

HALLMARKING HALAL

CASE STUDY OF A 'FREE MARKET' AND ITS DERIVED EMERGING MARKET FOR QUALITY CERTIFICATES

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PREAMBLE: ON MARKET, STATE, AND CIVIL SOCIETY

What is the ‘right’ division of labor between the market, the state, and civil society? Who should do what? And ought this to be a matter of design or development? Economists pretend to know what that right mix should be, and they believe in design, inspired, if not dictated, by their theories, models, and criteria. From these they derive the “one best design”. Their assumptions are simple and a bit otherworldly, and so are their criteria: best is what maximizes efficiency, and to a lesser extent effectiveness. The recent “defense of marketization” by the Dutch association of economists (KVS) is a case in point (Van Damme and Schinkel 2009; see also Teulings, Bovenberg, van Dalen 2003; for a critique, see Stam, Stellinga and de Vries 2010).

History has proven such economists wrong. The failures of their predictions and recipes are common knowledge by now. Many attempts at increasing the role of markets through liberalization have been counter-performative (Mackenzie et al. 2007): they have led to so many unintended and unexpected consequences that the expected positive performance turned into its very opposite. The cases are growing on the trees. Liberalized financial markets have produced a meltdown of the financial infrastructure. Liberalization of public transport has led to a lack of sufficient investment in physical infrastructure. Attempts to introduce free markets in healthcare are backfiring, as the introduction of performance measurement (DBCs) has increased bureaucracy, discouraged innovations, reduced consumer choice, and reduced the demand for quality, as those who pay – insurers – do not ask for it (Horstman et al. 2010). The liberalization of taxi markets has not produced the predicted lower prices and better quality but, on the contrary, higher prices and lower service quality, up to and including fraud and manslaughter, instilling so much fear in potential customers that they rather refrain from buying taxi services, a literal case of market failure. An author starting from the assumptions of a *homo sociologicus* rather than a *homo economicus* already predicted this 12 years ago (Van Waarden 1998).

History has also disproved economists in another way: social institutions are never the outcome of grand designs, even if regularly tried. Neoliberal economists may have their ideal world, their economic Mecca so to speak, but history has shown that reality is different. The right – in the sense of what people find right – balance and complementarity between markets, states, and civil society is the outcome of history. It is determined less by the oracles of economists but has been the product of historical experience, of problems that presented themselves, and solutions that were tried. It is the outcome of negotiations between different social and political actors in the ‘polis’, actors with different perceptions and analyses of problems, and preferences for different solutions; preferences that may indeed stem in part from their particularistic interests, as economists like to emphasize. Moreover, such actors also have belief systems, values, and morals. What ‘should be’ is not only to be decided on the

basis of the efficiency criterion. The real existing combinations of markets, states, and societies were usually not produced by grand designs but by incremental policy changes under conditions of path dependency.

The development of the balance between markets, state, and civil society, both through regulatory measures as well as developments on markets and in society, is very much like the development of law, as so nicely described by US Justice Oliver Wendel Holmes in his famous 1881 treatise on common law (2009: 1 (orig. 1881): “The life of law has not been logic; it has been experience. The felt necessities of the time, the prevalent moral and political theories, intuitions of public policy, avowed or unconscious, even the prejudices which judges share with their fellowmen, have had a good deal more to do than the syllogism in determining the rules by which men should be governed. The law embodies the story of a nation’s development through many centuries, and it cannot be dealt with as if it contained only the axioms and corollaries of a book of mathematics. In order to know what it is, we must know what it has been and what it tends to become. We must alternately consult history and existing theories of legislation. But the most difficult labor will be to understand the combination of the two into new products at every stage. The substance of the law at any given time pretty nearly corresponds, so far as it goes, with what is then understood to be convenient; but the form and machinery, and the degree to which it is able to work out desired results, depend very much upon its past.” What holds for the development of law, holds also for the development of regulation, and, hence, for the division of labor between market, state, and civil society at any given point in time. In this respect, economists could learn from lawyers, including the latter’s respect for history.

New configurations of market, state, and civil society are developing continuously, in response to new needs, and new needs in response to new problems such as crises and scandals, including unintended and unexpected consequences of earlier policies. Ordering and regulation of economic activity is a process of muddling through, conditioned by path dependency, by the already existing configurations, their performance and other experiences people have with them, their influence on social interests, cultural values, and belief systems, and the expected costs and benefits of change.

The root of the problem is that economics is in essence a very normative science, whether economists like to admit it or not. They pretend to be empirical, but they are also very normative, as much if not more than those ideal-typical normative disciplines of law and theology. The ‘dismal’ science does not only paint gloomy pictures; it also shows the way out of the misery: more room for the spontaneous order produced by free markets. “Hell is here, but heaven is near.” Many economists seem fully convinced that their theories and models show the way. How it ought to be; how it has to be; what is best for all. They derive their policy prescriptions from their assumptions, criteria, theories, and models, and convey their

messages in a language – mathematics – that is mysterious to many and that adds legitimacy to these messages, intentionally or not, similar to the role played by Latin in the Catholic Church. And as with priests and popes, a certain measure of arrogance is not foreign to their nature, as again testified by the KVS study.

An alternative to deriving the ‘right’ balance between market, state, and civil society from assumptions, theories, and models would be to try and understand why and how history has saddled us with the present distribution of tasks and responsibilities between market, state, and society. Why and how did we end up with what we currently have? Which organizations have assumed which tasks when, how, and why? What were the processes involved? What the arguments and reasons for these choices? How come different societies have made quite different choices throughout their history? What were the developmental processes involved? How did they perform? And which configurations have survived the historical selection of the fittest? What were driving forces in these processes? What was the importance of functional requisites and the embeddedness in pre-existing structures and cultural values of the market, civil society, and state administration? How about past power relations, interests, and their institutional settings? Finally, what can we learn from these historical experiences? Just like lawyers have tried to understand the development of common law, we can also try to understand the development of different forms of market regulation, that is, the relations between markets, states, and societies, from their histories.

In the course of time, markets, civil society organizations, and states have emerged to produce a great variety of goods and services, private, semi-private as well as public goods, the latter including all kinds of regulations of markets. They developed in mutual interdependence. The history of state formation is closely linked to the increased importance of markets, which, in turn, gave rise to civil society organizations, such as guilds and charitable organizations. Market towns developed in the shadow of the castle of a lord, who provided protection and social order, in exchange for tax income. Markets also needed currency, which was also provided by the lord. The growing importance of a monetized economy in turn facilitated the state formation process, as payment in money rather than in fiefs increased the dependence of soldiers and knights on their lord, thus augmenting the latter’s power and contributing to further centralization of state authority (Elias 1982). To protect long-distance trade, merchants formed private merchant guilds (Greif, Milgrom and Weingast, 1996. Greif 2006), which regulated such trade by self-produced private law, a process that is repeated at the global level now, where transactions are increasingly being regulated by standards set by various private and semi-private international organizations. Private and public judicial authorities emerged to enforce contracts, assist in debt collection, and build trust in relations spanning longer distances.

Over time, markets, civil society organizations, and (local and regional) state authorities have produced hybrid combinations and forms of mutual support. Particularly the Netherlands saw the rise of a rich world of organizational innovations, including the limited liability stockholding company (the VOC, and other *partenrederijen*), a stock market, guilds, and other associations engaging in self-regulation, voluntary associations providing military protection (militias) or care for widows, orphans, and the elderly, associations producing collective goods for their members (club goods), insurance companies setting regulatory standards for their customers, etc.

The diversity of forms produced by history makes clear that the categorical distinctions between market, state, and civil society are gross simplifications. As abstract principles of allocation and regulation they may, of course, be useful conceptual instruments, allowing us to compare their respective strengths and weaknesses. However, categorical simplifications should not obstruct our view of the many combinations and forms of mutual support societies have produced throughout their history. They add to the richness of economic institutions, reduce black and white distinctions between market and state, and, hence, mitigate ideological conflicts over state versus market. Economists, used as they are to abstractions, tend to overlook the historical-empirical richness of hybrid forms and still seem to be caught in the simplistic categorical opposition between markets and states, in which these are posited as alternatives or even ‘competitors’ to each other. In reality, they are interdependent and complementary and have developed concomitantly ever since both the state and the market emerged. It is not an issue of either the one or the other. Less state does not automatically mean more markets; nor do more markets mean less state. The message of Stephen Vogel’s book of 1996 *Freer Markets, More Rules*, an eye opener at the time, has meanwhile become a commonplace. Indeed, neoliberals have also realized that markets may need a ‘market master’ – now commonly called ‘authority’ – and that the price mechanism alone cannot do the steering. Some public authority is often needed to correct for so-called ‘market failures’. But for many economists, however, that is the only legitimation of public interference with markets. For them, the market has priority; the state has merely a derived role.

Market or State? Academy or Polis? Technocracy or Democracy?

Economists get particularly normative when it comes to the question what institution has the greatest legitimacy, and, hence, which one should have priority: the market (economics) or the state (politics). The very fact that they put this issue on the table is, by the way, an expression of their categorical opposition of these coordination principles.

For many economists, the market has the highest legitimacy, followed by civil society, and only then, in cases of emergency, when the “market fails,” the state. It is not surprising, in a

way, that economists should give priority to *their* main domain of study: the economy, the market. As Baarsma and Teeuwes (2009) clearly maintain in the KVS study: “First the market, then the state” (2009: 47). They maintain that this is a choice based on scientific evidence rather than ideological prejudice: “Is the choice for the market as the starting point an ideological step as economists are often reproached? No, not at all. There are objective reasons to start with the market” (2009: 46). They cite many studies to support their claim, including a recent evaluation of market liberalization policies by its very own author, the Dutch ministry of Economic Affairs, which might be considered a case of “the butcher certifying his own meat,” to stay with the terminology of the current study. However, this claim is disputable at the very least. There are certainly as many other studies that point to the ineffectiveness and negative consequences of markets, including the standard market failures. Both positions pro and con may be right, and both will have arguments and evidence going for them.

The point is that this remains a political choice. It is a choice that must be made by political actors in political arenas, certainly in a democratic polity, and not by economic experts claiming the supremacy of their position in the debate because they have “objective scientific evidence”.

In positing the identification of the public interest as either coming from the market or the state, the 2009 KVS study makes a logical mistake. One must distinguish the question what institution should be responsible for the provision, payment, or allocation of certain goods and services (privately or publicly made, paid, or regulated) from the question after the identity of the public interest and who should identify it.

The 2000 WRR study *Protecting the Public Interest (Het borgen van publiek belang)* gives a democratic answer: political actors should do so via deliberation in the ‘polis’ (for more on the ‘polis’ as the location for determining policy, see Stone’s (2002) study on “the policy paradox”). The modern word for ‘polis’ is the ‘state’. As the state is the location where these democratic political choices are made, the state comes first, not as the provider of goods and services, but as the location where choices about the division of tasks between the market, the state, and civil society are to be made. Any other position would be unconstitutional in a democratic constitutional state. This is also what the WRR meant in its 2000 study: “The state defines the public interest.” The state should not have priority in satisfying citizens’ needs, but it is the primary location for defining what private and what public interests and responsibilities are. The only possibility for a primacy of the market would be if that principle were included in the constitution, on a par with the principle of democracy or the rule of law. To some extent, this has been done in the European Treaty of Lisbon, the European constitution that is not allowed to be called a constitution. However, it is absent from almost

any other constitution, perhaps with the exception of Chili, where the “Chicago boys” managed to include it as a basic human right and organizational principle of Chilean society. Economists claim that the market should define public interest. And, given the priority they give to the market, the market should try first to satisfy interests such as the need for goods and services, prosperity, employment, and economic growth. Only if the market cannot do so, if there is a market failure, is there a task for the state. The market itself, however, does not speak. Therefore, it has to be represented by its priests or oracles: the economists. Saying that the market should define public interest, for which the state should be responsible, is like saying that economists should define it, after consulting their modern versions of crystal balls and doodlebugs. In conclusion, therefore, it is not so much market versus state, as well as the ‘academy’ versus the ‘polis,’ or technocracy versus democracy.

In consequence, one should also distinguish public interest from public task: It is a public interest to have a prosperous economy thanks to well-functioning markets. It is a public interest to satisfy private interests, including allowing markets to do so; conversely, it is a private interest to have a stable and effective state. Markets need governance.

Economists are inconsistent in one respect. As true liberals, they focus on individuals in the market place and leave them completely free to define their preferences and interests. There is no accounting for tastes, as the saying goes. In a way, however, they also define their interest for them in their assumptions: rational actors should pursue their self-interest. Why not leave those same individuals such freedom in the ‘polis’? There too, let them define their interests, individually and collectively, according to the political of decision-making rules. Is it not a bit arrogant for economic scholars to claim to be able to deduce and define the goals of *and for* the public from their assumptions, theories, and models? To pretend that “we know what is best for you, what you ought to want, what your interest should be?” To claim to have to protect citizens against their own ignorance? This is a kind of technocratic benevolent dictatorship. Should the public interest really be for the people but not by the people?

This pretentiousness is belied by history. It is not any economist elite that defined the public interest in the past: the public itself has done so, by political action, varying from voting to protest and revolt. As Stam, Stellinga and De Vries (2009: 60) have said, “public interests are not given, they have to be discovered.” They not only have to be discovered, but they have indeed been discovered by political actors in the polis. The revolution of 1848 brought us our constitutional state; social unrest in the post-WW I years laid the basis of our body of labor law; and buyers’ strikes by cheated customers in export countries instigated the first food quality standards in a country with a trade history and dependency: the agricultural quality law (*Landbouwkwaliteitswet*). Many other market interventions by the state have come about following crises, revolts, or complaints: pharmaceutical regulation (after the 1963 Softenon scandal), rules on door-to-door hawking, false advertising, etc. Many of the public

interests and subsequent regulations came after collateral damage caused by the market: exploitation of workers (the ‘social issue’ (‘sociale quaestie’) of the late 19th - early 20th century), consumers cheated with adulterated foods or usurious insurance policies, small stockholders, jobless workers, polluted environments, exploited children in the third world, etc. It is strange to call these ‘market failures’: the markets worked well; however, they were also destructive and produced risks and victims. According to economists, markets ought also to be destructive at times. Destruction and survival of the fittest are a form of “creative destruction” (Schumpeter ...) and benefit the survival and prosperity of society as a whole. However, just as we do not let our “useless elderly” die (like the Eskimos, supposedly leaving them behind on the ice) but have welfare state and healthcare programs to take care of them, we also support the victims of such creative destruction in the marketplace, a sign of civilization, after all. Actually, the victims have revolted themselves, then and now. Citizens in the polis have become less and less willing to accept such destruction, risks, and victims. “*Pech moet weg*” (bad luck should go), as Mertens et al. (2003) put it. Many actors in the polis believe that the state should take care of this. They call for more and more risk regulation. There is a veritable revolution of rising expectations towards the state. Our current regulatory needs have neither been discovered nor predicted by economists, but by the victims of the finance and food crises: revolts and lawsuits by small stockholders and bank customers. In these crises, our “worldly philosophers” (Heilbroner 1953) have been overtaken by events and are nervously trying to adjust their theories, models, and predictions in order to save some of their pontificate legitimacy. Much of law, statutory as well as case law, private and public law, affecting the relations and division of labor between market, state, and civil society have come about as Oliver Wendel Holmes described it above.

History: first Market, then State

As regards the provision of goods and services, there has probably been a primacy of the market throughout history: A need develops, and enterprising individuals offer to satisfy that need in exchange for money or other compensation. If more than one of such enterprising individuals rise to the challenge, they become competitors, and a market has come into existence. Sooner or later, problems on this new market may emerge, such as the familiar problems of monopolization, information asymmetries allowing for adverse selection and resulting in a downward spiral of quality and prices, lemon’s problems, negative externalities, etc. Such problems call for regulatory intervention, which is eventually provided by some actor with the authority to do so. Thus, newly emerging markets have eventually called for state intervention, and if there was no state yet, such authority was eventually formed, after other regulatory possibilities (reputation effect, self-regulation, the medieval merchant guilds, etc.) did not have enough power or resources to do the job.

This process is repeated time and again: from product to market, to sub-markets, to need for regulation, attempts at self-organization and self-regulation, and eventually state involvement. It can be illuminating to study new cases, thus combining knowledge gained from these older processes “from state to market,” with the new circumstances under which new markets have to function. History is still being made every day. We can witness it. This allows us to observe and analyze this process right now. That is what this study undertakes to do: to observe, describe, and understand the development of new configurations of market, state, and civil society around new emerging needs which have led to new markets for products.

New needs and new markets are developing all the time. This poses new problems, depending on the nature of the product, the publics it serves, and any new conditions under which it has to function. Product innovations are often starting-points for new combinations of markets and states. Examples abound: the car, the airplane, the TV, the computer, XTC, or poppers.

A New Market: Halal Certification. Also a New Role for a State?

Occasionally, a product that has been around for some time may conquer a new market. In this study, we focus on such a newly emerging market, not for a new product, though, but for a very old, if not the oldest, product in history: meat; and for very old rules relating to this product: Muslim religious rules. Our focus is the market for halal products – especially meat – in the Netherlands, and the emerging market for information about such products and their quality certification in the West. States hesitate to get involved in the regulation of religiously defined products. It is also growing into a global market, and, at that level of aggregation, there is no public authority to regulate such a market.

This new old market is especially interesting because it has two special dimensions, an old one and a new one:

- 1 Religion. Is religion only part of civil society and separate from the state (as in non-Muslim countries, such as the Netherlands)? Or is it interrelated if not integrated with the state (as in Muslim countries, to which the Netherlands is an exporter).
- 2 Globalization. The emerging market for halal food is becoming a global market. At the global level:
 - a) *Civil society* is highly differentiated into sub-societies identified by cultural variables such as ethnicity, religion, and language.
 - b) The *market* is similarly differentiated along lines of interpretation of religious norms
 - c) There is no global *state* authority that could regulate this global market.

1 INTRODUCTION: A NEW COMMODITY AND A NEW OLD PUBLIC INTEREST

1.1 What Commodity?

Market liberalization policies have not only liberalized markets for existing goods or services, but they have also given rise to new markets, that is, *new forms of commodification*. It has led to a demand for new products and services which could have the character of a private good, that is, a good for which suppliers can charge a price to prospective buyers because its consumption is excludable and rival, allowing markets to develop.

As buyers get more choice options following market liberalization, they need information about these options in order to be able to make well-considered rational choices. As has become common knowledge even among mainstream economists, the state of 'nature' on the market does not provide sufficient conditions for buyers and sellers to make perfectly rational choices. Parties tend to engage in transactions under conditions of bounded rationality: they have only limited information: firstly, about their own needs, goals, and preferences; secondly, about the choice options available to satisfy those needs and the degree to which these options can satisfy those needs, i.e., the means-ends causality involved; thirdly, about the real value or quality of these choice options; and, fourthly, about both the benefits and costs of these choice options, including their (long-term) unexpected and possibly unintended consequences. Hence, before entering in transactions, prospective buyers need to collect and process information about what they want, why they may want it, where they can get it, how reliable products and sellers are, etc. That is, they have to engage in search strategies.¹ Collecting, processing, and evaluating such information takes time, money, effort, and energy. Hence, transactions involve transaction costs.

