processes and steps involved were discussed and analysed to find consistency with existing rules and regulations. The Brunei team took a slight diversion from the Malaysia Productivity Corporation's RURB study process by holding a meeting and distributing questionnaires to the businesses at the earlier stage of the study. This enabled the team to identify questions pertinent to the main focus that were incorporated in the issue paper.

At the second stage of the study, more formal interviews were conducted with the stakeholders as well as the relevant regulators. These interviews were based on questions identified in the issue paper. The opinions of the stakeholders and the regulators were also sought on questions/clarifications arising as a result of the team analysis of the data and reports.

The interview scripts were coded and analysed. Common issues were grouped together and recommendations were provided. In the next stage of the study, a public consultation was conducted where the stakeholders and the regulators were invited to provide a brief on the major findings of the study. Specific issues were discussed in detail and proposals and recommendations were made to overcome the identified issues that are presented in this report. In general, the team followed the standard Malaysia Productivity Corporation's RURB study process as summarised in Figure 3.



ASEAN = Association of Southeast Asian Nations, PIS = priority integration sector, RURB = reducing unnecessary regulatory burdens.

Source: Malaysian Productivity Corporation.

4.3 | Brief Description of the Halal Meat and Meat Products Processing and Value Chain

4.3.1. Halal Meat and Meat Products Processing in Brunei

Given the focus of this study, this section attempts to provide details of the regulatory mapping and value chain of the industry. The value chain depicts three main activities in halal meat and meat products processing: getting input of raw materials, processing of products, and moving products locally or exporting products. These are depicted in Figure 4.

In Activity 1, companies involved in halal meat and meat products processing need to make sure their raw materials are certified halal by the Ministry of Religious Affairs or by international halal certifiers recognised by the ministry. In the production stage (Activity 2), the companies need to abide by halal regulations that require certain criteria to be met in processing halal meat and meat products. Many issues regarding the production process and its facility may have been dealt with during the business registration process. However, due to the need to reapply for renewal of halal certificate, reinspection could be required on periodic basis. At the same time, companies need to consider their marketing decision in printing halal label on product packaging, which is performed during Activity 2. There are issues regarding printing the Brunei Halal logo with respect to the logo colour specification matching with product packaging materials (e.g. aluminium, paper). In the final activity (Activity 3), companies deal with issues on exporting the product that require them to abide with the importing country's rules and regulations.

Figure 4 : Value Chain of Halal Meat and Meat Processing Products



Source: Authors developed the figures for this study.

The regulation requirements and the regulators involved in each of the value chain activities are shown in Figure 5. The regulatory burdens identified are summarised in Table 3.

Table 3 illustrates the identified challenges as a result of regulations being enforced in all three activities. Businesses face challenges in the three main activities from importing raw materials to exporting products. Specific regulations that pose the biggest challenges are discussed in the next section.

Table 3: Value Chain Activities and Identified Regulatory Barriers

Activity 1: Inputs of Materials	Activity 2: Production	Activity 3: Export
Too many steps and agencies involved in the application to get certification of halal abattoir (Five steps)	Long process to acquire halal certification and halal permit: (6-8 weeks)	Importing countries' importing halal meat products regulations
Too many steps and agencies involved to apply for import permit (Seven steps)	High cost involved in acquiring halal permit for each product. Fee charged based on individual product.	
Sending five officers from various department for abattoir inspection (cost borne by importing companies)	Printing of product labelling - Halal logo costly to print due to colour restriction. Unused logo from previous year cannot be brought forward to next year.*	
Sending two officers from BKMh for slaughtering observation (cost borne by importing companies)		
Sample testing requirement by DoAA		

BKMh = Biro kawalan makanan halal, DoAA = Department of Agriculture and Agrifood.

Note: * Policy change to reduce the cost of printing is currently being considered by regulators.

