

UNIVERSITI TEKNOLOGI MARA

**ESTABLISHING A
COMPREHENSIVE HALAL
LOGISTICS FRAMEWORK TO
FACILITATE IMPORT HALAL
TRADE IN MALAYSIA**

NOR BAKHRIAH BINTI SARBANI

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ABSTRACT

Trade facilitation is introduced in Malaysia with the aim to resolve bottlenecks in logistics activities especially at the border to facilitate import trade. Along with the trade facilitation agenda, Malaysia on the other hand is known as a leading country with a trusted Halal logistics practice especially involving the Halal food supply chain. Despite numerous research on trade facilitation and Halal logistics, there is very limited study on trade facilitation on import Halal trade. Resulting from the literature reviews, it sparks the researcher's interest to pursue a study on facilitation to import Halal trade with greater emphasis on Halal logistics practice for Halal food import at the border environment. This is considering the importance of halal-toyyiban assurance at the border for food import to safeguard the Halal food supply towards Malaysian, which is a majority Muslim. The study aimed to develop a comprehensive Halal Logistics framework for Halal import trade in Malaysia by focusing on three objectives; first, by analysing current Halal logistics facilitation practice for Halal trade import clearance, second, to identify operational factors for the Halal logistics facilitation on Halal trade import clearance and finally to establish an operational Halal logistics framework to facilitate import Halal trade in Malaysia. This study adopts a qualitative method using semi-structured in-depth interviews with four border environments as case study settings. A total of forty-five interviews with related border stakeholders including officers from the Royal Malaysian Customs Department (RMCD), Malaysian Quarantine and Inspection Service (MAQIS), Food Safety and Quality Division (FSQD) under the Ministry of Health, terminal operators, representatives from forwarding agencies who directly handle food import activities from the selected border areas in Peninsular Malaysia. The output framework from this study is developed upon the tabulation of research findings via thematic analysis. The framework has been validated by using internal validation via criterion validity and twofold external validation including comparative analysis from multiple case studies, as well as expert validation from six industry experts. All six experts strongly agree with the framework and the operational factors incorporated from the research. The validated framework emphasised five important facilitation process for Halal trade import consist of declaration, assessment, physical inspection, confirmation, and release of the import trade. It is also affirmed that within the processes there are thirteen operational factors including regulatory and policy under strategic context; knowledge, expertise, visibility, commitment, mindset, and consistency under operational capabilities; along with speed, dependability, flexibility, quality and cost under operational objectives, which stand to achieve the overall objectives of the Halal import trade facilitation initiatives. This study also acts as a guideline for regulators and stakeholders to review the practice of Halal logistics at the border for Halal trade import. In future, it is recommended to extend the scope of the study to cover Halal logistics for Halal export trade to develop full framework of cross border Halal trade facilitation.

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CHAPTER ONE

INTRODUCTION

1.1 Introduction

This chapter provides general overview on the overall context conducted within this research. Section 1.2 in this chapter presents the background study that brings together trade facilitation, Halal logistics and cross border operation into one, highlights the research intent where issues requiring special attention is formed. The problem statement emphasising on the problem formulation is presented in Section 1.3 by underlining issues within the research context. Section 1.4 introduces the research question and subsequently emphasises the overall aim and research objectives in section 1.5. This is followed by Section 1.6, which outlines definition of terms. In Section 1.7, the research scope and limitation and importance of the research is briefly discussed and finally Section 1.8 provides summary of the chapter.

1.2 Background of the Research

1.2.1 Trade Facilitation for the Import

Globally, the trade facilitation initiative is known as a successful international measure to eliminate unnecessary time and cost burden associated with border administrative operation for moving across border trade (WTO, 2017). This involve multi layers of regulatory category and therefore, requires a wide set up and generally include an entire trading system with further attention to border environment (Grainger, 2010). It is highlighted that adoption of correct trade facilitation measures will help economies especially the higher middle-incomed countries to enjoy 15.5% trade cost reduction (Moisé & Sorescu, 2013). Trade facilitation requires a wide set up in international trade including border control procedures that encompasses.

The considerably increasing demand for trading across border involving massive border operation activities naturally dragged the supply chain into complicated activities (Hoekman & Nicita, 2008). Trade facilitation is introduced as a trade policy tool to improve trading system especially to reduce the issue of non-tariff barriers in the trade logistics process (ADB, 2013; Grainger, 2003; Shepherd & Wilson, 2009). Prior