A specific category of transaction costs are those that emanate from the likelihood that buyers and sellers have different amounts and quality of information about the product or service to be traded, i.e., that there is information asymmetry. Usually, sellers have more knowledge of quality than buyers as they are familiar with the product, know how and where it has been produced, transported, and possibly also already used, what its past history and performance has been, etc. Buyers have more difficulty distinguishing better from poorer quality. This information advantage provides sellers with an opportunity to profit from this by sketching an overly rosy picture of the quality or even by cheating sellers. Therefore, what you see is often not what you get. Recent Nobel prize winner in economics, Oliver Williamson, identified this risk for buyers in his famous 1975 study as the risk of opportunistic behavior by sellers, but long before economists discovered this, society was already aware of it, as many languages have old expressions for this risk: The Dutch have the saying that one should watch out for "being sold turnips instead of lemons" and the British warn buyers with their proverb "buyers needs a hundred eyes, sellers but one." Buyers, therefore, need information

to reduce this risk of being cheated by narrowing down the information asymmetry with sellers.

The fiercer the competition, the greater the temptation or even pressure on suppliers to try to take advantage of information asymmetries. As market liberalization is meant to increase competition, it also increases the buyers' risks of being cheated and, hence, prospective buyers' need for information or protection against opportunistic behavior by sellers.

Transaction costs have to be balanced against the benefits of an informed choice. That depends on what the choice is about, how important the product or service is to the buyer, or how much is being invested in terms of time and/or money. Obviously, engaging significant transaction costs makes more sense if the benefits of a good choice are high or if the costs of a bad choice are high. The value of information and, hence, the incentive to try to acquire it increases with the importance of the good or service to be provided. It would be rational to incur more transaction costs if the choice concerned choosing a university education and, hence, a future career, or a major financial investment, but this would not be so if the choice was about buying an apple. In principle, it would be even more worth to invest a lot in information gathering and negotiation in the case of goods or services whose quality could have life-threatening consequences for consumers, for example services whose buyers are the subject of the service provided (so-called 'human services'), i.e., where they must surrender themselves passively to the service provider (surgeon, dentist) in the hope to survive.²

If the risks of being cheated or maltreated are too high, buyers might hesitate or even refrain from engaging in the transaction. This risk of fewer transactions taking place (i.e. negative growth) could result in a negative spiral of ever fewer transactions as described and analyzed by Akerlof (1970) in his well-known 'lemons'³ problem: information asymmetries and opportunities for deception make prospective consumers wary of engaging in a transaction, and lower prices are needed to entice them to do so anyway, which increases the pressure on producers to lower the quality of products on offer on the market in order to still make some money on lower prices. Conversely, producers of good quality products refrain from offering their goods on the market, as they cannot get the real value for their product because prospective buyers are reducing the price they are willing to pay with a risk premium for the risk they run of buying a poor quality product. In a modification of Gresham's law, therefore, the bad products and producers drive the initially good products and producers from the market, resulting in a negative spiral of ever lower prices and lower quality.

In theory, this would eventually destroy the market: consumers would not be willing to buy anything anymore, and sellers would no longer offer anything for sale. No transactions mean no market. This would be a literal case of 'market failure': The market would fail to materialize and to work.⁴ However, this theoretical logic of the lemons problem depends on the assumption that consumers can wait before engaging in a transaction. This is not always

a realistic assumption. It may be true for secondhand cars or for other luxury products, but it is different for vital necessities of life: food, shelter, clothing, warmth, gasoline, other sources of energy, and life saving healthcare. Such products must be bought sooner or later, usually sooner, and one may have to accept whatever food is on offer, even if the bread has been mixed with sand or the milk diluted with water. The same holds for labor markets: Poor workers cannot wait to sell their labor to capitalists, even if they are exploited and receive only a starvation wage. They may have to accept anything that is available to them. So it is not only asymmetries in information (1) that affect power relations in potential transactions, but also asymmetries in people's ability to wait (2), as well as the availability of alternatives (3). The last condition is a classic one in economics: monopoly/monopsony or oligopoly/oligopsony positions on markets, that is, fewer alternatives for one transaction partner, bias power and bargaining relations and allow the other transaction partner to extract undeserved rents in their transactions.⁵ The first one, information asymmetries, has now become common knowledge in institutional economics since the work by Coase (1937), Williamson (1975, 1996), and Akerlof (1970). The middle one, asymmetries in the potential transaction partners' ability to wait, has not received much attention in mainstream economics. However, it has been stressed in Marxist economics, by Ernest Mandel (19...), amongst others. More in general, the rich have all three power advantages: they can increase their alternatives by traveling elsewhere where there may be alternative suppliers; they can wait; and they can afford to collect information or recruit expert advice before entering into transactions. Use of power may be abuse of the market, which is again abuse of power. This needs to be corrected for, not only to stimulate transactions and growth, but also to equalize positions of power in these transaction relations.

1.2 Why or to What Extent a Public Interest?

Trade may seem to be a private interest of the partners involved, but there is a basic public interest in a properly functioning market. Curiously enough, there is a public interest in the satisfaction of private interests, namely the interests of potential transaction partners in reducing the risks and uncertainties that come with information asymmetries, such as the risk of being cheated. These individual risks produce individual behavior (refraining from concluding transactions, engaging in commercial, legal, or in the extreme case, even violent social conflict) which, at the aggregate level, produce collective outcomes that are undesirable: mutual distrust, crime, social unrest, decrease in prosperity, and negative growth.

Information asymmetries, risks and uncertainties produce distrust between potential transaction partners and in society at large. Distrust is sand in the cogwheels of society, in the economy, politics and government administration. Many have already pointed at the dangers

of decreasing mutual trust for the social structure (Fukuyama 1995, Putnam 1993). In the economy, distrust may prevent potential transaction partners from concluding a transaction, which may lead to less economic growth, if not economic stagnation. The consumer beef strike after the BSE scandal or the recent plummeting shares on the stock market are cases in point here. Who is still willing to sell anything if trust in currency stability has declined to zero? Who still wants to purchase stocks when companies' annual reports are not reliable? The crisis of confidence caused by the Enron-Anderson scandal led to an enormous destruction of capital in this manner. From one day to the next, 35 billion dollar of investment capital went up in smoke. Furthermore, too much distrust is also disastrous for the legitimacy of politics and government. In a modern society, zillions of transactions are taking place among citizen themselves or between the state and its citizens,— transactions that may involve information-asymmetries and require some minimal trust in the truthfulness of required information. Fraud, therefore, is not only unfair or immoral, but it is also dysfunctional.

The general public interest in security, social order, and the protection of life, liberty and property also relates to the market place: There should be no abuse of information asymmetries, opportunistic behavior, cheating, fraud, theft, or other abuse of information asymmetries, as in "insider trading" in financial markets, but there should literally be "honest trade." Behavior that is prohibited in society in general should also, or rather, particularly, be banned from the marketplace. Trade should be 'fair' and markets transparent. There should be equality of information, or at least equal access to information. Selling something for what it is not – poor for good quality – may be considered a form of theft: Sellers extract more monetary property from buyers than the exchange justifies. Just as in society in general, the rule of law should also reign in the marketplace and should regulate social interaction there, i.e. commercial transactions.

This is a public interest for several reasons. First of all, it serves to secure social peace and law and order on the market itself and to prevent aggrieved traders from taking the law into their own hands, as with tit-for-tat behavior, or, in the extreme case, honor killings, lynching or social unrest. Secondly, it is also a public interest because the fear of being cheated may prevent potential transaction partners from engaging in transactions, thus lowering demand, prices, supply, employment, growth, and prosperity. That is, the market will literally fail. This downward spiral can be set in motion by a buyers' strike of domestic consumers, but in an open economy such as the Dutch one, a foreign buyers' strike may be even more disastrous. If foreigners do not trust Dutch produce anymore and close their markets for imports from the Netherlands, this sets this negative spiral in motion.

There is a public interest in prosperity and, hence, in well-functioning markets as a value itself, but also as a condition for political stability and social peace. Discontent among

citizens breeds social unrest and reduces the legitimacy of the political system and the survival chances of political leaders and sometimes even the state itself (as it becomes an easy prey for other states or because citizens prefer the security of a larger state entity, as now with the Icelanders who are suddenly prepared to give up their independence and join the EU).

Well-functioning markets are more than free markets: They are well-coordinated markets, where the risks and uncertainties of potential transaction partners are reduced to such a level that they are willing to engage in transactions. Prosperity may be a condition for social order and political stability, but the reverse also holds: Political stability and social and legal order enhance prosperity. As Hobbes (1651) already wrote, in their absence “there is no place for Industry; because the fruit thereof is uncertain: and consequently no Culture of the Earth; no Navigation, nor use of the commodities that may be imported by Sea; no commodious Building; no Instruments of moving, and removing such things as require much force; no Knowledge of the face of the Earth; no account of Time; no Arts; no Letters; no Society; and which is worst of all, continuall feare” (Hobbes, 1968, orig. 1651: 186).

1.3 Who? Which Actors provide it?

1.3.1 The emergence of new markets for information and certification

Could this public interest be satisfied by private actors? The public interest in a well-functioning market is largely served by the actors on that market, by their trading action. The question is whether and to what extent they can also provide the conditions for it: reduction of risk and uncertainties by correcting for information asymmetries. The market itself has indeed provided many solutions throughout history.

First of all, sellers may provide information to prospective buyers in order to convince them to buy. They could do so by a) marketing and advertising; by b) labeling their products with information about it, its use, and perhaps even its production process; and by c) providing money-back guarantees to buyers if the product turns out to have defects or deficiencies or if consumers are otherwise not satisfied.

How can we make sure that the information given by producers is true, objective, and complete and that they will live up to their money-back promise? Again, the market may do the job. If buyers can become recurrent buyers, sellers have an incentive to care for their reputation in the interest of future business transactions, at least under the assumption that it is likely that buyers will be able to recognize sellers as being the ones they have dealt with before. In competitive markets, this may turn into a competition for the best reputation, a competition which may be aided by the development of strong brand names. If the reputation mechanism does not work, either because of limited competition, low transaction frequency

because the product or service is only rarely needed (so buyers cannot punish sellers for poor performance the next time around, as there will be no next time any time soon), or lack of market transparency due to information asymmetries in sellers' reputations, third party involvement may be needed.

Such third party services have first of all been provided through the market mechanism. The demand for more reliable and trustworthy information from independent, supposedly objective, third party involvement has produced its supply. A veritable plethora of enterprising entrepreneurs has popped up to fill this growing market for information providers and risk reducers: commercial information providers, book and magazine publishers, detectives, appraisers, auditors, certifiers, rating agencies, hallmark producers, accreditors, mediators, real estate agents, art experts, other brokers, dealers, and experts. Either they themselves provide supposedly more objective third party information about the quality and reliability of products and/or producers, or they sell information confronting buyers and sellers with evidence that the information provided by suppliers is right or wrong, or complete or incomplete. They do so for a great variety of products and services, including raw materials, transport conditions, labor, working conditions, etc.

Product certification is as old as fraud and deception: smuggling, coining, swindling, embezzlement, gambling with weighed dices, forgery, corruption, tax evasion, or the quacks in the paintings of Bosch. The early Middle Ages knew a lively swindle in relics. Saints' bones were believed to provide protection both in the political struggle and in economic competition. As long as people believed in such power, it was indeed real, following the well-known Thomas theorem ("If men believe something to be real, it is real in its consequences"). It was also believed that objects such as little cloths (*brandea*) that had covered relics acquired holy power. This led to large-scale fraud with relics and inflation of their value, which produced a need for certificates of authenticity. The relics that authorized and certified the authority of the Carolingian kings in the name of God themselves needed a certificate of the relic keeper. These were little pieces of parchment called *cedula*, saying they were *pars* of a particular saint, with two wax seals of a person in authority fixed to a piece of bone or cloth. The pilgrims who traveled to where relics were kept, also certification to prove they had really been there. History abounds with cases of certification. The witch's scales in Oudewater certified that one was too heavy to be a witch as one could not fly on a broom, a certificate that was valid in the entire Habsburg Empire.

However, the number and variety of hallmarks has strongly increased. In shops, newspapers, on the internet, on all kinds of specialized markets, one is greeted by a bewildering amount of quality certificates that all praise specific products and scream for attention. Food producers launch new brands that pretend to satisfy consumer needs for certainty as regards safety, health, animal friendliness, environmental responsibility, or suit specific belief systems.

Commercial agencies enter this market for ‘information’ and try to build reputations as reliable certifiers and to get producers to accept (and pay for) their certificates. Consumers and sectoral producer associations try to do so as well. Familiar ones, such as *Kema Keur* and the hallmark of the Dutch Association of Housewives, have been joined by some of the most outlandish types. Meanwhile, there is even a hallmark for extortionists (*Volkskrant* 09-04-03).

Even the trade unions reached for the regulatory instrument of certification to defend workers’ interests. Whereas in the past they would defend these interests by organizing a strike or by lobbying or negotiating with the government over protective regulations, they now seek recourse to quality certificates for working conditions. The Dutch union for film and TV crews, for instance, has developed a certificate for film and TV producers that “treat their crew members on movie sets decently,” as many workers make long 16-hour workdays, get poorly paid, and, being self-employed, lack wage contracts (“*fmv werkt aan keurmerk voor film en tv*,” *Volkskrant* 29-01-2010). Rather than using working class power, the unions now seek recourse to consumer power. Certification seems to have become the new fit-for-all solution to a great many problems, both in the private and the public sectors.

It is unclear whether the popularity of hallmarks and certificates is an indication of institutionalized distrust or whether it has merely become one among many commercial fads and fashions that may eventually blow over again once their own reliability and reputation has been increasingly questioned.

However, market liberalization has certainly turned this into a booming market, as freer markets are also markets where prospective transaction partners run greater risks and uncertainties, at a time when people are less willing to accept risks and uncertainties as they know more about risks and about instruments for reducing such risks. What has become possible should also be used, and if risks are known, information about them should be communicated.

Take real estate agents, for example. In the past, realtors had to be sworn into office by a judge. Since January 1, 2001, everyone can go on the road. Moonlighters pop up everywhere because selling a house means quick and good money, now that the house prices have gone up so much. In order to separate the wheat from the chaff, private rather than public hallmarks are now coming into being, such as membership of the NVM, the Foundation Hallmark Mortgage Mediation, or the Foundation for Recognition Regulation Mortgage Advisors. Their members supposedly have to do a “trade exam,” must keep their knowledge (of what?) up to date, and are sworn in (by whom?).

Third parties have also found commercial opportunities for providing services that aid in negotiating, closing, and enforcing contracts, all instruments for prospective transaction partners to reduce the risks and uncertainties they may run into when engaging in

transactions. Such services are provided by lawyers, accountants, notaries, and bailiffs, and, in certain markets, even by the mafia.

Information service providers can make a business out of it first of all by directly charging a price for their information. Sometimes their customers are the prospective buyers in the transactions, as with newspapers and magazines who sell publications that compare goods, services, and their providers, ranging from the latest notebooks, vacuum cleaners, hotels or holiday trips to the best universities and the hospitals where one has the greatest probability of leaving alive; or brokers or mediators who offer their expert knowledge of financial or real estate markets to prospective buyers. In other cases, the producers and/or sellers are the ones who pay, for instance, for audits, quality ratings, or certificates that should make prospective buyers believe that their products and producers can be trusted.

Secondly, some information service providers earn their income from advertisements coming with free information, the free information serving to bait the fish. Freely accessible websites compare products or allow experienced consumers to exchange information about products and suppliers while sneaking in advertisements in banners above, below, or even between the lines or offering immediate links to producers' and sellers' evaluated products.

Thirdly, services are also provided by public interest organizations with a less explicit profit incentive, such as consumer associations that provide information services instead of general membership dues.

The essence of certification is that it is an indirect form of market regulation. Unlike regulation that is imposed by some public authority in the form of bans or prohibitions, certification is officially voluntary. It is a requirement that is not imposed by the state but by customers, investors, workers, and sometimes even suppliers. Whether or not they choose to do so is initially up to them. Transaction partners formally have a free choice, and certificates are merely supposed to provide information relevant to this choice. The paradox is that such information that was originally voluntary has often de facto become obligatory: transaction partners will not engage in a transaction without the financial reliability certificate or rating from Standard and Poor's, or the corporate social or environmental responsibility guaranteed by the hallmarks of the Fair Trade Label Organization or the Marine Stewardship or Forest Stewardship Councils (Van Waarden 2009).

1.3.2 Problems

All these commercial initiatives of private information providers, raters, certifiers, and regulators may go some way in alleviating the problem of information asymmetries and the resulting distrust in transactions. However, history has shown that, sooner or later, they turn out to have their shortcomings.

First of all, how can we trust the information providers and certifiers? How reliable are their certificates? Can one trust *them*? The problems caused by information asymmetries and pressures and opportunities for fraud that haunted the original products and services also affect these products' quality certificates just as much. The certificate producers tend to follow similar strategies in attempting to raise the status and reputation of their certificates: advertising, labeling, detailed information about the bases of the certificates, guarantees, developing brand names, and third party verification/certification of the certificates and certifiers. This is usually called accreditation of the certifier. However, the problem is repeated for the accreditor. In principle, the chain of certifiers of certifiers of certifiers, etc., could become endless if the market were suspicious enough. In reality, it cannot be endless, of course. All these levels of control add to the transaction costs of the original products, and when these become prohibitive, either transactions may not take place or buyers will have to take some risk. In the end, consumers will have to trust the highest level of certification. The trust problem with private certifiers may be exacerbated by a number of conditions. First, who pays the certifier, or who is their direct client? In principle, this should be those who profit from the information, the prospective buyers of the product or service that is being certified. If they are as yet unknown, however, how can certifiers charge them? Prospective buyers need an expert to rate the quality of the product because there is a costly transaction involved with a high risk of making mistakes, as with buying a house or a major piece of art, or when investing large sums in risky financial assets. In that case, buyers pay a fee to their advisor, agent, or broker. However, in the case of a mass-produced product whose quality certificate is addressed to a host of anonymous customers, the certifier cannot directly charge those. An exception here is when products are compared and rated by a consumer interest association, formed by prospective buyers. The association issues certificates and pays them out of membership dues. In all other cases, it has become common usage that producers or sellers are the ones who pay the certifier for certifying their products. This is like trusting the cat to keep the cream. Indeed, the wisdom of proverbs tells us what to expect in such cases: he who pays the piper calls the tune. Therefore, information, ratings, and certificates may be biased. This suspicion would already be sufficient to make buyers distrust both the product and its certificate, making the latter practically useless and unsaleable and, furthermore, resulting in a dramatic drop in demand and a crisis on the market. The recent financial scandals, first the Enron case, which destroyed the reputation of its accountant Andersen, and then the Mortgage Backed Securities crisis, which seriously hurt the reputation of their rating agencies Standard and Poor's and Moody's, have underlined this once again.