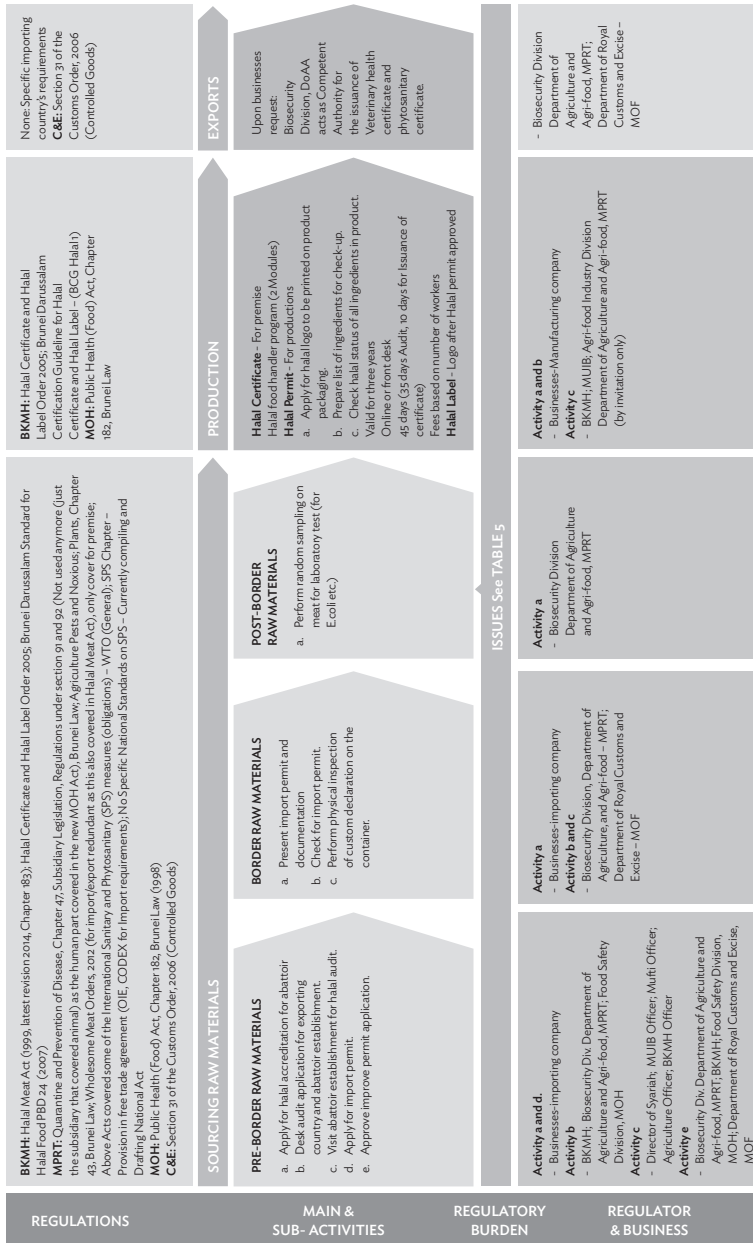
Source: Authors prepared the table based on information from interviews and published materials.

4.3.2. Regulatory Map of Halal Meat and Meat Products Processing

This section identifies the relevant regulations that govern halal value chain, from importing meat, halal meat, and meat products processing to export of halal products.

In processing halal meat and meat products, the regulations in setting up business mostly remain due to the strict regulation in maintaining halal standards. The main regulators are listed in Table 4.

Figure 5: Detailed Value Chain for Halal Meat Processing in Brunei Darussalam



BKMH = Biro kawalan makanan halal, MPRT = Ministry of Primary Resources and Trade, MOH = Ministry of Health, MUJIB = Majlis Ugama Islam Brunei, MOF = Ministry of Finance, DoAA = Department of Agriculture and Agri-food, C&E = Customs and Excise, WTO = World Trade Organisation, BCG = Guideline for halal certification, OIE = World organization for animal health, CODEX = Codex Alimentarius Commission.

Source: Authors developed the figure from interviews and published materials.

Regulations on halal meat and meat products processing and the respective regulators that implement them are listed in Table 5.