A second problematic condition could be the presence of several competing certifiers, i.e. a situation in which there is a market for certifiers, which may differ in degree of seriousness

and professionalism and, hence, quality. This may provide customers with choice, but it also tends to produce confusion and lack of transparency. What is more, the resulting competition could very well focus on that what is most visible and easiest to compare for customers: the price. Competition may not only be an incentive for maintaining or raising the quality of information, but also for the opposite: Price competition tends to exert downward pressure on quality. The certificate provider is under competing pressures to maintain quality and reputation, on the one hand, but to keep prices as low as possible, on the other. The temptation to relax quality standards in the interest of more competing prices is greater as customers are less able to assess quality of the information, as is frequently the case. There is not only an information asymmetry problem as regards the quality of the rated good or service, but also as regards the quality of the information about the good or service. Trade associations that selectively recruit members and certify them in order to distinguish them from unorganized bunglers may be facing collective action problems, inducing members defecting the self-regulation scheme. Competition from the outside bunglers may force some association members to lower prices and quality, while still free-riding on the overall collective reputation provided by the association. In time, more and more members will be under pressure to defect, eventually rendering the association hallmark useless. Certificates from consumer associations and other more independent and objective certifiers may be unjustly applied by those who have been certified or may even be illegally copied, thus also decreasing their credibility.

1.3.3 State Involvement

All in all, such problems of certificate inflation, product laundering, and collective action produce calls for a yet higher or more respected authority to back up the reputation of the certificates or even to take over the responsibility for the certifying itself. In principle, such an authority could be anyone whom the customers consider an authority, varying from God and his representatives on earth to expert scientists to pop stars, film stars, soccer heroes, or other charismatic figures. A critical press broadcasting critical consumer programs such as *Zembla* or *Keuringsdienst van Waarde* in the Netherlands could also contribute.

However, in our secular society the last authority sooner or later has to be the state, as this is considered “the ultimate risk manager” (Moss 2002). In principle, it has the power to enforce its standards. Furthermore, most citizens believe the state to be more neutral and objective than private actors with their particularistic self-interests because a) it does not need to be paid directly by those to be certified, as it can fund its work out of general tax revenues; and b) it is accountable to the general public, or to the control institutions that are typical of a democratic constitutional state. After all, in such a democratic country, the state belongs to all of us and is, therefore, expected to represent the public interest. What is more, as long as

citizens trust the state to be so, it is sufficient for public certification to do the job of providing trust of potential transaction partners in markets.

Given the public interest in facilitating and encouraging economic transactions, states were quick to play a role in ordering markets. The age-old process of state formation went hand in hand with an increase in transactions and economic growth, the one facilitating the other and vice versa. The increase in trade and prosperity allowed for surpluses to be taxed to fund the state and its regulatory and enforcement organizations. Conversely, as the market was being ordered by the state, this reduced the risk involved in transactions, thus facilitating and increasing them.

Market ordering went first through private law and criminal law, emerging out of local customs and conventions but sanctioned and eventually codified by the state. Basic rules of the market game were set as regards mutual obligations of transaction partners: information provision, contracting, honest trade, liability. Fraud and deception were sanctioned under criminal law, but aggrieved parties could also claim damage compensation under tort law. Eventually, all this was complemented by social and economic public law, usually motivated by the need to correct for information and power asymmetries in transactions by protecting weaker parties, such as children, workers, individual consumers, and small businesses. Concretely, this meant setting minimum standards for goods and transactions, as in general labor and consumer law, and in legislation for specific goods, services, and sectors, such as food, drugs, toys, housing, finance, insurances, or healthcare. In essence, such public regulation set minimum standards for products, services, and contracts, that is, they reduced the freedom to contract. What was initially possible became henceforth impossible, and what was voluntary became compulsory. Such statutory measures also reduced the pressure of competition on transaction partners to accept undesirable conditions or consequences, including, for example, pressure to lower quality standards to survive cut-throat price competition.

In order to implement those regulations, a great variety of regulatory, inspection, enforcement, and adjudication bodies gradually developed, starting with very basic ones, such as courts and constables, right up to the many autonomous sector regulators that have been created over the past few decades.

In exceptional cases, the production of goods and services was initiated or nationalized by the state, that is, they were decommodified or could not be commodified. This was done either because they were considered to be of essential strategic importance (physical and legal infrastructure), because they had characteristics of public goods, characterized by non-excludability and non-rivalry, making it impossible to produce them commercially, or because it was the only way to gain sufficient trust among potential consumers so that they would enter into transactions. In this last case, direct hierarchic control over production by

publicly accountable authorities was the one definite way to guarantee consumers that the likelihood of being cheated in transactions would be minimal.

In intervening in the market, the state frequently built upon pre-existing private forms of market regulation, product certification, and conflict resolution, particularly so in the Netherlands, with its centuries age-old, rich history of such private initiatives (Van 1985, 1992, 1995). The state tolerated, sanctioned, or extended self-regulation by sectoral trade associations, and it also took measures to protect quality brands and certificates. Intellectual Property Rights legislation has allowed for the registration and protection of brand and certificate names, and has made copying illegal, thus in part protecting also their reputation. More far-reaching is the possibility to have private certificates checked on their value by formal state accreditation. To these ends, states have created both Patent Offices and Accreditation Councils.

In this study, we focus on a case that is an exception to the rule that, where a public interest is involved, public regulation has emerged sooner or later in one way or another: the reduction of risks and uncertainties for buyers of a special kind of products, halal products, that is, products that are safe for Muslims to consume or use. There is a clear public interest involved here (albeit a different interest for different publics), but, as yet, there has been no involvement of public authorities and employment of public resources, such as tax money, the neutral reputation of the state, and binding regulations backed by criminal or administrative sanctions.

The Dutch state has refrained from intervening here, at least with economic public law measures, though it does, of course, back private contracts by civil law. It only feels a responsibility for the physical well-being of its citizens and hence controls whether food, an important halal product, is safe for the body, but not for the soul. The Dutch state does not feel responsible for enforcing religious standards for food or any other product.

Even if the state got involved, it would be questionable whether the specific public (Muslim consumers and traders) would even like the secular Dutch state authorities to get involved, whether they would trust them enough, or even see a task in their enforcement of their religious standards.

In the absence of such state intervention, a market for private halal certification and product information is evolving both in West-European countries and globally, making an interesting case for studying both the ups and downs, strengths and weaknesses, problems and solutions of a newly emerging market, as well as for studying its capacity as a private regulator for another market, that of the halal products it certifies.

Notes

- 1 For an interesting anthropological study of such individual search strategies on Moroccan souks, see Geertz 1992.
- 2 Curious enough, most consumers of healthcare services invest very little time and money in collecting relevant information about the quality of the service and the reputation of service providers. They tend to rely on the public certification of physicians based on years of training and practice. See further.
- 3 Akerlof uses the term “lemons” in the American meaning of older (poor quality) secondhand cars, where the information asymmetry is relative great due to the fact that every secondhand car is unique, as it has its own special history of driving style of the driver, repairs, accidents, or even of turning back the speedometer, odometer, etc., only known to the sellers. Curiously enough, Americans use a lemon as a symbol for poor quality in this context, whereas, in the Dutch proverb “selling turnings for lemons,” the lemon stands for a high quality product.
- 4 Strictly speaking, one would expect that the term ‘market failure’ means just that: the failure of the market to allocate goods or services because potential transaction partners refrain from entering in the transaction. It would be a case where ‘the market would not work’. such as strikes by workers or consumers. However, economists also tend to include all kinds of ‘collateral damage’ which the ‘free market’ produces by the wayside: In addition to traditional ‘externalities’ such as exploitation of the environment (pollution) and exploitation of (child) labor, one might include here cheating, corruption, distrust, destruction of social capital, class conflict, exploitation of the less powerful (people, organizations, countries) by the more powerful, etc. However, such negative side effects are no failure of real markets, but they are real consequences of real markets. What is failing here is at most the idealized perfect market, where the costs of such negative externalities (as well as possible positive ones) are not included in the market price.
- 5 One of us elaborated this in an earlier study of labor relations in the history of the Dutch cotton industry (Van Waarden 1982).

2 A NEW MARKET: THE DEMAND FOR HALAL PRODUCT CERTIFICATION

2.1 The Problem: Halal Trade Fraud, Adulteration and Halal Laundering

On January 21, 2010, the Dutch TV program *Keuringsdienst van Waarde* ('Inspection of Value/Commodities') aired a critical documentary on the quality of döner kebab, entitled "investigating the exotic ground-meat stick" ("Keuringsdienst van Waarde onderzoekt de exotische gehaktstaaf" <http://sites.rvu.nl/page/7202>). The journalists bought a random sample of 10 such Turkish sandwiches sold as made of "100% lamb" from different snack shops and had them analyzed in a laboratory. Only 1 of these turned out to be that what it pretended to be: 100% lamb. The others were made of: 1x 100% mutton, 1x 100% beef, 1 x 100% turkey, 1 x 100% chicken, 5 x a mixture of mutton and beef, and, believe it or not, one sandwich, sold as lamb, was made of 100% pork. Now, getting cheated is already a hassle for any consumer, but for a practicing Muslim consumer to buy lamb and get pork is a much more serious affair. Lamb is halal or pure; pork is haram, or unclean and even sinful. It is about the worst that can happen to a devout Muslim. Even to be close to pork or to eat something that has been transported in the same van as pork is a threat to Muslim salvation. However, the sandwiches were cheap: 2 euros on average. The TV-journalists also went to Germany, where döner kebab came from, and confronted kebab sellers there with the story. They were highly surprised: "Of course, for 2 euros it could never have been pure lamb, as that is much more expensive! They must have put in all kinds of garbage!" Pork, mutton, and beef are cheaper ingredients, and Dutch consumers are known to be price buyers when it comes to food, in comparison to other national cultures in Italy, Germany, or France, where food quality is higher valued and people are willing to pay higher prices for quality (Van Waarden 2006). What is more, customers of kebab booths are not likely to be critical, sophisticated, and dainty gourmets, but youngsters looking for a quick, nourishing, and cheap snack.

Apart from price competition, sellers may be tempted to use cheaper ingredients than pretended in order to reap extra profits, even if this meant they would cheat fellow Muslims on their road to Allah's nirvana. Whether their incentive is to lower costs and prices (in order to resist or outperform the competition) or to reap extra profits, the effect would be the same: lower food quality.

The temptation to follow such a strategy, of course, is facilitated if consumers cannot easily judge product quality. Transactions involving food are typically characterized by information asymmetries. Sellers tend to know more about the quality than buyers. Where, when, and under what conditions was it harvested, preserved, processed, stored, and mixed? The asymmetries increase as the distance from farm to fork increases, that is, as consumers cannot themselves trace food products (any more) to the original producers, and, with only a

few more intermediaries and processes in the food value chain, this becomes virtually impossible. Furthermore, as the food chain gets longer, original foodstuffs get cut up, processed, mixed, etc. in a great many combinations, eventually resulting in the readymade foodstuffs that we now find in the supermarkets, all unimaginable when Mohammed wrote his food laws around the year 600. Consumers cannot know what went into the making of the food they buy or get served. Chewing gum, candy, and chocolate contain gelatin as a thickening agent, which may be derived from pork skins and bones. Many Muslims know this about candy, but fewer are aware that chocolate may also contain gelatin. Additives like E-numbers 472, 441, 485, and 471 are also likely to be haram, but will Muslims shoppers go around with a long list of E-numbers, checking every individual product? The best they can do is to believe the information the producer has put on the package. However, even this frequently requires quite a leap of faith. The distances in space and culture, and decomposition and recomposition processes, provide countless opportunities for fraud and deception. This holds all the more for halal food, as quite a few of its standards are process standards rather than product standards. The latter can but the former cannot be tested in the final product, making it even more difficult to detect fraud.

Notwithstanding these detection problems, stories about fraud with halal products abound. The kebab story mentioned above is only one among many cases of fraud and deception of Muslims with supposedly halal food. In November 2009, the General Inspection Service (*Algemene Inspectiedienst* aid) from the Dutch Ministry of Agriculture raided Fasen Meat Trading, a meat wholesaler in Breda. Using forged documents, the company sold several thousands of tons of meat wrongly as halal to Muslims in France (*Volkskrant* Nov. 26, 2009). In October 2009, the Belgian hall federation claimed that 60 percent of all halal products sold in that country was assumed to be impure.

(<http://islamineurope.blogspot.com/2009/10/belgium>).

Modern methods of food preparation and processing pose special problems. Take the case of chicken breasts. When Muslims buy poultry, they may think they buy halal meat, but, in our modern day and age of food manipulation, they cannot be sure. In June 2003, the Dutch Agriculture Minister Veerman admitted in a letter to the Dutch parliament that “in Dutch chicken products, sold as halal or kosher meat, beef or pork proteins may have been added.” The newspaper *De Volkskrant* explained: “Many salted Thai or Brazilian fillets of chicken, imported by Dutch poultry processors, are being ‘tumbled.’” The salt is washed off the chicken, and the meat is subsequently ‘seasoned’ with water and animal proteins, often pork or beef proteins. Besides being ‘seasoned,’ the chicken fillets are also made several tens of percents heavier, which in fact allows producers to sell water as ‘chicken’ for the price of ‘chicken’ Such additions are permitted in the EU as there is no danger to public health. Yet it does pose a danger to the moral health and peace of mind of Muslims and Jews. They would

have no way of knowing, as these additions were not mentioned on the product labels, as the Minister admitted. (“Geknoei met smaak kip niet altijd op etiketten,” *De Volkskrant* June 16, 2003).

Muslims are not alone in their distrust of food. According to consumers Monitor 2004 of the Dutch Food Inspection (VWA), only 2 out of every 3 Dutchmen and -women considered the food on the shelves sufficiently safe. The poorest scores were obtained by chicken (trusted by only 33%), ready-made meals (36%), and vitamin tablets (43%). There was more trust in bread (82%) and cheese (80%) (Schouten and Timmers 2005).

Distrust can be expensive, especially if it is confirmed by scientific evidence. It can be expensive for peace of mind but also for the purse, arguments that may both appeal to one of the two classic cultural identities of the Dutch: the preacher and the merchant. In 1978, Egypt dumped eight containers of so-called “Beef Lanchos” from Dutch meat producer Zwanenberg into the Red Sea. These Lanchos were a mixture of beef fat and powdered pig bones and, in spite of their name, were 99% pork. Before, Egypt did not have the right equipment to analyze its composition. Saudi Arabia did and also sold it to Egypt in 1978, and the fraud was detected. Subsequently, The Netherlands was blacklisted for a while by several Middle Eastern countries (HIC interview). Sometime later, Saudi Arabia confiscated a ship full of shoes from China. The boxes read “manufactured according to Islam rules,” but this was a lie. The ship load was completely burned, the ship was chained for 21 days, the captain and crew were jailed, and all costs were recovered from the exporter (interview Farouk).

The Saudis and Egyptians could afford costly laboratory methods to protect their citizens from haram food and shoes. Muslim consumers in Europe, however, living in non-Muslim societies, neither have state controls they can trust nor can afford such expensive tests themselves. However, this case brought home the importance of halal certification for exports and led to the first private attempts at halal certification, encouraged by rich Middle Eastern countries that are major meat consumers.

2.1.1 Food Adulteration, Food Laundering, and Food Regulation in general

Food adulteration has been practiced from time immemorial. Bread has been mixed with plaster, sand, bone meal, or even poisonous lead-white; milk has been diluted with ditch water; water has been added to wine; and beer has been given a more hop-like flavor with arsenic (Rougeur 2003: 24). Time and again, bunglers have popped up in different disguises and in different markets, especially newly emerging ones, and caused scandals sooner or later (for a recent overview of food adulteration scandals, see Bee Wilson 2008).

The Dutch and their trading culture have quite a reputation to uphold in this respect. It is not for nothing that most sayings in the English language involving the Dutch have something to do with being thrifty and cheap: “to go Dutch”, “Dutch treat”, Dutch comfort”, Dutch

bargain” etc. The Dutch are indeed price buyers more than their neighbors. This is also apparent from comparative advertising. While Belgian, French, German, Austrian, or Italian food advertisements stress quality and enjoyment, Dutch advertisers often appeal to consumers’ price consciousness.

The halal cases are reminiscent of problems with adulteration of butter and cheese in the Netherlands between the 1890s and 1910s. The invention of margarine facilitated falsification. Mixing became such a common practice that, around the turn of the century, the word “Dutch butter” became a euphemism for a mixture of butter and margarine. Cheeses were tampered with as well. The new milk centrifuges made it easier to skim the fat of the milk for butter production, before such milk was used for cheese production. In this way, the same amount of milk could be used to produce both butter and cheese. However, such cheese was almost completely made up of water. Hence, it became known as “civil engineering works” (*waterbouwkundige kunstwerken*). The difference with good cheese was not perceptible when the cheese was young. After a couple of weeks, however, it would collapse. A much publicized lawsuit in England in 1903 against a Gouda cheese with only 1.6% fat and 57% water did the reputation of Dutch dairy products abroad certainly no good. Such adulteration was also a concern for industry. As the reputation of Dutch agriculture and dairy worsened, they lost their traditional export markets in the surrounding industrialized nations. Ever since, trade interests have dominated Dutch food standards (Geluk 1967, Van Waarden 1985).

Such scandals have frequently been causes for regulation. Therefore, statutory food regulations are almost as old as food markets. In ancient Greece and Rome, there were laws against the coloring and flavoring of wine. In Western Europe, laws against adulteration of food and drink arose in the late Middle Ages. Famous landmarks are the British impure food laws from 1226 (Coates 1984: 145) or the Bavarian *Reinheitsgebot* for beer from 1516. The first modern legislation dates from the latter half of the 19th century: in Britain from 1860 (the Food Purity Law), extended in 1874, in Germany 1879, France 1885, Belgium 1890, and the Netherlands 1889. Modern Dutch food regulations were created, opportunistically, with foreign trade interests in mind. At first, the dairy scandals at the turn of the 20th century gave rise to specific butter and cheese laws and eventually to the more general *Landbouwkwaliteitswet* (Agricultural Quality Law; basis orig. 1890s), which stressed purity and honesty, in the interest of long-term trading interests, and, therefore, only concerned exports, not domestic trade.

More in general, much public regulation of markets was induced by scandals and crises, as we see today with the crises and scandals on financial markets. These destroyed people’s trust in specific products and producers as well as in earlier attempts at private self-regulation of markets. History abounds with examples: the Dutch above-mentioned dairy

scandals around 1890; the economic crisis of the 1930s, which sparked the development of the French system of *Appellation d'Origine Controlée* (from 1935 on); or the Austrian scandal of mixing “anti-freeze” in their wine (to sweeten it) in the 1980s. The recent animal epidemics (BSE, foot and mouth disease, and pig and chicken pests) led to a tightening of veterinary inspections and animal feed standards, got European institutions yet more involved in food regulation, and led to the establishment of a European food regulatory agency.

The scandals reduced people’s trust in private forms of regulation, which had usually been tried earlier, particularly in the Netherlands with its rich history of private self-regulation. They made it clear that private solutions to the risks and uncertainties of the market do involve problems. Detectives and other reputation rating agencies threaten the privacy of economic actors; accountants, who are supposed to be independent and neutral, turned out to be subject to temptations of favoritism; customs and norms of clans and communities can be quite strict market-entry barriers; associations suffer from the threat of free riders and have difficulty enforcing self-regulation; and a proliferation of competing private standards can become self-defeating as they may obfuscate markets rather than increase transparency. Often, a first reaction of the state to deficiencies of private risk and uncertainty reducing institutions in food markets has been to support them. Of course, it already does so with basic legal infrastructure (property rights, contract law, and judicial conflict resolution) without which markets, commercial risk reducers, communities, and associations could not function. Furthermore, the state increases public trust in commercial risk and uncertainty reducers, such as accountants or insurance companies, by holding them to standards; it helps self-regulating associations to solve collective action problems by recognizing them. Eventually, it supplemented or replaced private by public regulations. If the market and commercial organizations produced a proliferation of standards which threatened to make markets opaque, it set uniform and authoritative standards: for weights and measures, pricing units, vocational training or university degrees, and food quality certificates. And it created its own enforcement organizations, such as national, regional, and local food inspectorates.

Of course, state regulation has its disadvantages. State agencies are further removed from the businesses and markets they are to regulate. This makes for greater “principal-agent” problems in administering and enforcing regulations. The greater distance between regulators and subjects may also imply less legitimacy and hence stronger incentives to evade or circumvent them. This forces regulators and courts (which enforce the rules) to increase the degree of specificity and detail of the regulations, which, in turn, feeds sentiments about the ‘ridiculousness,’ ‘unreasonableness’ (Bardach and Kagan 1982), or inflexibility of state

regulation. This gives rise to political calls for ‘deregulation,’ until the next scandal sets a new cycle of (re)regulation in motion.

Over time, these experiences have led to the formation of mixed public-private regulations and enforcement organizations, in an attempt to combine the advantages of both private and public regulation. Thus the state provided backing for self-regulatory trade associations, for example, by giving them privileged access or statutory powers such as compulsory membership or the authority to apply disciplinary law. Examples in food markets are the French wine quality regulations, enacted and enforced by private *syndicats* of local wine growers, but recognized, authorized, and backed by the French state; or Dutch dairy quality standards, specified and enforced by a sectoral trade association, which is governed by employers’ and employees’ associations, but which has a status under public law, and which has resources such as compulsory membership and the authority to regulate and tax industry, making their regulations formally equal to statutory law.

Following these earlier examples, can we now also expect a public regulation of halal-standards? For the time being, it does not look like it. The Dutch state is declining to do so. The Food Inspectorate (VWA) says it has no business controlling religious food standards, and the publicly funded Food Information Center (*Voedingscentrum*) considers “halal not our mission. We are not there to supervise the maintenance of religious food standards.” Still, the problem of adulteration will remain. The issue is actually an especially sensitive one here. For Muslim consumers, this is not only an issue of honest trade, but also a moral issue, an issue of living according to the rules of Islam, an issue of salvation and access to the hereafter. The publicity over halal adulteration and laundering is likely to have fueled feelings of uncertainty and distrust. Realizing that the risk of being cheated is high, Muslim consumers may henceforth refrain from engaging in any kebab transaction at all. More than 200 people responded to the documentary on the broadcasting corporation’s website, and one of the more frequent lamentations was “what can we still trust if even our kebab ...” The industry may have an incentive to clean up its reputation. Producing pure food from now on may not be good enough. As with any generic product, the reputation of their product also depends on the quality of their competitors’ products, as long as consumers cannot easily distinguish them. One solution may be to try and establish a ‘brand’ reputation for their own shops or booths, which may work at the local level. If not, commercial third party information and certification and perhaps self-regulation of the industry will be needed. Therefore, private initiatives are to be expected and are, indeed, emerging. The current study explores the private regulatory world that is emerging around halal food for both domestic and foreign markets, and in particular the newly emerging market for private certification services. First, we will discuss the specific nature of the product that is to

be certified, halal food, as defined by Muslim religious rules. Then we will chart demand and supply for certification, the typical problems experienced by this market and its suppliers, and the solutions that have been found to address these problems, both by supplier firms and by outsiders.

2.2 What is true Halal? Nature of the Product: defined by Religious Norms

2.2.1 The Background: Islam, Halal, Muslims¹

Halal & Islam: two inseparable concepts

The discussion of the concept of halal food with all its aspects and applications is fully embedded in the teachings of the Islam; it derives both its *raison d'être* and its rules from the religion. Consequently, deviations and disagreements over the concept of halal food come from different interpretations from the main Islamic sources, although most interviewees seem to discard these differences mainly as a “lack of knowledge”: if ‘they’ would truly understand the meaning and message of Allah, they would certainly agree upon the rules concerning halal food. However, these rules are not as clear-cut as many Muslims would like them to be, which is likely to reflect the same fragmentation as displayed by the Ummah, the global community uniting all Muslims. Therefore, to be able to place the discussion of the concept of halal food in the right context, a short discussion of the Islam and its main features is necessary.

Islam on a shoestring

The roots of the Islam lie in the historical-religious places of the Arabic peninsula; this is the place where Allah, the Arabic word for God, revealed His last message to His chosen messenger Muhammad around 600. This message as revealed to Muhammad is literally written down in the Qur’ān, which is the central scripture of the Muslims and is considered holy, both its physical presence and its words. It is considered to be the last and just revelation of God, which overrules the previous books of the Christians (the Bible) and the Jews (the Torah). Muhammad is the messenger of this revelation and is seen as the perfect man and the embodiment of Islam: “He was a Qur’ ān walking on earth” (citation from Islamic scripture, in: Rippin, 2005:55). His life and actions, therefore, are seen as exemplary and even as law; people should live and act according to his example, and the scriptures in which his life was written down, the body of the Sunnah, are the second main authoritative source of Islam.

However, these sources date back to people living in an ancient society of some 1400 years ago: how can we bring together contemporary life and the laws of those days? After Muhammad’s death, the practice of *ijtihad* – personal reasoning and/or interpretation of the

Qur'ān and Sunnah or the making of new laws – was quite common until the event described as “the closing of the door of *ijtihād*” around the 10th century: from then onwards, no one was allowed to make any new laws, although this has been under discussion in recent years (Vikør, 1995).² How then can Islam incorporate recent concepts from Biotechnology, modern society, and the internet into a religion based on scriptures written down in a society that existed some 1400 years ago? There are two widely accepted concepts that can build a bridge between those holy, authoritative yet ancient sources and present times: *ijmā*, or the consensus of the Ummah and/or Islamic scholars, and *qiyās*, or analogy. This is mainly Sunni jurisprudential theory, which “has its ultimate basis in the work of al-Shafi‘ī,” a Muslim lawyer who lived around 600 BC (Rippin, 2005:94).³

Even though these concepts allow for a modern and flexible Islam that can adapt to all places and times, it is this same flexibility that also creates diversity in the interpretation and design of the Sha'ria, the Islamic laws: for some, only scholars are allowed to practice *ijmā* and *qiyās*, whereas, for others, the Ummah or even individual practicing Muslims are entitled to engage in these practices. Moreover, many Islamic leaders (Imams) or Islamic scholars (*muftis*) can make different interpretations of the same case, depending on many factors such as ethnic identity, local practices/tradition, generation, or Islamic current. This often results in different recommendations or answers (the so-called *fatwas*) from different religious leaders or scholars: *fatwas* are certainly not Islamic law but are opinions of Islamic scholars that are merely recommendations, although Muslims often consider *fatwas* as personal laws. Such differences in Islamic thought might seem unacceptable from a Western legal point of view but are generally accepted among the most prominent Islamic scholars, although within certain limits⁴ as indicated by the Islamic scholar and chairman of the International Institution of Islamic thought, Taha Jabir al `Alwani:

The differences which occurred among our forebears in early Muslim history and which continue to be with us are part of this natural manifestation of variety. Provided that differences do not exceed their limits, and provided they remain within the standard norms of ethics and proper behavior, this is a phenomenon that could prove to be positive and extremely beneficial” - Taha Jabir al `Alwani, 1993.⁵

It is generally assumed that these differences in interpretation are a natural consequence of inherent human differences, which is also stated in the Qu'ran:⁶

If your Lord had so willed, He would have made mankind one people, but they will not cease to differ, except those on whom Your Lord and Sustainer has bestowed His mercy, and for this did He create them (11: 118-9).

It can be said then, that opposing *fatwas* are not only regarded as inherent in human nature, but are also appreciated, as long as they come from knowledgeable and sincere Muslim

scholars. On 'Islamonline,' a very popular site on which Islamic scholars can be consulted (give fatwa's), the issue is addressed by Dr. Sano Koutoub Moustapha, professor of fiqh at the international university of Malaysia, in a fatwa issued on August 26, 2008, in which is stated:

If the issue is controversial among Muslim jurists and the contradicting opinions are issued by qualified and sincere muftis, then one can follow the opinion that he or she is most comfortable with.
(Mufti Sano Koutoub Moustapha, fatwa of 26-08-2008).⁷

So despite their contradicting rulings, *ijmā* and *qiyās* both remain cornerstones of Islamic Shariah. However, it should be kept in mind that these sources of Islamic law are the secondary sources after the primary sources: firstly, the holy scripture the Qur'an, and, secondly, the Sunna of Muhammad.

2.2.2 Unity or Heterogeneity?

As described in the previous section, there are many contradictory opinions within the Ummah: it is certainly not a united, coherent community. The absence of a central (living) source of authority, like the Pope in Catholicism, also reflects this fragmentation. Different schools within the Islam (although there are only large differences between Shia and Sunni Islam; there is broad consensus on most topics within the four main currents of the Sunni) and the dispersion over the globe of different Muslim communities with different ethnic backgrounds and histories aggravate existing differences within the Ummah, although the popularity of the internet might draw different opinions closer together.

Despite this fragmentation, there is certainly a general feeling of unity among Muslims; this is first of all reflected in the idea of the Ummah, or Muslim community: "those who follow this path of Islam form the Ummah, the community of Muslims whose common bond in religion symbolically reflects the central Islamic concept of the unity of the divine" (Rippin, 2005:5). In practice, Muslims often address each other with Muslim, meaning 'sister' or 'brother,' and referring to the shared feeling of the Ummah. This identification with the global Muslim brotherhood creates a spiritual, historical, and political connection between individuals, which sometimes even goes beyond ethnic identity (Jacobson 1997b: 246) and can be regarded as the "defining point of the Islamic sense of identity" (Rippin, 2005:47).

Islam is also a religion that generally shows great respect for other opinions within the Ummah, and different currents do not oppose each other; scholarly discussions are more common, which is also reflected in the large body of Islamic literature. Even though there is no single authority, there are several authorities that are respected by almost all Muslims. First of all, the heart of Islam is where it originally came from and where the Hajj (the obligatory pilgrimage of Muslims) goes to: Saudi-Arabia. All main religious buildings and sacred places are found there. The other authority is Egypt, with the oldest Islamic university,

which is highly renowned, also because of its education of muftis and Imams. Key institutes for issuing fatwas and discussing Islamic Shariah are the Dar al-Iftaa in Egypt, an important institute for Islamic jurisprudence; the Muslim World League, an international NGO founded in Mecca; and the Islamic Fiqh Academy (IFA), an academy for advanced Islamic studies based in Jeddah.

Despite the renown of these institutes, large disparities between different Muslim groups do exist and will probably continue to exist due to the diverging historical and ethnic backgrounds of global and local Muslim communities (for more information on the local Dutch community, see Section 6). This, and the notion of the Ummah, also has consequences for the discussion of halal and haram.

Halal – Haram: and something in between?

In debating what is allowed or not allowed (or, for that matter, good or bad), most Muslims refer to the concepts of *halal*, which means permitted, and the opposite term *haram*, which means forbidden. This dichotomy of opposites is used by most Muslims to decide whether something is according to Islam or not and is used, therefore, in many aspects of life. Or, as Rippin says, it “provides an element of the foundation for Islamic ethics” (Rippin, 2005:30). This is also reflected in everyday Muslim practice as discussed by de Koning (2008), who suggests that this rather black-and-white kind of thinking might have to do with “the desire for certainty and the ability to give clear-cut answers” (de Koning, 2008:228). As de Koning also notices, this is quite peculiar since this dichotomy does not exist in official Islamic jurisprudence, where a more refined system of classification is used. This system (called *al-ahkām al-khamsa*) classifies each act into one of five categories: obligatory (*wajib*), recommended (*mandub*), permissible (*mubah* or *halal*), disapproved (*makruh*), or forbidden (*haram*). Broadly speaking, a Muslim has to adhere to the rules relating to the acts that are classified as obligatory or forbidden since ignoring these will bring punishment in afterlife, while the recommended and disapproved categories will bring rewards for those who adhere to them but have no consequences for those who do not. All the other acts, which are regarded as neutral, are classified as permissible (Rippin, 2005:97). However, most Muslims are only vaguely aware of this categorization, which is indeed more often used in Islamic scholarship than in daily practice.

How does this theoretical notion of halal and haram affect the classification of products as discussed in this paper? When asked, most non-Islamic Dutch people think of halal as “food that contains no pork” (interview Mekkafoods February 22, 2010). However, this notion of halal fails to recognize the wholeness of the term halal: it is not only a product but a way of life; it encompasses everything of good quality, from speaking with the right (*halal*) words, to halal meat to the halal way of life: the Islamic way of life. Muslims discuss their Islamic

identity and behavior by using the term and also consult Islamic authorities when confronted with doubt, as expressed in the following citation from de Koning (2008): “[The Muslim youth, red.] ask often whether he [a Islamic authority] can explain them what is allowed and not allowed in Islam, how they should behave; with other words, what is halal and haram” (de Koning, 2008:229). Notions such as halal make-up, halal banking and halal behavior are commonly used: clearly, the concept of halal encompasses far more than just the notion of “food without pork:” it is the Islamic way of life.

It should be clear, however, that the notion of halal and haram is not a clear-cut static concept but depends very much on personal, cultural, and ethnic interpretations as discussed in the second and third Sections and can change over time and space, depending on which scholar you consult.

2.3 Halal Product Definitions

2.3.1 General Halal Food Standards: the Devil is in the Detail⁸

How is the discussion of halal food influenced by everything that has been discussed in the previous sections: currents within Islam, no central authority, flexible interpretation of Islamic laws, concepts such as *ijmā* and *qiyās*, and the shaded area between halal and Haram? In short, the Islamic way of life should be halal, and an important part of life – food consumption – should be halal too and is, therefore, embedded in the whole discussion of what Islam is and what being a Muslim entails. Consequently, the definition of a halal product is closely related to the definition of one’s Muslim identity and the related interpretation of Allah’s commands, such as the interpretation of the commands: for example, a stricter or more flexible interpretation of the rules depends on the Islamic current or ethnic background that defines a person.

Hence, there does not seem to be such a thing as a generally accepted halal food standard; even the most extreme Muslim will respect another halal food standard as long it is backed by a respected Islamic authority. In the first international book on halal regulations, *Halal Food Production* by Riaz & Chaudry (2004), the halal food standards are written down explicitly, but even here it is stated that in determining the acceptability of certain foods (seafood, in this case) “one has to understand the rules of different schools of Islamic jurisprudence, as well as the cultural practices of Muslims living in different regions” (Riaz & Chaudry, 2004:13).

Moreover, they also discuss the notion of ‘primary’ and ‘secondary’ requirements, the former being obligatory and the latter being “merely recommendations” (Riaz & Chaudry, 2004: 65). This classification of obligatory and recommended requirements may also reflect the categorization of acts at five levels (*al-ahkām al-khamsa*) as discussed in Section 4. This is

also reflected in the following citation from the book of Riaz & Chaudry: “In general, most Muslims deem meat and poultry items not slaughtered in the name of God to be haram or makrooh [disapproved] at best” (p.11). Hence, differences in what is accepted as being halal do exist. Nevertheless, it is clear that a Muslim should eat halal food, as stated in the Qu’ran:

O people! Eat of what is in the earth, halal and Pure, and do not follow the footsteps of Satan. Indeed, for you he is an open enemy (Qu’ran, Surah al-Baqarah, 168).

There certainly is a general consensus of what is accepted to be halal among scholars and Muslims in general: everything that is literally in the Qur’an is without doubt a general ruling for what is considered halal. The only difficulty concerning these verses is how to *interpret* them: differences in opinion come from differences in interpreting the Qur’an, not from accepting or not accepting what is written down. The Qur’an is holy, not only what is written there, but also its physical presence, and as a result everything that is in there is holy too: scholars will never doubt that. One example of an important verse discussing halal food is the following one, discussing a couple of ‘primary’ requirements:

Forbidden to you (for food) are: dead meat, blood, the flesh of swine, and that which has been invoked the name of other than Allah, that which has been killed by strangling, or by a violent blow, or by a headlong fall, or by being gored to death, that which has been (partly) eaten by a wild animal, unless you are able to slaughter it (before the animal dying due to the above causes) (Qur’an, Surah al-Ma’idah, 5.3).

This verse, together with other verses discussing halal requirements in such an explicit way, can be summarized in the following rulings for halal food:

General halal food rules:

- the animal is from a permitted species (as literally defined in the Qu’ran, excluding, for example, pork and most meat-eating animals and insects)
- all parts of an animal that is not halal are forbidden.
- eating blood is not allowed
- so is alcohol

Slaughtering rules:

- slaughtering must be done by a Muslim, Christian, or Jew
- the animal should be slaughtered while blessing the animal by verbally invoking the name of Allah/God (regularly, Bismillah Allahu Akbar)
- slaughtering must be done with a sharp knife or other tool, killing the animal by cutting it in such a way that it will die as quickly as possible
- the animal should be alive when slaughtered

Food that contains haram parts or that fails to comply with one or more of these rules is Haram by definition. Furthermore, a Muslim is only allowed to transgress these laws if there is no other choice, as stated in the Qur'an:

But if one is forced by necessity, without willful disobedience, nor transgressing due limits, then he is guiltless (Qu'ran, Surah al-Baqarah, 173).

Underlying Principle Values

These concrete food standards are an expression of more basic principles. Most rules are informed by care for human health through healthy food (therefore, no alcohol and no dead animals, implying that the animal ought to be slaughtered alive), and care for animal welfare. Food rules can be seen – and are seen so by many Muslims – as part of the larger halal concept as discussed above, where halal embodies the Islamic way of life with respect for all that is given by Allah, including animals. Halal slaughtering is seen as humane slaughtering; the animal should suffer as little as possible before and during slaughter, should have a good life before it dies, and experience as little stress and agony as possible immediately before being slaughtered. In the days when Mohammed wrote these rules down in the Qu'ran around the year 600, this slaughtering method was certainly a very humane one, and probably still is. Halal rules, therefore, can be seen as contributing to a long historical civilization process, as can Kosher rules. However, the instrumental functions of these rules have become less evident, as the rules, originally serving as means to a functional end, have become ends in themselves. Observing them has become a symbol of identity, a way of demonstrating that one wants to belong to a specific social category.