Figures 6 and 7 illustrate steps in pre-border, border, and post-border sourcing of raw meat, with their respective certificates and permits, and halal certification and halal permit for premise and for processing meat produce, respectively.

Table 4: Government Agencies Involved in Halal Meat and Meat Products Processing

No.	Halal Certification	Import Permit	Halal Permit
1.	Majlis Ugama Islam (Department: Bahagian Kawalan Makanan Halal, Jabatan Hal Ehwal Syariah)	Majlis Ugama Islam (Department: Bahagian Kawalan Makanan Halal, Jabatan Hal Ehwal Syariah)	Majlis Ugama Islam (Department: Bahagian Kawalan Makanan Halal, Jabatan Hal Ehwal Syariah)
2.	Ministry of Health (Food Safety and Quality Control Division)	Ministry of Health (Food Safety and Quality Control Division)	Ministry of Primary Resources and Tourism (Agri-Food Industry Division, Department of Agriculture and Agri-Food) – By invitation only
3.	Ministry of Primary Resources and Tourism (Biosecurity Division, Department of Agriculture and Agri-food)	Ministry of Primary Resources and Tourism (Biosecurity Division, Department of Agriculture and Agri-food)	
4.	-	Ministry of Finance (Department of Royal Customs and Excise)	

Source: Authors developed the table from interviews and published materials.

Table 5: Regulations and Their Respective Regulators for Halal Meat and Meat Products Processing

No.	Regulation	Regulator
1.	Halal Certificate and Halal Label Order 2005	Ministry of Religious Affairs
2.	Brunei Darussalam Standard for Halal Food PBD 24 (2007)	Ministry of Religious Affairs
3.	Halal Meat Act (1999, latest revision 2014)	Ministry of Religious Affairs
4.	Brunei Darussalam Certification Guideline for Halal Certificate and Halal Label – Guideline for Halal Certification (BCG Halal 1)	Ministry of Religious Affairs
5.	Quarantine and Prevention of Disease, Chapter 47, Subsidiary Legislation, Regulation under Section 91 and 92	Ministry of Primary Resources and Tourism
6.	Wholesome Meat Orders, 2012 (Only cover for premise inspection)	Ministry of Primary Resources and Tourism
7.	Public Health (Food) Regulation (1998; 2000)	Ministry of Health
8.	Custom Order, Section 31, 2006 (Controlled goods)	Ministry of Finance - Department of Royal Customs and Excise

Note: Basically, No. 4 is supposed to be the 'user-friendly' guidelines for applicants. For Nos. 5 and 6, the Acts covered some of the International Sanitary and Phytosanitary (SPS) measures.

Source: Authors developed the table from interviews and published materials.

Figure 6: Sourcing Raw Meats

STEPS	ACTIVITIES	ACTORS & AGENCIES	ACTIVITIES	SUB-ACTIVITIES
15	Inspection and testing	Applicant DoAA	POST-BORDER	TEST a. Perform random sampling on meat for laboratory test (for E.coli etc.)
14	Arrival and custom declaration	Applicant DoAA and C&E	BORDER	INSPECTION a. Present import permit and documentation b. Check for import permit. c. Perform physical inspection of custom declaration on the container.
13(5)	Import	Applicant	PRE-BORDER	IMPORT PERMIT - RAW MATERIALS d. Apply for import permit. e. Approve improve permit application.
12(4)	Observation on the slaughtering activities	Applicant (BDNWS – Two HFCD Officers)		
11(3)	Issue import license	Applicant (BDNSW - C&E)		
10(2.2)	Submit application for halal logo	Applicant (BDNSW - BKMh)		
9(2.1)	Submit application for 'Pegawai Pemerhati'****	Applicant (BDNSW - BKMh)		
8 (1)	Submit application for import permit	Applicant (BDNSW Four Members)		
7	Issue 'slaughtering certificate' /halal certificate	BKMh		HALAL CERTIFICATE – COUNTRY & ABBATOIR a. Apply for halal accreditation for abattoir b. Desk audit application for exporting country and abattoir establishment. c. Visit abattoir establishment for halal audit.
6	Decision Meeting	MUIB		
5	Report	Inspectors team and MUIB		
4	Inspection of the slaughterhouse	Inspectors team **		
3	Decision	MUIB		
2	Report on application	Board Committee to MUIB		
1	Submit application for halal abattoir	Applicant and Board Committee*		