The animal-friendly orientation of Islam has made the halal label popular among some non-Muslims in the Netherlands, since it not only involves the humane handling of animals but also results in high quality meat: animals suffering from stress produce certain hormones that reduce the quality of the meat, so the less stress animals experience, the better the meat. Many slaughterhouses, therefore, already introduced a more humane slaughtering method even before it was imposed by the government as they realized that the meat from animals that were calm before being slaughtered, was a better quality.

Additional rules

In addition to these rules, many more rules are considered to essential to define meat as being halal: the animal and the butcher must face Mecca, the animal must not see the knife before it is slaughtered, the animal must not witness other animals being slaughtered, etc., all elaborations of animal-friendly slaughtering.

Major points of controversy over halal

The above rules are the core of what is considered halal: the majority of mainstream Islamic scholars agree upon these rules. However, there are some points on which scholars do not always agree or that confuse many Muslims. These points in the grey area between halal and haram will be discussed below.

- Machine Slaughtering

It is generally considered makruh (disapproved) if you have not visited the slaughtering place yourself since there are so many different ways of machine slaughtering: some are generally allowed while others are not. The main issue is whether the basic rules are followed: the name of God must be mentioned separately for every animal that is slaughtered, the animal should be cut properly, and the slaughtering must be done by a Muslim, Christian, or Jew. However, many scholars do not see the need for machine slaughter since two to four Muslims can be as fast slaughtering the chickens by hand, so they recommend it should be avoided as much as possible.

- Food from “the People of the Book”

The Qur’an literally says that: “Today are (all) things good and pure made lawful unto you. The food of the People of the Book is lawful unto you and yours is lawful unto them” (Surah al-An’am, 5). This sentence has evoked a lot of discussion, and many fatwas have been issued to provide an answer to all questions relating to this rule. The people of the book are the people who believe in the earlier versions of the Qu’ran, the Torah and the Bible, so the Jews and the Christians. Some Muslims see this as the evidence that they are allowed to eat all the food of Jews and Christians, also when the meat has not been halal-slaughtered, though pork is always considered haram. However, the prominent Islamic scholars and leaders oppose this view: in general, they argue that Muslims are allowed to eat meat that has been slaughtered by non-Muslims as long as the general rules of Islamic slaughtering are observed. Many scholars also consider it permissible for a Muslim to accept non-Islamic slaughtered meat from a non-Islamic friend, as long as he or she is a Christian or a Jew. The meat of Jews is an exception because many currents in Judaism are as strict or even stricter in the religious slaughtering of meat, adhering mostly to the same rulings: the food from Jews is called kosher food. Many halal certifying bodies also accept kosher certificates, depending on the Jewish certifying body.

- Evoking the Name of God

The Qu’ran says that the name of God must be mentioned during slaughter: “And eat not of that whereon Allah’s name hath not been mentioned, for lo! It is abomination” (Chapter 6, al-

An” am, V. 121). So the majority of scholars are very clear on this: meat that does not comply with this rule is definitely considered haram. However, many Muslims maintain that it is enough to mention the name right before consuming it. They refer to other verses that say so and also claim that the specific verse that indicates that naming should take place during slaughter is not mentioned in the Qur’an. Some certifiers we interviewed also suggested the possibility that the exclamation “bismillah Allahu akbar” (in the name of Allah, the greatest) could also be played from a tape (cf. also Schröder 2010). Would all Muslims agree with this? If so, should it be a Muslim who plays the tape?

- *When no other food is available: eat haram food?*

As mentioned before, a Muslim is allowed to eat haram food if there really are no alternatives. However, as soon as an alternative is available, the lesser choice becomes haram, or, in some cases, makruh at best (if the alternative is too expensive, for example) Many Muslims, however, maintain that eating non-Islamic slaughtered meat is permissible if alternatives are not readily available: for example, when traveling or living in a non-Islamic country where Islamic slaughterers are rarely found.

- *Facing Mecca*

It is considered important that the slaughterer should face Mecca when performing ritual slaughter. However, this is not regarded as a necessity but as recommended if possible. It would be regarded, as phrased in the book by Riaz and Chaudry, a “secondary requirement” (Riaz&Chaudry, 2005:67).

- *Stunning before slaughtering*

The rule for halal meat is that the animal should be alive when it is slaughtered. Muslims should not eat dead animals, as humans are not supposed to be ‘scavengers.’ Pre-slaughter death can be the natural result of aging, but also of stunning. Stunning or not is the issue that has caused the greatest ritual slaughtering controversy between Muslims (and Jews), on the one hand, and animal welfare proponents or activists, on the other. Most Western countries now stun animals just before they are slaughtered so they will experience the least pain. The strictest interpretation of the Qu’ran does not allow any kind of stunning. A somewhat more liberal interpretation allows so-called reversible stunning: the animal is stunned by an electric shock, which makes it unconscious for about 40 seconds, after which it regains consciousness and is considered alive again. In these 40 seconds, the ritual killing takes place. Nowadays, most slaughterhouses in Europe shoot a bolt into the animal’s brain, which renders it insensible. This, however, is irreversible: the brain is partly destroyed, and the animal cannot fully recover though it is still not considered dead. Most Muslims consider this

irreversible form of stunning as akin to death and hence not in line with Mohammed's teachings. Only the most liberal interpretation of halal rules condones this usage common in European slaughterhouses (on the various stunning methods and their effect on animal welfare, see Kijlstra and Lambooi 2008).

- *Transporting halal together with haram food*

Transporting halal products together with haram food is generally assumed to be halal as long there is no possibility of cross-contamination whatsoever. So if the meat is thoroughly packaged, no problems should arise. This is a delicate issue because Muslim minorities living in non-Muslim countries can never be sure whether the meat has been contaminated, so they prefer completely separated production chains over combined ones to avoid any chance of halal food having come into contact with haram products. In addition, the international halal market causes many problems too, as the production and transportation chains, which may be thousands of kilometers long, must be halal at every step of the process. This is very hard to control although progress has been made in recent years thanks to modern ICT tracing and tracking technologies. A more extensive discussion will follow.

- *Guarantee for halal status*

In general, if as a Muslim you are told by another Muslim that the food that he/she is offering you is halal, you can always believe him/her *if there is no reason to doubt him/her*. As soon there is any suspicion that the food might be haram, it is the responsibility of any Muslim to track down where the food came from and verify whether it is really haram. However, if there is no ground for doubt, no checking is necessary since the responsibility lies with the other person: if he/she offers you haram food while claiming it to be halal, that person will receive Allah's punishment you were supposed to get for eating haram. So many Muslims simply assume that if they ask another Muslim, they are safe because the other person bears the responsibility, not they themselves (Benkheirra, 2002, in: Bonne & Verbeke, 2007).⁹ Of course, this could easily lead to a situation where everyone is passing the buck to everyone else.

In short, it should be clear that interpretations of halal rulings, and hence halal standards, differ. It should be kept in mind that respected Islamic scholars always have the final say on whether something is halal or not (actually, their opinion is that Allah always has the last word). For now, we would like to provide the reader with a text of a renowned Islamic scholar to give an impression of how Islamic scholars discuss a salient halal issue, in this case machine-slaughtering:

Finally, one must remember that machine-slaughter is a new phenomenon created by the rapid progress in modern technology. Thus, it is obvious that it is impossible for one to find

express rulings with regards to it in the classical sources of Islamic jurisprudence. Its ruling can only be derived from the general principles and guidelines set down in the Qur'an, Sunnah and the classical works of Islamic jurisprudence. Thus, there may be some differences of opinion with regard to this issue and we respect the opinion of other scholars. However, the above is what I have understood from my teachers, especially Shaykh Mufti Taqi Usmani, upon whose Arabic work (*Ahkam al-Zaba'ih*) this article is primarily based.

One must also remember that this is a very important issue for a Muslim. Consuming halal food is one of the most important things for a believer, for it has a bearing on all the other worships and religious obligations.”

Muhammad ibn Adam, Fatwa q-05554697, 30-03-2004, Darul Iftaa.¹⁰

Halal in Practice?

Certainly, halal as defined by Islamic scholars and generally accepted to be true is not identical to the halal standard as wielded by the average Muslim consumer: most Muslims certainly do agree with Islamic scholars on the general rules of halal slaughtering, but actually putting this theory into practice is a different matter. Many of our personal Muslim friends do admit that their halal consumption is not strictly as stated by the Qu'ran, but as long they do not eat pork, they feel this is sufficient, and, if not, then it “is their own responsibility towards Allah.” The majority of the Muslims probably adhere to their religious dietary prescriptions in similar ways. According to a writer on Westayhere.nl (wijblijvenhier.nl), “not many Muslims follow the halal concept.” He goes on with a lengthy discussion about what halal actually is and what not with the (mostly Islamic) readers of the blog (Yucel, 27 November 2009).¹¹ In an article in the Dutch journal *Vrij Nederland* Yousif is cited as saying: “I am not very principled in my halal consumption, no,” upon which the author of the article continues “we have to believe him, says Yousif, that eighty percent of the Muslims consume as opportunistically as he does” (*Vrij Nederland*, “*Herrie om Halal*,” 1-12-2007:1). So most Muslims do observe the rule regarding pork, but other haram products are not taken too seriously. One of our respondents articulated the difference between pork consumption and other officially haram products as follows: give a Muslim a piece of pork, and he will be highly insulted, but give him alcohol, and it is not regarded a problem (Eddouadi, March 29, 2010).

In short, Muslim consumers do not seem to be too strict in general, although it seems halal awareness and consumption is increasing due to factors such as higher education, Muslims' search for pure Islam, and their increased purchasing power. These factors will be discussed at greater length in the subsequent section on the domestic market for halal products. For now, it is important to be aware of the casualness with which many – if not most – Muslims in the Netherlands approach the halal concept. Most Muslims observe the rules in relation to their pork consumption but are not too strict in other ways. Furthermore, introducing halal-slaughtering methods could slow down mass production in slaughterhouses, especially in the

slaughtering of chicken. This could lead to higher prices for such goods, and many Muslims both in Europe and elsewhere in the world may not be able to afford more expensive food.

2.3.2 Consequences for Different Types of Products and Production and Distribution Processes

These religious norms have to be operationalized by producers, traders, consumers, and certifiers in order to determine the halal status of concrete products and services. Halal standards refer both to the composition of products and to the way in which they have been prepared and distributed.

Product Standards

The most straightforward here is the composition of basic foodstuffs, such as meat. What is forbidden is the flesh and any other part of pigs, most carnivores, and insects, as is the blood of any animal. Furthermore, alcohol is not allowed (although there are experiments with halal-wine, with supposedly 0 % alcohol). In principle, such composition standards can be tested at the point of consumption. The meat can be inspected, and certainly with modern laboratory methods it is possible to detect even the tiniest trace of pork or other haram animals in meat sold as halal. There have been several cases where Saudi-Arabia found such tiny traces, causing it to destroy the entire shipment.

Old-fashioned food adulteration, as in the case of the pork döner kebab sold as lamb kebab (Section 2.1.), is less relevant for Muslims. Food adulteration for Muslims is different from the classic history of adulteration. Old-fashioned adulteration is selling water for wine or sand for bread: adding cheaper ingredients and usually heavier ones (when the price is determined by weight), hiding them, selling the products as more expensive ones. Such old-fashioned adulteration is largely banned now by state regulation although producers and supermarkets keep trying in less straightforward and hence apparently not forbidden ways: selling a jar of pickled onions, its label saying “made with extra virgin olive oil,” with the very small print revealing that it contains only 4% olive oil and 40% sunflower oil; or a fruit juice sold as pomegranate juice with bright pictures of such fruits, containing 80% apple juice. In such cases, it is the quantity that counts and that makes up the way consumers are cheated. For Muslims, the quantity of the hidden ingredient is irrelevant: even the tiniest bit of a haram ingredient will make the food unacceptable. What matters to them is not whether a cheaper and lower quality of raw material has been added to the food, as with water in cheese or chicken fillets, but whether this lower quality has been taken from a source they consider haram. Thirty percent water in chicken fillets is not the real issue; it is the small amount of pork proteins used to bind the water. Muslims are also less concerned about being cheated in terms of monetary *value*, but about their religious *values* being violated.

Composed Foods

Product standards are becoming more of a problem with the multitude of composed and ready-made food products turned out by the modern mass food industry. The large majority of products displayed on supermarket shelves are such composed products. Although modern generations have more spare time than older ones, there is a great demand for “easy food:” easy to keep and easy and quick to prepare. It is supply that has created demand here; the supply of such foods has become possible thanks to modern food processing, transportation, and communication technology. New additives, plastics, special casings, and gases preserve food longer, and more efficient logistics chains distribute it faster from a few centralized production locations. Ingredients in such composed foods may come from many sources, even unlikely ones. Muslims were not used to assorted sliced cold meats.

Traditionally, they bought large chunks of meat to be further prepared by themselves.

However, in Western societies they find cold meats and sausages, essentially combinations of minced meat with herbs, spices, preservatives, colorings, flavorings, and other additives.

Sooner or later, they discovered that these may taste very well, but could they be trusted?

This is indeed questionable. Like the chicken fillets we already mentioned, sausages that are supposedly made only from beef may very well contain proteins from other animals. Spices and additives, such as thickeners, colorants, or preservatives could also come from haram sources, either directly or indirectly: some red colorants are made from lice, and gelatin in candy or puddings could be made from pork bones. Preservatives are haram if they have been dissolved in alcohol (for a list of halal and haram E-numbers, see <http://www.halalaudit.nl/content.php?ID=11>). Dairy products such as cheese are haram if the milk has been curdled by rennet derived from pig stomachs.

Avoiding such composed foods has become increasingly difficult in modern life.

Muslim immigrants in European societies are surrounded by them every day, as are citizens of predominantly Muslim countries. They have discovered their ease and taste, as indicated by the popularity of Turkish pizzas. According to manager Rene van Appeldoorn from Mekkafood in Venlo, the Dutch are now eating 80,000 halal Turkish pizzas a week. His company is annually producing, along with other meat products, 7800 tons of composed halal foods.

Major producers and sellers of ready-made composed foods have picked up on this Muslim demand. Companies such as Nestlé, Unilever, Danone, and other fast food chains, such as KFC, Quick, McDonalds, and Domino’s Pizza, and retailers like Albert Heijn, Sainsbury and Tesco in the UK, and Casino and Carrefour in France have discovered the halal market. They are among the most eager to find halal certificates that can ease the minds of Muslim customers.

Non-Food Products

Although halal rules are best known as food standards, they may also affect non-food products. For Muslims, these are in particular products that may touch the body in ways other than food, such as pharmaceuticals, cosmetics, shampoos, or even clothes. All these are ever so many composed products which could contain traces of haram animals: gelatin in pills, or starch and synthetic colorants in clothes. Moreover, halal rules may also apply to services, such as halal banking, that is, banking according to the Sharia rule that it is haram to charge interest. Creative banks have found ways to get around this condition. In the case of halal mortgages, the bank buys the house and sells it back to the owner at a higher price, the difference being the profit the bank expects to make. This way, buyers pay back the loan in the form of a higher price, but officially without interest. New halal products keep appearing, such as nursing homes and care centers for elderly Muslims, complete with halal catering (Vk. 25-05-2009 “Zorg: nu ook van islamitische snit”). And what about the old-fashioned piggy bank for kids? This too would be haram for Muslim children. This was ground for Fortis to discontinue its 7 year program to give children a piggy bank as a welcoming present. This was greeted with howls of derision as well as creative suggestions to replace the symbol of luck and saving with a goat or camel bank.

Process Standards

Particularly important for Muslims are process standards. This holds for the whole of production and distribution chain from farm to fork. This is what halal standards have in common with standards for organic food or fair trade. It starts with the farm where the animals have been bred, where animal welfare is already a concern. Did the animals have a decent life? How were they treated by the farmer? What food did they eat? Did they have enough living space and were they well-sheltered? Were they transported decently from farm to slaughter house? For example, were they not shoveled into the slaughter house by a tractor because their legs were too weak to stand on (a recent scandal in the Dutch food industry)? Then the actual slaughtering process itself is a concern, probably the most important concern in halal: the animal should not arrive dead at the slaughterhouse, it should be slaughtered alive while facing Mecca, it should be killed by a Muslim or at least by “someone from the book,” with an especially quick method, while saying “bismillah Allahu akbar,” etc. Subsequently, further transportation and distribution along the supply chain is also an issue for regulation. Halal meat should not come into contact with haram products, meaning that lamb, sheep, or beef should not touch pork, pig hairs, or pig shit. There should be no possibility of cross-infection. This starts at the farm. Halal meat should not come from animals bred on a farm that also raises pigs. Transport to the slaughterhouse should also be separate. Actually, halal animals should not be transported in a truck that has transported

pigs before. Ideally, there should be separate slaughtering lines, separate slaughtering machines, separate knives, separate trucks, separate containers, separate warehouses, separate distribution centers, separate kitchens where the food is being prepared, even separate dining halls in which the food is eventually eaten, as strict Muslims cannot eat sitting next to people who are eating pork. Staff handling food should not have eaten ham sandwiches for lunch, or if they have accidentally done so, they should wash their hands extremely well before getting back to work. If one wants to be strict and principled, all these process standards for meat should also concern the substances included in the composed products which, in one way or another, have an animal origin. Being strict on these process standards would be the Muslim variety of the “precautionary principle:” keep everything separate, just to be sure that cross-contamination is in not possible in any way.

Having a separate system for processing and handling halal products can be very expensive. Such separation can actually only be afforded by companies working with halal products only, from the local neighborhood butcher to a larger pure halal producer to very large companies that can afford two separate slaughtering and processing lines, such as Mekkafoods in Venlo. The scale of the Rotterdam harbor also allows it to invest in separate storage and handling facilities for halal products. For all others, such process standards are a very costly procedure.

This means that there is more to be saved – and hence earned – by being not so strict about maintaining separate chains for production, storage, transport, and distribution than by mixing cheaper raw materials into the product and pretending it is purer than it really is, as in classic adulteration.

Halal fraud, therefore, could involve not being very particular about process standards. This is probably also the most frequently occurring kind of fraud, as it is the easiest. What makes process standards different from product standards is that they are much more difficult to enforce. Product standards can be enforced at the final place of consumption by analyzing the composition of the product. Modern laboratory equipment can even identify the tiniest amount of haram genes in the final product. How the product has been handled throughout the entire supply chain, however, can impossibly be determined at the final consumption location. This requires a much greater leap of trust, which is why such standards have also been called “credence quality attributes” (Grunert 2005, Darby and Karni 1973). It would involve very detailed and strict supervision of all the processes the product has passed through, something most certifiers cannot afford although modern ICT technology can actually facilitate continuous chain control. It would also make the products much more expensive and out of reach of the average Muslim consumer.

2.3.3 100% Halal? Is that Possible?

The complexity of halal rules and the diversity of opinion over how these rules should be operationalized and how strict they ought to be enforced, in particular the process standards, has led to discussion among Muslims whether “100% halal” advertisement claims can be made. Some argue that a product can be either halal or not and that 100% suggests that 99% or 98% halal would be a possibility. Others argue that, in our modern day and age, with its very different production and distribution technologies, a little more or a little less strictness in following the rules must be possible. According to Mr. Wahid Ramdjan from Halal International Control (HIC), it is practically impossible in the mass production and slaughtering of chickens to slaughter them without stunning them. Therefore, Muslims should be pragmatic and adjust their interpretation of the rules to the current times and technologies. By contrast, Ms. Yasmina Ben-Koubia of the stricter Halal Feed and Food (HVV) is of the opinion that stunned slaughtering is merely tolerated. “Real (100%??) halal” meat must be from animals that have not been stunned but that have been killed alive.

2.4 The Market for Halal Products

The halal food market is big business: Islam is the fastest growing religion on earth; the average Muslim consumer spends large parts of their consumption bundle on halal meat; average Muslim consumption is rising; national grocery stores and multinationals have recognized the enormous potential of the worldwide halal market; and governments of countries with large or total Muslim populations are working on becoming the main player in this booming international halal market. A new reader diving into the world of halal will repeatedly run into powerful terms such as “the booming halal market,” “huge potential,” “unexploited goldmine,” or halal being “an engine of growth and opportunity.” Joe Regenstein of Cornell University, one of the few ‘Western’ scholars studying halal, even stated that “food companies are not going to be global unless they’re halal” (Power & Gatsiounis, 2007).

Nevertheless, food companies seem to remain hesitant to enter this promising market: few have a halal line up and running, and even fewer are generating large profits from the market: it has been estimated that only 10% of the potential halal market has been entered by the major companies (KasehDia report WHF, 2009). Apparently, there seems to be some sort of obstacle preventing companies from entering this global “gold mine.” The halal market is largely a local “uncle-and-aunty” market, depending on personal and local relationships and trust and, therefore, almost impossible to enter for large, Western, and anonymous multinationals. This is where halal certification comes into play, but we will first present a more thorough discussion of the market for halal products.

2.4.1 Consumer Diversity

An article in *The Economist* captured the nature of the halal market very well: “The halal market may be buoyant, but the waters are choppy” (*The Economist*, September 19, 2009).¹² These choppy waters are caused by many things, but one of their main causes is probably the diversity of halal consumers. There is no such thing as ‘the’ halal consumer. As regards their consumption awareness, four different types can be distinguished: ‘natural’ halal consumers in Muslim countries, who are barely aware of the existence of non-halal food; ‘conscious’ halal consumers in non-Muslim countries, who are more aware of its consumption as they know that most food in the country is haram; ‘Western’ halal consumers, who focus on healthy, high quality or pork-free food and, therefore, choose halal and do not necessarily have to be Muslims; and, finally, ‘ignorant’ halal consumers, who use halal food without knowing it as Western industries often switch completely to halal food production to achieve economies of scale. These groups are certainly not clear-cut, as the boundaries are blurry and some groups can exist within other groups.

The conscious halal consumer category can be further differentiated by variety of Islam and personal adherence strictness. Sunnis have a different conception of halal than Shi’ites, but schools within these currents may yet again have different rules. Beliefs may still be operationalized differently in real-life consumption choices, depending on personal character and convictions. Some may be laxer and be satisfied if they make an effort to avoid pork, whereas others may minutely check all the ingredients, additives, and E-numbers in the food, as well as try to check it for “secondary requirements” of slaughtering, such as absence of machine or of stunned slaughtering.

People’s religious persuasions may be related to differences in ethnic or national origin. The Netherlands has significant groups of Muslims coming from Surinam (who may have Indian or Indonesian roots), Indonesia, Turkey, Morocco, Iraq, Iran, and various African countries. They all have different traditions, food preferences, and concepts of halal consumption. Furthermore, there are differences in migrant generations in the West and in educational levels. Although some first generation immigrants are highly educated, such as those from Iran or Iraq, generational differences tend to have consequences for level of education and this, in turn, affects trust in host country organizations. A higher level of education appears to be positively related to higher trust in Western institutions, including large anonymous organizations such as supermarket chains. Salima El Haddaoui, a fourth-year student at the Utrecht Polytechnic University (Hogeschool) and currently internee at HIC, performed a small study among 85 halal consumers while working at Marhaba foods. She concluded that education appears to be an important factor in how people consume halal: “A large share of the MBO students [=relatively lower education in the Netherlands, RED] do not trust anything that is in the supermarket, even though exactly the same meat is also available from the

Islamic butcher” (Personal communication, March 18, 2010). This also seems to be confirmed by a study by Bonne & Verbeke, who concluded that the group of consumers that trusted both Belgian and Islamic institutions equally well “consisted of significantly more highly educated respondents,” whereas the group that had a very low trust in Belgian institutions were generally less educated (Bonne and Verbeke, 2008:120). One of our (younger) respondents concurred: “The gap [between the older and newer generations, RED] is too big to close,” referring to the differences between first generation immigrants from rural areas in Muslim countries and their children and grand-children who received their education including higher education in the Netherlands (HAC interview).

All these dimensions – ethnic background, religious denomination, immigrant generation, education, and personal conviction – influence the halal consumption behavior of Muslims. They produce a highly differentiated halal market that presents quite a few mysteries for the Western marketer who considers entering this market.

2.4.2 The Domestic Market

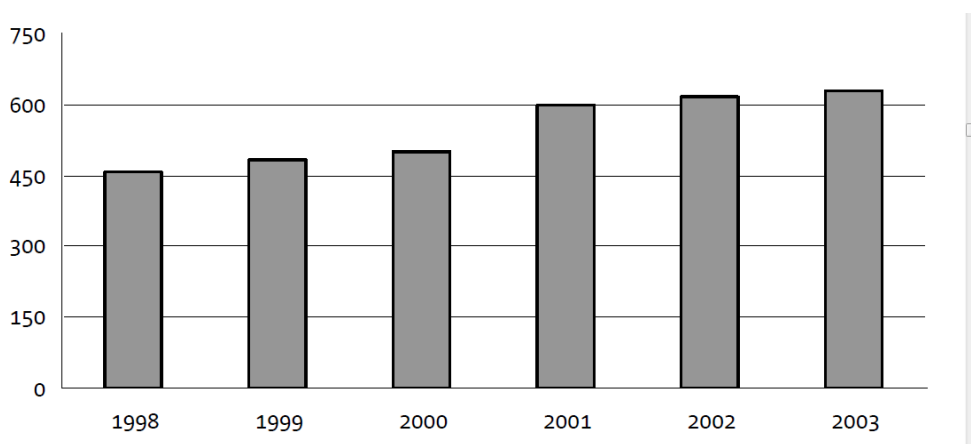
The domestic market for halal products in the Netherlands is considered to be rather big, as the Muslim population is presently estimated to be around 1/16 of the total population. These are rather imprecise estimations, as official data collection of religious convictions is prohibited by law; most estimations, therefore, are based on the number of ethnic immigrants and their main religions. Nevertheless, different sources appear to report about the same number: an international research agency for the halal market has estimated the total number of Muslims living in the Netherlands around 940,000, almost 1 percent of the total Muslim population in Europe (KasehDia, 2009). This is also in line with the estimations of an official LNV report (a governmental organization), which claims that there are almost 1 million Muslims in the Netherlands (Loseman et al., 2002). The certification agencies, on the other hand, seem to be a little less strict in their estimations: almost all certifiers estimated the number of Muslims in the Netherlands to be at least 1.5 million, and some even thought this was 3 million. The safest estimation seems to be about 1 million; this number is also reported in most newspaper and magazine reports.

No exact figures are known for the total number of animals slaughtered in the Netherlands since the rules for notifying ritual slaughter were relaxed. Nevertheless, slaughterhouses need to ask permission from the RVV, the governmental body for cattle and meat (*Rijksdienst voor de keuring van Vee en Vlees*) for ritual slaughter. The procedure is as follows:

slaughterhouses need a form stamped by an Imam to notify the government of the demand for ritually slaughtered meat; if the form is approved by the RVV, the slaughterhouse obtains permission for performing ritual slaughter. In practice, this leads to the ‘buying’ of stamps from Imams for commercial ends¹³ (Loseman et al., 2002:17). Nevertheless, it does give a

rough indication of the size of the commercial market, so these numbers are still useful. In general, the number of ritually slaughtered animals has increased over the years, which, according to the research body of the Ministry of Agriculture, Nature, and Food Quality (LNV) is due to the increasing number of Muslims in the Netherlands. This also suggests that most Muslims have stuck to the dietary prescriptions of their religion over time: Halal will most likely remain an important issue for Muslims in the decades to come.

Graph 1: number of halal-slaughtered animals in the Netherlands.



Not only is the size of the market quite large, but the present growth rates seem to be substantial too. This is due to several factors. First of all, Muslims show higher growth rates than non-Muslims; 72,290 out of the 80,388 population growth in the Netherlands in 2008 are classified as being ‘non-Western’ (CBS, Population Development Data). This trend looks set to continue as Muslims – and non-Western immigrants in general – have higher birth rates: if the average number of children is 1.78 for a native Dutch woman, it is 1.93 for non-Western immigrants and even 2.6 for Moroccan mothers, one of the largest Muslim groups in the Netherlands (CBS, Birth Rates Sorted by Origin Mother). Another reason for this growth is the increasing standard of living: as Muslims are moving up the social and financial ladder, their possibilities for spending more on halal food increase. As they can pay a premium for halal food at grocery stores and other places, producers can expand the diversity of halal products, which enlarges the market again: a reinforcing expansion. Lastly, the search for a ‘pure’ Islam has caused many (young) Muslims to deepen their knowledge of Islam. This increased awareness of their religion and its rules also leads them to emphasize halal prescriptions; Muslims are more aware of food ingredients and, therefore, ask for stricter rules and ‘real’ halal products; their halal consumption goes from meat to food in general, and sometimes even to cosmetics and financial products. The increasing amount of research that is done on this topic reinforces this development: the halal market is growing and seems set to continue to grow.

Finally, as already touched upon in the previous Section, the market is very fragmented, with consumers expressing different preferences for their halal food as they differ on dimensions such as ethnic background, generational differences, and Islamic current or adherence strictness. This has led to a very chaotic market in which both consumers and producers are very insecure about what this market actually consists of. The local “uncle-and-aunty” market prevails, even though large multinationals, such as Albert Heijn and Kentucky Fried Chicken are making major efforts to open this market also to the professional, organized producers. This is impeded not only by the diversity and fragmentation of their prospective consumers but also by resistance of the non-Muslim Dutch population and the political animal welfare party. This party has protested against ritual slaughter ever since it was legitimized in the Netherlands, generating a lot of protest and resistance among the non-Islamic population. The multinationals aiming to enter the market, therefore, have to comply not only with many different requirements of their diversified halal consumers, but also with the demands of their non-halal consumers. So again, another impediment has been raised in this already complex market for halal products. However, many halal producers in the Netherlands produce not only for the domestic market, but also for the export market. This market, with its very different nature, will be discussed next.

2.4.3 The Export Market

The export market is very different from the local “uncle-and-aunty” market; personal connections are impossible to maintain when meat crosses thousands of kilometres and many borders in ever-increasing food chains. The export market, therefore, is far more organized than the domestic market; more regulations are necessary, and central checkpoints, such as national customs, prevent the emergence of a very unorganized market. As was the case with the domestic market, estimations are very hard to make. Nevertheless, many estimates have been made, resulting in an often-heard estimation of around 1.6¹⁴-1.8 billion¹⁵ Muslims, with a total market value of \$634.6 million,¹⁶ which is about 16% of the total global food industry. Halal consumers, furthermore, are spread all over the globe. This is not only due to the geographical dispersion of Islam itself, but also a consequence of the large numbers of migrants worldwide; out of the total number of 1.6-1.8 billion Muslims (amounting to 23% of the worldwide population), one-fifth or 300 million live in countries as a religious minority (Pew Research Center’s Forum on Religion & Public Life, 2009). It is also one of the fastest growing religions; Muslim families in general have higher birth rates, and many countries have an Islamic government in place which upholds the importance of Islam, as these growing populations are automatically born as Muslims (KasehDia, 2009). This question now remains: out of those 1.6-1.8 billion Muslims in the world, where are the most consumers? Riaz and Chaudry (2008) composed a list of the countries that are the most

important for the international halal market, either because they are main exporters or importers or because they provide important certifying bodies. They categorized different countries according to their relation with halal food activities. The most important countries for imports seem to be the countries that are defined as “countries that require halal certificates for importing into that country (...)” and “countries that have strong halal activity (...) import/export trade” (p.35): we further subdivided them according to their respective Muslim populations,¹⁷ which resulted in the following list of main halal-consuming countries, with the Muslim population in millions in brackets: Algeria (30.88), Bahrain (3.7), China, (25.50) Egypt (61.52), France (4.14), India (154.50), Indonesia (195.56), Iran (64.96), Kuwait (1.93), Malaysia (11.75), Morocco (29.52), Pakistan (140.27), Philippines (3.60), Saudi Arabia (22.08), Singapore (0.49), South Africa (1.05), UK (1.20), United Arab Emirates (2.99) and the USA (5.72). These data are still rather limited, as countries with fewer Muslim consumers but large purchasing power or countries with no import or export but many consumers and producers have been excluded, such as Turkey (65.57 million Muslims) and Nigeria (63.32 million Muslims). Nevertheless, this list does include the main actors in the global halal market, which is the main aim of this paper. Despite the large numbers presented here, most of the market is still in the hands of local butcheries and not accessible to large multinationals. Moreover, the bulk of halal products is halal meat, whereas, in principle, every single consumer product could be halal and, hence, interesting to the Muslim consumer. An increasing number of Muslims are already looking into the possibilities of halal finance, halal cosmetics, and halal food, rather than just halal meat. If we add these numbers to the meat market, this results in a huge potential market that is yet largely unexplored.

2.4.4 Two Halal Markets: Local “Uncle-and-Aunty” vs. Professional International Markets

A very important factor in describing the market for halal food is the distinction between the ‘official’ market and the local “uncle-and-aunty” market mentioned before. These are two separate markets that involve different consumers, producers, and certifiers. The ‘official’ market includes all the large-scale, exporting companies and certification agencies, which often have clear marketing campaigns, official sites, and worldwide connections. Major players in Europe are Nestlé, Tesco, Carrefour, Doux, and Friesland Coberco Dairy Foods Holding. The “uncle-and-aunty” market, on the other hand, is mainly a local phenomenon, in which the local butcher sells halal food to a member of the same social or ethnic group on the basis of trust. Even though – or probably because of – the local character of this market, its total market share of the halal market seems to be far ahead of the international, organized market. For example, Mekkafoods, a European halal snacks producer, has estimated that around 60-70% of their turnover is derived from their ‘traditional’ division; the retail, catering, and private label division generate the remaining 30-40% of the turnover (Interview

René van Appeldoorn, 2010). This is also supported by the KasehDia report on the European halal market, saying that the total market share of international trade is “below ten percent of the potential size” (KasehDia, 2009).

Bonne and Verbeke (2007), who did a study among Belgian halal consumers, found that 67% of their Muslim respondents bought their meat almost exclusively at the local Islamic North African butcher. “For Muslim consumers in Belgium, the Islamic butcher is most trusted for information about halal status, whereas halal-labelled meat in supermarkets is often distrusted” (2007: 121). For them, personal confidence in people is the basis of trust, rather than trust in institutions. However, they add that “nevertheless, second and third generation Muslims are breaking with the shopping habits of their parents based on an established personal relationship with the Islamic butcher and, hence, also with the established domestic and civic quality coordination mechanisms.” The Belgian data cannot be generalized to the Netherlands, which has a more diverse Muslim population as regards country of origin than Belgium as it has more Muslims from former colonies more accustomed to Western institutions. Nevertheless, the Belgian data give an indication of the importance of these local shops and personal trust for older generation immigrants.

Consequently, the “uncle-and-aunty” market still has the largest market share by far although this is likely to change as the different dimensions of ethnic background, generation (education & trust in Western organizations), and religious current or personal strictness change, and the choice for a different market will change accordingly. For example, if a consumer who is very strict in his beliefs, with a second-generation, low education, and Moroccan background has to choose, he will never buy anything from the professional market but will always rely on the personal trust relations present in the “uncle-and-aunty” market. Conversely, a highly educated, third-generation Muslim who is very strict will possibly buy some food at the grocery stores he does trust, such as packed meat. However, these are nice and simple cases; how about a third-generation person, who is very strict, highly educated and has a Surinamese background? Once again, there is no such thing as ‘the’ Muslim consumer; they differ widely on all dimensions and preferences, which make developments in this market very hard to predict. However, the newer generation is very likely to change the outlook of this market: not many of them will take over the small, local shops of their parents, and if they do, it is likely they will professionalize them to conform to the host country’s standards. Moreover, they themselves are more used to modern ways of shopping and are no longer satisfied with small local shops where they cannot buy all their products at once. So not only supply but also demand is likely to decline as new generations replace the older generations. Nevertheless, there is still a long way to go for multinationals anxious to enter this almost unexploited market. One of the main factors that might give them an opening – or at least make it more easily accessible – is a certificate which guarantees the halal status of the

product. Indeed, a whole certificates market has emerged, which brings us to the next Section on the market for these certifications.

2.5 Risks and Uncertainties for Muslim Consumers

Buyers in any market run certain risks and uncertainties when they engage in transactions, as has been mentioned before. Muslim consumers that try to buy and consume in accordance with their religious beliefs are confronted with some additional or specific conditions, which further increase their risks and uncertainties. Several of these have also already been dealt with, such as the different interpretations of and confusion over Islamic food laws and the importance of process standards, which are much more difficult if not impossible to control at the point of final consumption. However, there are still several other ones that deserve to be mentioned.

2.5.1 Ever Longer (Global) Product Value Chains

Globalization has not passed over halal markets, nor have advances in food technology. Food production chains have become ever longer, almost literally spanning the globe.

Technological development in food has produced new methods of preservation, decomposition, and recombination of food and has created ever more complex foods, composed of ingredients from a great variety of sources, both in terms of their biological sources (from which plants and animals) and in terms of their geographic origin. This makes products and markets more opaque and increases the problem for Muslims how to be sure whether the food they find in shops and restaurants really is in line with their religious teachings.

In the process, food producers have become anonymous, unknown to the final consumers. Personal contact between those raising crops and cattle and consumers are hardly possible any more. Whom is a Muslim supposed to ask whether meat is halal or not when standing in a grocery store with a piece of meat? Where has that meat been, where does it come from? Where and how has it been slaughtered, processed, labeled, and transported during the ever longer and more specialized production chains? For Muslims, this is a big issue, which still has not been solved. Many just buy their meat at the local Islamic butcher as this offers a very convenient way of checking for halal: ask and be secure. If their fellow Muslim supplier states that his products are halal, many take his word for it, bearing in mind the Muslim principle that Allah will punish the butcher for cheating other Muslims, rather than Allah punishing them for eating haram. This religious rule should work as a deterrent to a devout Muslim butcher and can be a source of trust. However, will Muslim consumers keep on buying at the local butcher? Or will new generations turn to the modern shopping experience of large

supermarkets where they can get all their groceries at once? How can they trust the meat sold at such places, meat that may have passed through such a long production chain? Moreover, in exporting and importing halal food, meat travels over thousands of kilometers to another country with barely any possibility to check its halal status. Product standards can perhaps still be controlled for at the point of final consumption, as there is technology to identify even the slightest amount of haram ingredients in food, but this is impossible for process standards.