DETAILED ACTIVITIES	FOR ACTIVITIES 1.2 & 3 (A & B)	FOR ACTIVITIES 8,9,10,11,12 & 13 (D & E)	FOR ACTIVITIES 14 (A, B & C)	FOR ACTIVITY 15 (A)
<p>COUNTRY & ABBATOIR AUDIT – Existing Versus New Importer need to be registered with DoAA and apply for quota of import (no specific regulation) - Administrative – not in regulation - Apply through livestock industry division for quota</p> <p>EXPORTING COUNTRY AND ESTABLISHMENT ACCREDITATION (DESK AUDIT) – POST 2015 - Desk audit on competence authority of the exporting country (One time) - Desk audit on the exporting establishment - 1 month to process (if documentation complete) Result submitted to BKM (Halal food control division) Meeting by LMPH (Halal permit committee)* to provides recommendation of whether to inspect or not (on-site) Provide Recommendation to MUJB to decide * Board Committee members: Customs and Excise Officer, Director of Health, Director of Agriculture, MUJB secretary, Director of BKM</p> <p>FOR ACTIVITIES 4, 5, 6 & 7 (C)</p> <p>SLAUGHTER HOUSE INSPECTION **1 LMPH Inspection Committee consist of: - Director of Syariah - MUJB Officer - Mufti Officer - Agriculture Officer - BKM Officer</p> <p>Each establishment to follow: Standard on Slaughtering PBD24 All costs for the LMPH committee to be borne by Importing Company</p> <p>Result submitted to MUJB LMPH provide Recommendation and decided by MUJB</p> <p>Halal certificate - YES or NO YES ----- Apply for import permit online BDN (Under C&E)*</p>	<p>IMPORT PERMIT APPLICATION Online application known as BDN (Under the management of the Royal Customs and Excise)*</p> <p>*DEPARTMENT OF ROYAL CUSTOMS AND EXCISE Approval permit application (BDNSW) - Examinations of approved documents from others agencies (4 Agencies) Steps (Consecutively): Agriculture – Import requirements e.g. quota (1 day) BKM – Payment, notification to provide two officers for slaughtering observation (1 or 2 days to approve names), halal logo, on-site observations by two officers and report***; MOH – Health certificate to check before shipment (once all been slaughtered and tested) (3 days) C&E – Fill in First Schedule (1 day) • Custom controller to sign 'First Schedule' • Issue 'Seal' number for container</p> <p>**** Two BKM officers (All cost to be covered by Importing company)</p> <p>IMPORT APPROVAL PERMIT (BDNSW) - Import Risk Analysis (IRA) Develop import requirement (Desk Audit & Site Audit) Issuance of import permit (through BDN) Phytosanitary certificate issued by Competent Authority of exporting country (Veterinary Health Certificate - VHC). - Laboratory results must be attached to the Veterinary Certificate from approved Laboratory. Process of issuance import permit is one (01) working day. - One permit is only valid for one consignment only. Fee payment: B\$700 per permit</p> <p>----- IMPORT</p>	<p>DEPARTMENT OF ROYAL CUSTOMS AND EXCISE Customs declaration - Container Inspection and 'Seal' number. - Unlock the container's lock (authorised by BKM)</p> <p>DOCUMENT (VHC) AND PHYSICAL INSPECTION BY AGRICULTURE DEPARTMENT - Import permit issued by DoAA, Brunei Darussalam; - Veterinary Health / Phytosanitary Certificate issued by Competent Authority of exporting country; - Certificate of treatment or vaccination; - Certificate of laboratory test results;</p>	<p>RANDOM SAMPLING TEST Once cleared and transported to Importer premise – under DoAA jurisdiction. Check items whether same consignments or not. Random Sampling for Lab Testing (First and Second Test) – Same sample - Microbiological analysis: e.coli, salmonella, coliform, etc - Veterinary Lab - 3-7 days depending on types of testing - Failed – retest - Retest consignment – release for processing only</p> <p>IF FAILED: FOOD SAFETY (MOH) Random Sampling for Lab Testing (Third Test) – New sample If failed – To return or destroyed</p>	<p>FOR ACTIVITY 15 (A)</p>