Notwithstanding the length of the product value chain, and even if the international transport flows can be controlled, “the difficulty of halal transportation resides still in the last meters, as the transportation flows are smallest there,” says Marco Tieman (2010),¹⁸ who has been studying and promoting halal logistics.

2.5.2 Muslims living in a Multicultural Society

Problems arise especially when Muslims migrate to and live in non-Islamic countries: surely, Islamic countries usually do not have other types of meat for sale. Therefore, the problem of halal versus haram food is non-existent there, except for the authorities that control imports into these countries. For Muslim minorities in non-Islamic countries, there is a real problem: often, only a few Islamic butcheries are present, and the local population is not familiar with the customs of the new inhabitants. Muslims in these societies are facing an ever larger choice of food, opulence that eventually also appeals to many of them. Bonne & Verbeke (2007: 121), for instance, cite a Muslim woman who complains about the lack of choice in the halal market, which “forces her to make unhygienic choices.” But even in countries with historically large minority groups, the halal issue remains salient: the population, unfamiliar with the customs, often sees “ritual slaughter” as a backward practice that does not fit ‘their’ culture.

2.5.3 Absence of the State in Regulation

What adds to the risks and uncertainties of Muslim consumers in modern-day multicultural societies is that, in most countries, the government has as yet not taken it upon itself to protect Muslim consumers against fraud with specific public economic law, as it protects all citizens against unhealthy and unhygienic food, possibly dangerous drugs, infectious diseases, unsafe working conditions, etc., by public economic regulations. More in general, governments have enacted ever more regulations to protect their citizens against an ever larger variety of risks, and these regulations have also become stricter, inspired as they are by the so-called precautionary principle. Yet this attitude of precaution has not as yet been extended to Muslim citizens who might unwittingly eat haram food or come into contact with other haram products.

This is different in predominantly Muslim countries, where religious Sha'ria food law has been translated into public law. In countries such as Malaysia, Egypt, and Saudi Arabia, all products are required to be halal. In Western countries, this is rarely the case. Notable exceptions are Austria, which passed a halal *Lebensmittelgesetz* in November 2009 (Advantage Austria, 2009¹⁹) and some US states such as Virginia, which passed a law to protect Muslim consumers from halal fraud in 2006 (IFANCA newsletter, April 2007). Yet, according to the main US halal certifying body, IFANCA, the halal market remains largely unregulated, despite the introduction of these laws because "its enforcement has been lax with virtually no known fines levied on violators in any of them" (IFANCA newsletter, July 2006).²⁰

Notes

- 1 Please note that we do not pretend to be Islamic scholars and do not have any intention to be regarded or interpreted as such. This is largely a description of the opinions as generally found in the literature, during fieldwork, and on online fatwa sites. If, according to the reader, any misinterpretations are present, please inform us. In this paper we will also make frequent use of notions such as “mainstream Islamic scholars,” “the majority of Islamic scholars,” etc. This roughly represents the opinion of the most prominent scholars in the field, following the main centers of knowledge in Egypt and Saudi-Arabia, such as the university of Egypt, DarulIftaa (an institute of Islamic Jurisprudence), the Muslim World League (mwl), an ngo founded in Mecca, and Islamic fiqh academy (ifa), an academy for advanced Islamic studies, based in Jeddah.
- 2 Vikør, K.S. *The development of ijthihad and Islamic reform, 1750-1850. The third Nordic conference on Middle Eastern Studies: Ethnic encounter and culture change. Joensuu, Finland, 19-22 June 1995.*
- 3 Rippin, A. *Muslims, their religious beliefs and practices.* Routledge, London. Third Edition 2005.
- 4 This is explicitly covered in the Qu’ran, which states that if you ask three different muftis, you will get three different answers, and that you can accept the one that fits your convictions best” in the
- 5 Taha Jabir al `Alwani, *Ethics of disagreements in Islam*, online article retrieved on:
http://web.youngmuslims.ca/online_library/books/ethics_of_disagreement_in_islam/index.htm
- 6 This verse is mostly used to explain why different religious traditions exist, rather than to explain the different currents or lines of thinking within Islam itself. Nevertheless, it expresses well the general point of view held by Muslim scholars in explaining the different opinions regarding issues under discussion (as explained in the next citation by Koutoub Moustapha)
- 7 Sano Koutoub Moustapha, *Fatwa*:
“Different Fatwas: which one should I follow?,” dated August 26, 2008. Retrieved on February 6, 2010, on:
http://www.islamonline.net/servlet/Satellite?pagename=IslamOnline-English-Ask_Scholar/FatwaE/FatwaEAskTheScholar&cid=1219723011613 For more information on Dr. Sano, see his website on <http://www.drsono.net/modules.php?dat=2&&version=1>.
- 8 An comprehensive overview of the Halal (and Kosher) slaughter rules can be found in Regenstein, J.M., M.M.Chaudry, and C.E. Regenstein (2003) “The Kosher and Halal Food Laws,” in *Comprehensive Reviews in Food Science and Food Safety*, Vol. 2, pp. 111-127.
- 9 Benkheira, M. H (2002). *Le rite a la lettre. Regime carne et norms religieuses.*, p. 121; quoted in Bonne & Verbeke, *Muslim consumer trust in halal meat status and control in Belgium.* (2007)
- 10 Muhammad ibn Adam, *Fatwa q-05554697: Mechanical Slaughter of Meat.* Darul Iftaa, issued on 30-03-2004.
- 11 Yucel, Suzan. *Halal! Of toch niet?* Blog on wjblijvenhier.nl, November 27, 2007
- 12 The Economist (2009) *Cut-throat competition.* Economist, 00130613, 9/19/2009, Vol. 392, Issue 8649
- 13 For exports, an official of the importing country needs to indicate the need for ritually slaughtered meat in that country.
- 14 CIA Factbook. *Religions.* Retrieved on <https://www.cia.gov/library/publications/the-world-factbook/docs/notesanddefs.html?countryName=World&countryCode=xx®ionCode=oc#2122>
- 15 Hajjah Jumaatun Azmi, founding member of the World Halal Forum and KasehDia managing director, Report of the fourth World Halal Forum. *The Halal Journal*, July + August 2009, page 24.
- 16 KasehDia, *World Halal Forum Report, 2009:p.2.* Available by request of KasehDia.
- 17 Countries that are defined as countries that have strong halal activity include also New Zealand, while this is not a Muslim country: they are very much involved in exports. These countries have been excluded from the list.
- 18 Tieman, M. *Nieuwe norm voor Halal logistiek (IHI AS01).* January 4, 2010. Retrieved on April 3, 2010 on:
<http://www.delaatstemeter.nl/gastcolumns/halal-de-nieuwe-norm-in-logistiek-ihl-as-2/>
- 19 Advantage Austria, *Halalcertificering: een manier voor de Oostenrijkse economie om nieuwe markten te ontsluiten.* April 3rd, 2009. Retrieved on April 4, 2009 on:
<http://advantageaustria.org/nl/news/local/20090403-Halal-Zertifizierung.nl.jsp>
- 20 IFANCA Newsletter. *Virginia passes halal food law.* Retrieved on January 25, 2009 on:
http://www.ifanca.org/newsletter/2006_07.htm#05

3 THE WORKINGS OF THE MARKET FOR HALAL CERTIFICATIONS

3.1 Need for Regulation, or at least Certification, of Halal

The expansion of the global and national markets for halal products, the new food technologies, the immigration flows, the multiculturalization of societies, and the increase in international trade between non-Muslim and Muslim countries have all increased the risks and uncertainties in transactions for Muslims. These risks and uncertainties have fueled a demand for information and for some guarantee that what is offered by food suppliers pretending to sell halal food is really what it is supposed to be. Concretely, this is a demand for reliable information, guaranteeing that the product is truly halal.

Next to a growing demand for halal food, therefore, there is also a growing demand for signs of certainty that the product is what it pretends to be. Such signs can be summarized in and represented by a certificate or halal hallmark. As we will describe in the following chapter, a market for halal certificates, in addition to a market for halal products, has developed in response to this demand. This is a curious market, which brings together different worlds, something akin to the uneasy “combination of fire and water,” as several interviewees have called it (interviews with HIC and HAC): commerce and religion, informal trust relations and the formal world of inspection, record keeping, paperwork and certification, cultural differences as regards food and slaughtering, both between the West and the Muslim world, but also between Muslims from quite different national/ethnic backgrounds, etc.

3.2 The Product

Three different types of ‘products’ try to satisfy this demand for certainty. First of all, it can be a brand name of the producer or seller himself. The brand should stand for the supplier’s reputation. It makes the goods and their supplier identifiable and, hence, enables customers to sanction suppliers if suppliers do not sell the quality expected by henceforth avoiding goods bearing this brand name. Major food retailers such as Sainsbury, Carrefour, or Albert Heijn do so with their name brands. Some Halal food producers have been trying to build up such a reputation for halal food, notably Mekkafoods in Venlo and Wahid Meat in Rotterdam. Secondly, such a guarantee may come from an external third party, a certifier guaranteeing the quality with a halal certificate or hallmark, in the form of a label on the product or a piece of paper with signatures and stamps accompanying a shipment and certifying that it is genuinely halal. Thirdly, there is the old traditional informal form of a fatwa or religious verdict of a local Imam, stating, during the Friday afternoon gathering in the mosque, that a certain brand is halal, or, what happens more often, with the imam supporting a certain certificate.

There are two types of certification. The first type certifies the product, that is, its ingredients as well as the processes by which it has been prepared or which it has passed through, from slaughter to logistics. The second certifies sites, slaughterhouses, factories, transport companies, or storage buildings that have the capacity to produce, process, or transport halal products, and whose management has the willingness to do so. Will such intermediates actually carefully control for halal requirements, or will they merely want to obtain the certificate so as to be able to access the halal market without really caring for the halal status of the meat?

3.3 The Customers of the Certificates

Buyers of fatwas and certificates are the suppliers of halal food who want to provide customers with third-party information that their products are halal. Most of these customers are not Muslims themselves and often also trade in haram products.

Earlier we made a distinction between local “uncle-and-aunty” shops and professional food producers. The local butchers and shoarma/kebab shops do not seem to need a certificate as they mostly rely on personal relations and reputations. In time perhaps they will also want to give their shop a more professional look, with a halal quality certificate on the wall. They may be the customers of the do-it-yourself certificates that can be downloaded for free from the internet. These are in fact attempts to support the brand of “Muhammed’s best kebab,” although they pretend otherwise, namely third party certification.

The customers of more reliable certificates are Western producers that want to export to Muslim countries and need to convince custom authorities that their products are genuinely halal. Interested parties also include domestic retailers, such as Albert Heijn or Hema, who sell halal smoked sausages, halal wine, halal coffee, and halal djellabas in Amsterdam.

Customers may also be suppliers of parts or services, such as construction companies building mosques, producers of slaughtering equipment or floors for halal slaughterhouses, or company restaurants (e.g., Shell), hospitals, or prisons that want to communicate to their employees, patients, or inmates that they supply reliable halal food. For them, a halal certificate could open new markets.

Halal certification may be useful, if not necessary, for organizations along the increasingly longer halal supply chains, companies involved in logistics along the global halal-trade highway: farmers, intermediate buyers, additives producers, transporters using various means of transport, storage facility providers, wholesalers, distributors, and eventually retailers. Rotterdam now has the first halal-certified harbor in the world, with halal quays and a large halal distribution center where halal products cannot be contaminated with haram products. It aims to become the “halal gateway to Europe.” The organizer, Vat Logistics, cooperating with the Rotterdam Harbor and Eurofrigo, is both HACCP and halal-

certified (Westra 2007). The long supply chain makes the product very sensitive. Failure of a single actor in the chain to keep halal products separate from haram ones can destroy the halal value of the whole shipment: a trucker using a truck that transported pork before and was not cleaned well enough, an employee eating a ham sandwich for lunch. Reliable certifiers need to be able to guarantee that no such cross-contamination has taken place along the lengthy supply chains and that every single step, ingredient, enzyme, and person along this chain has been fully controlled for. It seems an almost impossible task although some certifiers do aim at controlling for all these “critical points.” It would require use of the most modern “tracking and tracing” ICT technology and would go beyond the HACCP certification standards, which are already high.

3.4 The Suppliers: Imams, Producers, and Certifying Agencies (and others: do-it-yourself certificates)

Just like the market for halal products, the market for halal certificates is largely unorganized. This has not made it easy to describe this market in a simple and transparent manner. Using a variety of sources, we have collected information about the suppliers of certificates, their structure, activities, and mutual relations. We consulted the media (domestic and foreign newspaper articles, TV programs, and relevant internet websites), identified a number of major players in this market, and conducted interviews with representatives of certificate providers as well as some of their (organization) customers. Altogether, we found the sector to be quite accessible. There is a substantial amount of information available, albeit scattered and rather fragmented. All those we approached for an interview (see the appendix for an overview) were very willing to do so and took time for us. They intended to be open and transparent – they are in the business of increasing transparency after all – but, of course, they did not always speak their mind completely, especially when it came to commercial issues: prices for certificates, how many customers, which customers, market share, turnover, profits, etc. None of them publish a public annual report.

3.4.1 Certificates & Certifiers

The number of halal certificates and certifiers in the Netherlands is estimated, both in the press and by our respondents, to be around 30-40, including individuals, self-certifiers, and local Imams who certify some products. The Turkish-English language newspaper *Sunday's Zaman* of Jan. 13, 2010 cited Hüseyin Büyüközer, chairman of the Food Auditing and Certification Research Association (GIMDES), the first body to issue halal certificates in Turkey, who noted that “his organization has detected some 30 certifiers in the Netherlands

and another 13 in Germany which issue “fake halal certificates,” implying that, if one adds the reputable certifiers, the number would be still higher.

This group of thirty to forty can roughly be divided into three groups: the larger, official certifying bodies (HVV, HQC, Halal Correct, HIC and Halal Audit Company, the first three being more established, internationally recognized bodies); the small, often individual certifiers (self-certifiers and Imams); and the international certification bodies (IFANCA, JAKIM, IHI Alliance). The official and international organizations are found in both the domestic and export markets. The self-certifiers and Imams are mainly operating in the local uncle-and-aunty markets.

HVV/HFFIA (Halal Feed and Food Inspection Authority)

The Halal Feed & Food foundation seems to be one of the three larger, well-established certifying agencies in the Dutch halal market, the others being HQC and Halal Correct. It is one of the oldest organizations, dating back to the 1960s, when the current chair, Mr. Abdul Qayyoem, with a Surinamese background, founded a federation for Muslims in the Netherlands, then representing the three main Islamic groups: Moluccans, Indians, and Surinamese Muslims. This resulted in the Federation of Muslim Organizations in the Netherlands (Femon), which aimed at “expressing ethnicity;” Islam should be a respected religion, and Islamic organizations should be treated the same as Christian ones. They lobbied against Dutch socio-religious compartmentalization but may also have aimed at becoming one of the new compartments. However, when they got themselves organized, socio-religious compartmentalization in Dutch society was about to break down. The Muslim Information Center, representing all of these groups, was founded when the second gulf of Islamic immigrants arrived, the Moroccans and Turkish groups. In 1994, the Halal Feed and Food Foundation was founded, by the same person who founded Femon: Abdul Qayyoem. Presently, he claims to be the “biggest in activity, in history, in knowledge.” His label is called “Halal Tayyib.”

Halal Tayyib’s approach to halal is simple and strict. It follows the strictest interpretation of halal standards. It does so for religious and ideological reasons – it was the only organization where people refuse to shake hands with members of the opposite sex – but also for commercial reasons. By maintaining the strictest standards, its certificate should be valuable to the largest group of Muslims possible, ranging from fundamentalists to liberals.

The company has four main food divisions, arguing that “no other company is so specialized.” These divisions are: Food processing, Flavors, Ritual Slaughtering, and Enzymes & other Micro-Ingredients. The third division, Ritual Slaughtering, is less important. The focus is on processed foods and additives.

Given this orientation, the organization is “barely present” on the domestic market and more on the European market, having Nestlé and Campina Food, among others, as its customers. Therefore, it can charge higher prices. “We are the most expensive one in Europe,” director Abdul Qayyoem proudly proclaimed. They can afford to employ a staff of 23 auditors.