BDNSW = Brunei Darussalam national single window, BKM = Biro kawalan makanan halal, MOH = Ministry of Health, VHC = veterinary health certificate, MUJB = Majlis Ugama Islam Brunei, DoAA = Department of Agriculture and Agri-food, C&E = Customs and Excise, LMPH = Lembaga Mengeluaran Permis Halal.
Source: Authors developed the figure from interviews and published materials.

Figure 7: Halal Certification Process (Production)

STEPS	1	2	3	4	5	6	7	8	9	10	11	12
ACTIVITIES	Submitted application	Decision: Approved-> Step 3 Not approved-> Step 1	Inspection	Report preparation & submission	MEETING Decision: Approved-> Step 6 Not approved-> Step 1	Report submission to MUIB	MEETING Decision: Approved-> Step 8 Not approved-> Step 3	Print halal certificate for approval	Submit certificate to MUIB committee	Certificates approval & Re-submit to BKMh	Make payments to MUIB	Issuance of halal certificates
ACTORS & AGENCIES	Applicant BKMh	Inspection committee BKMh	Inspectors BKMh	Inspectors	Inspection committee	Inspection committee	MUIB Halal committee	BKMh	BKMh	Secretary of MUIB	Applicants	
ACTIVITIES	PRODUCTION											
DETAILED ACTIVITIES	<p>Halal certificate - For premise Halal food handler program (Two modules)</p> <p>Halal permit - For productions</p> <ol style="list-style-type: none"> Apply for halal logo to be printed on product packaging. Prepare list of ingredients for check-up. Check halal status of all ingredients in product. <p>Valid for 3 years Online or front desk 45 days (35 days Audit, 10 days for issuance of certificate) Fees based on no. of workers</p> <p>Halal label - Logo after halal permit approved</p>											

BKMh = Biro kawalan makanan halal, MUIB = Majlis Ugama Islam Brunei.

Source: Author developed the figure from interviews and published materials.

[5] Preparation of Questionnaires, Conduct of Surveys, and Analysis⁴

The research team used a survey and individual/team interviews to obtain information from the stakeholders and the regulators.

A questionnaire was used to obtain information from the regulators and followed up with one-on-one interviews. To obtain information from the stakeholders, the team identified all stakeholders related to halal manufacturing. The team arranged a formal workshop and invited several representatives from a list of businesses involved in manufacturing of halal products to participate. Aside from being asked to join informal discussions and deliberations on halal regulations, the stakeholders were also requested to answer two sets of questionnaires. These were followed up with one-on-one interviews, phone calls and/or e-mails to complete responses to the questionnaires. The results of the responses were analysed and are summarised in Table 6.

5.1 | Data Analysis

Table 8 summarises the information from the stakeholders' experience on regulatory process dealing with halal certification. The major issues and concerns identified include not only delays in business operations but also additional costs to obtain certification. Such costs are later passed on to consumers. Based on reports, we note a big difference in processing time to obtain halal certificates as experienced by different companies. This could vary from six months to a year. We also note that the established companies went through the long processing time a while ago before the on-line processing of applications. However, comments on the time and the different procedures to get halal and health certifications are certainly vital for us to be able to propose alternate measures to reduce the unnecessary regulatory burdens.

5.2 | Identification of Key Issues

⁴ Currently, the halal meat industry is very small in Brunei. To gather information, three to four main business entities were invited to a workshop and individually interviewed later. Given the small size of enterprises in this sector, it is not possible to perform a data analysis. The study only reports observations from this survey

Table 6: Summary of Responses (Halal Certification)*

Questions (Process/Rules & Regulations)	Responses
What information did you submit for the application?	Owner/ company profile; Business nature, Office address, Product formulation, Halal certification, supplier's info, Raw material
Assistance from officers about documentation [Not helpful:0, Reasonable: 1, Very: 2]	1
Difficulty in compiling the information for the application [Difficult: 0, Reasonably diff: 1, Reasonably easy: 2, Easy:3]	1
Problems faced in data collection (for application)	-
Information available in the manual or guidelines	No
Briefing about the process and next stage after submission of application	Mixed (Yes/No)
Processing time:	
a) Preparation of documents for initial application	2 weeks
b) First contact from officer after the submission of application	2 - 3 months
c) Grant of certificate (from the time premises checked)	6 months - 1 year
Rate the guidance provided in the manual. [Difficult: 0, Reasonably difficult: 1, Reasonably easy: 2, Easy: 3]	0 - 1
Number of different officers during the process	2 - 5
Rate the cooperation and support from officers. [not satisfied: 0, Reasonably satisfied: 1, Satisfied: 2]	1
Method of submission of application	By hand
Rate submission process. [not satisfied: 0, Reasonably satisfied: 1, Satisfied: 2]	0 - 1
Problems faced	Multiple examination of application; officers not well-informed, inconsistency in information provided by different officers; communication gap; Supplier's halal certificate is not acceptable.
Any specific issue or experience	No standard procedure

Note: The size of halal industry is too small. There are basically a few companies involved in the halal meat importing and processing. The survey was used to collect information without prior information on the size. However, more individual interviews were conducted to gather information reported in this study.

Source: Authors' findings based on stakeholders' survey.

5.2.1. Regulations and Regulatory Process

Our findings, based on the second stage of the study, i.e. interviews, further confirmed the following major issues.

Issue 1: Insufficient guidelines in processing halal certification

Issue 2: Long, cumbersome, and costly process in halal certification

Issue 3: Limited and inefficient local laboratory facilities and technology

Issue 4: Complicated technical specifications and costly regulatory requirements for halal logo print and usage.

5.2.2. Discussion on Issues

Issue 1: Insufficient guidelines in processing halal certification

Compiling information is not business friendly. Manuals/guidelines are insufficient and not up to date. Businesses rate the guidelines from 'difficult' to 'reasonably difficult'. Among the issues raised are the lack of details to guide companies in their expenses related to visits to abattoirs, and inconsistencies between the standards expected by the businesses and enquiries raised during inspections of their manufacturing plants. Another factor contributing to this issue is the ever-changing processes on the side of the regulators, which make conveying accurate and timely information a challenge to businesses. During the interviews with businesses, it was observed that the processes involved lack direction.

Issue 2: Long, cumbersome, and costly process in halal certification

Application process takes too long and/or is slow, taking from six months to a year before a halal certification is issued. Initially, companies need to contact the abattoirs they would like to import from. These abattoirs, in turn, need to be halal-certified by relevant ministries. Importing companies need to send two inspectors to witness the slaughtering and meat handling process per consignment, and certify the meat as halal.

The standard procedure for halal certification is very strict and time consuming. The Malaysian/Indonesia certification is more convenient for business in terms of process, approval time, and perhaps cost economy. But businesses in Brunei would not obtain certification from these countries since such certificates are not accepted by Brunei authorities. In Brunei, it takes two officers to check and verify the whole process, from slaughtering to meat packaging, thus increasing time and cost substantially. Specifically, the procedure involves two visits: the one-off factory halal certification visit where various officers from a relevant ministry are involved, and the importing/slaughtering stage visit where only officers from the Ministry of Religious Affairs are sent.

The ministry also requires an audit of the imported raw material sources. Many officers conduct the audit, making it very costly for the company. Lack of officers plagues foreign audit for the halal verification, and advanced notice is needed to book officers for the halal certification process. Should there be few officers during the requested period, the halal certification process and shipments are delayed. This process takes a long time even for newly established companies.

Furthermore, a halal certificate is needed for each premise and product consignment. The long time and high cost involved in the process are barriers for new firms getting into the market. As the cost is passed on to consumers, social welfare concerns are involved here. Companies bear all associated costs such as accommodation, tickets, and allowances. To cover the cost, large volume of products needs to be transacted. The more established and big firms monopolise the market. Also, the Brunei market is small and, hence, prices are not competitive.

Issue 3: Limited and inefficient local laboratory facilities and technology
Although meats are perishable, they are sometimes retained for too long at customs ports in Brunei for health security reasons. Health laboratories in Brunei are slow in testing products and sometimes produce different results from health laboratories outside Brunei. Also, they are not efficient and might not have proper collection and testing procedures. Thus, sometimes companies send samples of their products to health laboratories in Kota Kinabalu for another test that follows international health standards.

Issue 4: Complicated technical specifications and costly regulatory requirements for halal logo printing and usage

The Brunei Halal logo is too expensive to print. For one, the required colour scheme of the Brunei Halal logo increases the cost substantially for local businesses. For some local businesses, printing the Brunei Halal logo is a challenge as they need to have the logo custom-made overseas, e.g. Malaysia. Also, the standard Brunei Halal logo can only be printed on paper or plastic bottles but not on aluminium cans. Printing on aluminium cans further increases cost. Finally, the printed logo for imported meat is valid only for the year of its printing. Unused printed logos cannot be used for any future batch of products, thus causing substantial losses to businesses.

5.3 | Suggestions for Improvements

Round-table discussions with both the regulators and the businesses led to recommendations to the government agencies concerned to make policy changes. The sequence of discussions follows the activities as stipulated in the value chain in Figures 5 and 6.

5.3.1. Pre-Border Activities

a. Halal certification. Guidelines on the process of halal certification are insufficient. After consultation with the relevant agencies, all parties agreed they should be more transparent. More roadshows and consultations with the industry will be initiated especially if there would be changes to the existing rules and procedures. Consultations amongst the relevant agencies were also suggested to eliminate duplication of certification requirements. This will help address the concern as highlighted in Issue 1.

b. Halal certification for abattoirs. Most of the businesses have serious concern on the process involved in sending officers to certify abattoirs as it is observed to have impact on cost to businesses. It was recommended that the number of officers auditing the abattoirs be reduced and that a proper guideline on the logistics required for the visit be provided. In the Halal Meat Act (1999), the following officers are required to be present for on-site audit: a director of Syariah, an agriculture officer, and an officer each from MUIB, Pejabat Mufti, and BKMH.

During the consultation, the relevant agencies agreed to consider reducing the number of officers involved⁵. Any such changes, however, will require an amendment to the Halal Meat Act. This will help address the concern as highlighted in Issues 1 and 2.

c. Import permit. A related requirement under the Halal Meat Act (1999) is for slaughtering activities for every shipment to be witnessed by two BKMH officers. Businesses feel this to be costly.

The consultation dialogue suggested the following:

- The Act should be revised to allow an importing company to hire a qualified halal certifier at the country of origin to witness and submit report to the relevant agency.
- The Brunei government may engage local halal certifiers in the country of origin as their representatives.

⁵ The relevant agencies indicated a possibility of excluding the director of Syariah and an MUIB officer from the list as the task itself can be performed by the Pejabat Mufti officer, leaving the process with three officers to conduct on-site audits.

These initiatives may help reduce the cost of performing activity no. 12 for the import permit as shown in Figure 6. This will require an amendment to the Halal Meat Act. It will help reduce the cost highlighted in Issue 2.

d. Import permit. The approval steps within the online BDNSW system create longer approval time.

After consultation with the members of BDNSW committee, the representative of the Royal Customs and Excise agreed to suggest to their committee to change the approval process to allow an online simultaneous approval process involving different agencies. This will help address the concern highlighted in Issue 2.

e. Import permit. The existing regulation requires four agencies (Agriculture Department, BKM, MOH, and Royal Customs and Excise) in the import permit approval through the online BDNSW system.

As a result of the dialogue, it was recommended that the number of agencies involved be reduced to three. This will require the Royal Customs and Excise to change the online BDNSW system. Amending the relevant provisions in the Act is deemed necessary. This will help eliminate duplication in obtaining import permit as highlighted in Issue 2.

5.3.2. Post-Border Activities

a. Sample testing

Businesses complain on the length of time it takes to test their consignments. After consultation with the Bio-Security Division of the Agriculture Department, the tests were deemed necessary as these are international requirements. If the outcome of the sample testing is positive of bacteria, a second test on the same sample will be conducted. According to the Bio-Security Division, international guidelines require the use of the same samples for re-test. If the second test produced the same result, the case will be referred to the Food Division of the Ministry of Health. However, per consultation with the Food Division of the Ministry of Health, a new sample will be collected for its laboratory to test. Its result might differ as samples used by both laboratories were different. This inconsistency creates confusion to companies.

Based on the consultation, it was suggested that the Bio-Security Division, MPRT, and the Food Division of MOHA should discuss the issue further. A national laboratory was also suggested and the need to invest more in it to maintain integrity of results. An improved laboratory will greatly improve tests reliability and efficiency of the processes, such as reducing the quarantine time for products especially perishable meats. This will help in eliminating or at least reducing Issue 5 as highlighted by the businesses in the previous section.

b. Production

i. *Halal permit.* A problem observed is the lengthy process in acquiring halal permits (45 days). The regulators associated this to the lack of qualified manpower. The only solution seems to be to hire more qualified staff. As highlighted by the businesses, another problem is the difficulty tracking the progress of application. At present, no officers are assigned to respond to queries.

It is recommended that officers be assigned throughout the process to specifically provide better interaction between applicants and concerned officers. This will perhaps improve efficiency and help address Issues 1 and 2.

ii. *Halal label.* The regulators took note of the issue of the Brunei Halal logo specification and its use after printing. The businesses had suggested allowing the reuse of the unused logo for at least the following year. The businesses had also suggested introducing changes to the logo colour specification. As the suggested changes will not require amendments to any specific Act, the regulators agreed to consider this suggestion. This will assist in eliminating or at least reducing Issue 4.

c. Export

i. Given that export-related processes are regulated by the importing country, there seems to be no issues involving domestic rules and regulations on exporting halal meat products. During interviews with the regulators, the team was informed that the Agriculture Department's BioSecurity Division only acts as the 'competent authority' for the issuance of veterinary health certificates and phytosanitary certificates as needed.

ii. Customs Order 2006, Section 31, on the prohibition of controlled goods.: The businesses raised no concern on this particular order although they raised some

non-regulatory matters. For example, government support is needed to provide exporting companies with information on how to facilitate entry into potential export market, rules and regulations on export policies of importing countries, economically efficient means to export, and assistance in obtaining necessary documentations for export.

[6] Concluding Remarks

The global business environment has become very competitive. Market participants who lack quick-thinking and decision-making competence are at risk of losing all or major parts of the market share. Under this competitive environment, the role of regulations becomes extremely important. A business-friendly regulatory environment is a critical precursor to the efficiency and success of businesses. Regulations are required to provide not only a safety net to investors but also to discipline market participants.

The discussion presented in this study is based on interviews and consultation with stakeholders and regulators. The analysis identifies a number of issues impacting the growth of halal meat and halal meat processing industry in Brunei Darussalam. The issues faced by businesses range from importing raw meat to processing meat products. We feel that regular consultations are needed between stakeholders and regulators. The study suggests several recommendations to reduce the unnecessary regulatory burdens as a way forward. These suggestions and recommendations are expected to address the current concerns raised by businesses and improve the processes involved in the halal meat and meat processing industry. This may help Brunei's future direction towards making itself a regional hub for halal industry and achieving its goal of economic diversification.

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