Table 1 Overview of Major Halal Certifiers in the Netherlands

| | |
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| <p>HVV/HFFIA (Halal Feed and Food Inspection Authority) (www.Halal.nl) (Mr. Abdul Qayyoem)</p> | <ul style="list-style-type: none"> - Main player - One of the oldest (activities started in the 60s, official certifying agency in 1994) - Founded by first-generation immigrants, religiously conservative - Founder/director of Surinamese decent - Very strict - Considered most expensive - Number of Employees: 23 (auditors) - Certifies for large MNOS and exports - Quite professional - Unprofessional website - Reputation = name and strictness based - Backed by Authority of MUI and JAKIM |
| <p>HQC (Halal Quality Control)/COHS (Control Office of Halal Slaughtering) or “Halal Office” (www.Halaloffice.com) (Mr. Abdul Munim Al Chaman)</p> | <ul style="list-style-type: none"> - Main player - Founded in 1983 - Run by Honorary Consul of Syria in NL - Very active in international trade; recognized by Muslim countries - Reputation may be based on position in international diplomatic network - Unprofessional website - Number of employees: 1+(?) - Uses volunteers and external laboratories - Strict (?) - Reputedly low priced - Recognized by the Malaysian JAKIM, and claims also to be backed by Authority of MUI, Indonesian Imam Organization |
| <p>TQ HCC (Total Quality Halal Correct Certification) or “Halal Correct” (www.Halalcorrect.com) (Mr. Ben Ali Salah)</p> | <ul style="list-style-type: none"> - Main player, estimated by competitors to be the largest commercial one - Founded in 2000, by Tunisian immigrant; active since 1995 - Expensive - Number of Employees: 6 (auditors) - Quite strict - Very professional; in controls, recordkeeping - Very professional website - Reputation: professionalism based - Accredited by Malaysian JAKIM and Indonesian MUI and Islamic Univ. of Rotterdam |
| <p>HIC (Halal International Control) (www.WahidHalalmeat.com) (Mr. Wahid Ramdjan)</p> | <ul style="list-style-type: none"> - Chair is an Imam, related to Wahid Halal Meat Wholesale; founded as certifier of that firm - Founder of Surinamese decent - Relatively low priced - Certification is not a full-time activity for the management, so not very commercial - Personnel: works with ‘volunteers’ (Muslim slaughterhouse personnel paid an extra) - Less strict; allows slaughtering of stunned animals - For these reasons, popular certifier for large |

| | |
|--|---|
| | <p>supermarket chains (Albert Heijn, C-1000, Super de Boer, Jumbo, Vomar) who do not want to sell non-stunned halal slaughtered meat to non-Muslim customers and want to keep prices low</p> <ul style="list-style-type: none"> - Certifies mainly for the domestic market - Claims backed by Cairo's Al Azhar University |
| Foundation National Halal Keur | <ul style="list-style-type: none"> - Owns and guards a Hallmark - Inspections are done by HAC |
| HAC (Halal Audit Company), audits the above Foundation National Halal Keur (Mr. Murat Korkmazurek) (http://www.halalaudit.nl/content.php?ID=3) | <ul style="list-style-type: none"> - Recently founded by Muslim Auditor program graduates at Polytechnics - Some from Bosnian-Herzegovina decent - Staffed by young people - Focus on controls based on professional auditing - Professional website - Organizes training programs for in-company halal control departments - Number of employees: 5 |
| Foundation Halal Certificates (Mr. I.A. Farouk) | <ul style="list-style-type: none"> - Market share estimated by himself as 10% |

HQC (Halal Quality Control)

The second main player on the Dutch halal certification market is HQC, or Halal Quality Control. It is part of Halal Office, a company located at the same address but targeting different segments of the halal market. HQC mostly certifies processed halal foods (though also chicken for supermarkets), whereas Halal Office is focusing more on halal meat. The person in charge of this organization, the honorary consul of Syria in the Netherlands, Mr. Abdul Munim Al Chaman, says that HQC is the “de facto authority.” This is the internationally known organization, and its name “stands for halal.” Foreign ambassadors address HQC for information, and various delegations from Muslim countries visited the company for information exchange and negotiations over halal in the Netherlands. Egypt, for example, no longer accepts pre-slaughter bolt stunning, that is, stunning animals by shooting a captive bolt into their brains, damaging them permanently but not killing the animals, and hence allowing animals to be subsequently killed by ritual slaughter. As this stunning method is not reversible, it is seen as already killing the animal (Kijlstra and Lambooij 2008). Egypt and other Muslim countries demand a reversible stunning method, such as electrical shock, which stuns animals for 40 seconds and allows the ritual cut to be made. The bolt method of stunning, however, is the common method used in most Dutch halal slaughterhouses. Mr. Al Chaman has been involved in negotiations with these foreign countries over this issue, more or less operating as the spokesperson for the Netherlands. Such negotiations have given him a reputation in countries like Egypt, Malaysia, and Singapore, a reputation which he has subsequently used to certify halal slaughtering processes. HQC certification allows stunning, which is why Albert Heijn uses HQC to certify its halal chickens, produced by InterChicken. Albert Heijn does not want to risk acquiring a reputation for selling animal-unfriendly meat because of its non-Muslim customers.

HCC (Halal Correct)

The last of the 'Big Three' is Halal Correct, based in Leyden. This company's history is not as long as the previous two as it was founded in 2000 and changed its legal status from corporation into foundation, TQ-HCC, in 2008) but appears to have established quite a reliable reputation in the meantime. This is both owing to the public presence of the chairman of the organization, Mr. Ben Ali Salah of Tunisian origin (cf. Siebelink 2007 for an often cited published interview with him) and to the professional impression their organization and its operation makes. It claims to "screen until we cannot go any further," i.e. backwards and forward into the supply chain. It emphasizes transparency, good record keeping, and professionalism as the basis for its reputation, rather than relying on age and experience or support and recognition by some external Muslim authority or by a Muslim country, as competitors like HQC and HVV do. Halal Correct certifies both for the domestic market (about half their customers) and for exports to foreign markets.

HIC (Halal International Control)

Halal International Control is a small but important player on the market. It was originally founded as a certifying agency for the products of Wahid Meat, the first company that started to produce assorted sliced cold meat – a typically Western meat product – for Muslims. Its founder, Mr. Wahid Ramdjan, is of Surinamese origin and, after emigrating to the Netherlands, opened a butcher's shop in Amsterdam. Coming from a former Dutch colony, he was familiar with this type of meat product. His firm eventually developed into a larger meat processing plant and wholesale business. The HIC certificate first functioned more or less as a brand name for his own products but eventually also certified other companies, such as Deen-Hobu, which sells halal beef and lamb to supermarket chain Albert Heijn. Presently, HIC has become officially separated from Wahid Meat to reduce conflict of interest, although Wahid Ramdjan, the director of Wahid Meat, remains the company's spokesperson. Formally, the current HIC director is an Imam from Egyptian origin, who works a couple of hours a week for the company. Given that the real owner earns his living primarily as a meat producer and trader, certification being merely a side-business, he can keep prices for his certificates low. Where others ask rather high prices per kilogram of meat certified, HIC maintains that it only asks a members fee, amounting to about 1,500 Euros a year. In order to save on costs, the company mainly works with a network of so-called 'volunteers,' Muslims doing ritual slaughtering in slaughterhouses, who certify that they do so for HIC. In return, they get some extra pocket money from HIC. The level of professionalism is lower than in other companies, as is the level of the certifiers' independence from those who are to be certified. This holds both at the company level – the link between HIC and Wahid Meat – and at the individual level, where slaughterers are themselves certifiers. The owner legitimizes

this by arguing that “Muslims should not pay more than necessary for halal,” as expensive certification increases the cost price for halal consumers, and these customers are low-income Muslims on the domestic market. Typically, HIC seems to work more for this market than for large-scale exports.

HAC (Halal Audit Company)

The last of the five larger certification bodies in the Netherlands is the Halal Audit Company, or HAC. This company was founded only in 2003 by two Muslim students, Audit graduates from the Rotterdam Polytechnic. One of these graduates, Mr. Murat Korkmazurek, said he was concerned about uncertainty over the quality of meat sold as halal due to lack of transparency in the Dutch halal market. Paradoxically, by creating yet another certifier, they seem merely to add to this opacity. However, this was not their original intention. Their first initiative was to create an umbrella organization to sort out the existing “scores of logos” which confused Muslim customers. However, as they got no response from certifiers, they started their own business. Trained in accountancy and auditing and, as second- or third-generation immigrants to the Netherlands, well integrated into and familiar with Western culture, organizations, and operations, they aim for a more professional set-up, following Western logistics and auditing techniques. In addition, they organize training courses for in-company quality controls. Only one of their customers is non-Dutch, and about 60% is involved in exporting halal products. It has no links with the informal “aunty-and-uncle” market and tries to build its reputation on similar grounds as Halal Correct: transparency, a modern approach, and professionalism. It has quite a professional website. It has also engaged in product differentiation: different certificates for batches (a specific quantity of products), systems (halal management system), production sites, and corporations. All corporate processes are being audited. It has developed a system of Halal Critical Control Points (HCCP), modeled on HACCP, in order to chart potential dangers in processes and to carefully control these points according to its own “Halal *keurnorm*.” As it has been around for a few years only, it is as yet not as well-established as Halal Correct. It certifies Heinz, NIVE Egg products, Eurest Catering, Döhler Fruit Juices, Compass Food Support, Eurofrigo Storage (part of the Rotterdam halal harbor), and Sodexo Food Facilities, among others, that is, companies operating in processed foods and supply chain logistics.

Foundation for Halal Certificates (Stichting Halal Certificaten)

The Foundation for Halal Certificates is supposed to be an “impartial organization” and aims at giving halal and non-halal consumers solid, impartial information about everything relating to halal. In addition to this, it also gives out certificates. Its founder and leader is Mr. I.A. Farouk. He got involved in the business as early as the 1970s, when he was working as a

translator, and the Dutch government and the embassy of Saudi Arabia got into problems over halal trade. He maintains he was involved in lifting the Netherlands from being blacklisted by Saudi Arabia in 1979. When he left the Netherlands in 1981, the certification business was quite organized, but when he returned two years later, “it was war.” The aim of his foundation is to provide information on halal. He takes the most liberal Western approach of all: “If you translate Dutch slaughtering laws literally, they are completely in accordance with Sha’ria law. The only difference is that Muslims also call the name of God during slaughter.” According to him, this is not really necessary most employees of slaughterhouses are Muslims, and if they are not Muslims they are Christians, and if you mention the name of Allah before eating, that is fine too. He claims he holds about 10% of the certification market, and the companies that are certified by them are “not the smallest.” He is opposed to others charging too high a price for certification. “Eventually, Muslim consumers pay the price, as all costs are passed on to them. So if I make sure the costs are kept low, halal meat remains at a normal price level.” Consequently, he operates in the market segment of lower price, lower quality certificates.

Self-certifiers

Besides the five larger certification agencies, there are quite a few other certifying bodies, including self-certifiers. These are businesses that produce or buy food and design a label for themselves to indicate that the food is halal. Though the products have ‘certificates,’ in reality they are more ‘brand’ labels of producers themselves, rather than third-party certificates. The brand reputation tends to be largely based on the reputation of the person behind the product or an established company. A larger and more professional organization engaged in self-certification is snacks producer Mekkafoods in Venlo, producing halal snacks such as hamburgers, sausages, croquettes, and pizzas, sold mostly in small, local supermarkets and shops, where it has acquired a 60-70% market share for such products. The owner and operator is a Dutchman, Mr. René van Appeldoorn, who has built a reputation from scratch by personally approaching Muslim consumers over the years. He managed to establish Mekkafoods as a reputable brand, without the explicit use of any halal certificate. The company has certificates or support from several Imams and Islamic agencies, who visited the factory to check the halal status of the food. Yet Mr. Appeldoorn says he will not advertise Imam support to the public, unless someone requests it, as such support might alienate other potential customers, such as non-Muslims or Muslims with different backgrounds. Therefore, he prefers to rely on his brand reputation.

Informal certifiers

Then there are the informal certifiers, mostly Imams who generally certify local products on the basis of personal relations with producers and sellers. Imams may either sign a certificate for the local butcher to put up in his shop or may orally declare that a certain product (often connected to a person) is halal. Most certifiers reject these practices for two reasons: firstly, because they lack objectivity as personal sympathies or obligations may prevail over truth, and, secondly, because the definition of Imam is too wide in the Netherlands. Critics maintain that many so-called ‘Imams’ lack sufficient knowledge of halal or even of Islam: “98% of the Imams (..) have not studied the Qur’an (...) They somehow became an Imam here because they were famous in their village,” as one of the respondents put it (Farouk, February 10th, 2010). Certifier Ben Ali Salah of Halal Correct referred to the case of an Imam who certified a sick cow as ‘halal.’ He has come across several of such practices and considered these “below standard”: “I don’t even think that this would be allowed according to human standards, let alone halal standards.”

Do-it-yourself certificates

The next category of certifiers, or rather another form of self-certifying, is do-it-yourself certificates. These are not uncommon in this market: you put up a certificate designed by yourself in order to convince your customers that you and your products are halal. There is even a website where anyone can obtain their own certificate, adding their own particulars.¹ Obviously, such certificates certify nothing, but, as long as customers are impressed, they may serve a function - at least for sellers. If they are indeed used, they would be indicative of the state the market for certificates is in: opacity, complexity, anarchy, and corruption.

3.4.2 Differences & Similarities

Now that the largest certifying bodies have been identified, some differences and similarities can be discussed. In order to differentiate their approaches to the halal concept, we will apply the distinctions as to teachings and Muslim categories introduced before, using the dimensions of generation, ethnic background, religious current/strictness, and educational level. In general, younger generations are more focused on transparency and less on informal trust relationships, whilst the older generations are operating more on the basis of their informal networks and their knowledge, as Muslim, of what is halal and what is not. Ethnic background determines to the approach some extent: agencies whose founders’ origins lie in former colonies of Western countries, such as Surinam or Egypt, seem to be more used to the Western approach of relying largely on science, accountability, and transparency. Agencies rooted in Muslim countries or countries less influenced by the Western mentality seem to be operating according to the values and norms prevalent in their country of origin. Agencies

that are stricter in interpreting their religion and in translating the prescriptions of the Qur'an into practical rules are generally more inclined to applying the strictest rules possible, although the fatwa of a mufti that is regarded an authority by them will prevail. Generally, none of the certification agencies seemed to adhere to a specific school of Islam. Lastly, educational level seems not to have a great influence on the way certification agencies work but has a greater influence on how consumers perceive halal certificates and products sold by large grocery stores or other major companies from Western origin. High-educated Muslims are more familiar with these institutions and trust certain labels and quality guarantees, such as ISO norms or ingredients mentioned on packages, whereas low-educated immigrants prefer to trust someone they know personally rather than an unknown, anonymous, and Western organization.

All these dimensions will be discussed in a largely implicit way, as it impossible to give clear-cut definitions or categorizations of the agencies on each of these dimensions: they are interconnected and overlapping in too many ways, causing a categorization that too blurry to be useful. Nevertheless, this theoretical categorization is useful in the sense that it provides a way of grasping the nature and issues involved in the market. We will first discuss the similarities between certifying agencies in the market.

Such similarities are not very hard to find: all agree that halal should not be abused, that it is a service to Muslim consumers, and that the Ummah should be supported through these activities. In general, they also seem to agree on the main halal standards and accept the norms used by other certifiers, although there is some criticism of issues such as the price, frequency, and quality of the audits. Further, all agree that there is no such thing as 99% halal: something is either halal or not halal, no more, no less. Consequently, all agree that 100% halal is a meaningless phrase although most do use it multiple times to refer to the issues of price and reliability of the audits, rather to the product being partly halal or not. Differences in acceptance of certain halal standards are largely seen as due to lack of knowledge or cultural and ethnic differences; people often referred to certain schools of Sunni Islam not accepting some kinds of sea food, whereas others do. This is a generally accepted difference, which can also be translated into some differences of opinion in the Netherlands.

This leads to differences between certifiers: what are their main differences and what are the causes? The first difference is related to approval of animal stunning; some argue that stunning should always be reversible, whereas others stress the importance of the most animal-friendly way of slaughter; some just maintain that the main issue is for the animal not to be dead at the time of slaughter and that all other requirements are not important. First- and second-generation certifiers mainly focus on fulfilling the halal requirements (animals should not be dead before slaughter), whereas younger generations stress the importance of

animal-friendly slaughtering methods on top of this. Certifying agencies that are stricter in their religious approach do not accept stunning methods that are not reversible or cause permanent damage to the animal.

The next major difference is based on the strictness of auditing; how often, how strict and how far in the production chain should the audit be? For example, how many Muslims need to work at the slaughter site in order to make the production process halal? The average seems to be around 2 or 3, although numbers between zero and twenty were mentioned too. For agencies with a more modern approach towards halal, production processes and ingredients that ensure the halal status of meat suffice to label it halal; one or two annual check-ups or as the production process changes is regarded sufficient. However, companies using more informal regulations require Muslim employees to work at the production site or auditors to check the site regularly. Night shifts to check a site when it switches from haram to halal slaughtering processes are apparently not uncommon, although this involves much higher costs when compared to checking the process only occasionally and relying on the rules as prescribed in the production regulations. Another strictness issue in auditing is the question how far into the production chain the auditor should go before declaring a product halal; should the acceptance of basic ingredients be enough, or must each of these ingredients be checked time and again until they cannot be checked any further? Again, there appears to be a cost-benefit analysis involved: does the very small risk of a haram or makruh ingredient in a product outweigh the costs involved in tracking the origins of this ingredient, thus increasing costs substantially and pushing up prices for Muslim consumers? Is such a small risk worth the cost? It is up to Muslim consumers and certifying agencies to answer this question, but so far the key actors are not in agreement on this issue.

3.5 Consequences of Marketization: Market Failures

3.5.1 The Importance of Credibility and Reputation; Individually and Collectively

The market for halal certificates seems to work. Or does it? There is demand, there is supply, there are prices, transactions, turnover, and growth. But does it work well? Are there perhaps market failures?

The real value that is being traded in the market for certificates is producer reputation, the trust buyers have that what they expect to buy is what they really buy. Trust and reputation are non-tangible goods. You cannot eat them or live in them, and even investing in them is difficult or risky at the very least. Customers buy a product because relevant others believe it. As long as these others take it serious and believe what it stands for, it keeps its value, following the earlier cited Thomas theorem. The challenge for certificate producers is to build and to maintain such a reputation of trustworthiness, something akin to the development of a

brand name reputation. Building such a reputation takes time, but, as the familiar saying goes, “trust comes on foot, but leaves on horseback.” All it takes is a well-publicized scandal – intentional fraud or even merely a mistake – and the certificate is in crisis. Facts about scandals are not even necessary; rumor will do. And the speed by which information travels in our TV and ICT age only amplifies this risk: rumors spread instantaneously now. As a result, trust no longer leaves on horseback but at the speed of light. Time and again, scandals have brought this message home. In more recent times, the BSE scandal ruined the reputation of “meat made in Britain,” the China milk scare (contamination with melamine) destroyed that of Chinese food producers, and the recent financial crisis dealt a severe blow to the reputation of financial rating agencies such as Standard and Poor’s and Moody’s, and more in general to the reputation of the banking sector as a whole and the regulators of financial markets. Stock values have collapsed after bookkeeping frauds became known, varying from Ahold to Banco Ambrosiano to Bernard Madoff Securities (for examples, see: <http://projects.exeter.ac.uk/RDavies/arian/scandals/classic.html>). While most of these examples concern trust in goods with some tangible value, such as beef, stores, stocks, skills, tools, technology, rights, and realty, such is not the case with the producers of quality certificates.

3.5.2 Easy Market Entry and Exit

In the market for halal certificates, the conditions for building strong and widely known reputations are not very favorable. First of all, market entry is relatively easy. Not many investments need to be made to merely enter the market. All you need is a printer to print impressive-looking certificates, some customers who are willing to use them for their products, and some people who do or pretend to do inspections. The costs are generally low, or rather, there are certificate suppliers on the market who keep the costs low and get away with it. Possibilities for acquiring external accreditation are rare and, therefore, do not require an effort. For similar reasons, market exit is just as easy as not much capital will be destroyed.

To be sure, market entry and exit would be more difficult if there were a submarket of high-reputation certificates, but this is not yet the case. To enter such a layer of the market, that is, to build a reputation takes time and effort, and once someone has succeeded in acquiring a relatively strong reputation, market exit would become more difficult and expensive and hence less likely, as the reputation would be destroyed and wasted. Once several players on the market have managed to build a strong certificate brand name reputation, this would stabilize the market. For various reasons, however, this is not easy and hence not very likely to happen any time soon.

Because it is easy to enter the market, this has led to quite a few market entrants. Estimates range between 30 to 40, with 5 or 6 main players. They have come from a variety of backgrounds: local butchers, wholesalers (HIC), consuls involved in international trade (HQC), auditing graduates from polytechnics (Halal Audit), or associations of Muslims (HVV). Not all of them seem to be clearly commercially motivated. Few are organized as commercial enterprises, and many have the legal status of non-profit organizations, such as ‘foundation’ or ‘association.’ Most of them maintain that, as good Muslims, they merely want to serve the “interests of Muslims” in getting access to reliable halal products. Wahid Ramdjan from HIC wanted to help Muslims in the Netherlands to get used to Western and in particular Dutch meat products, such as assorted sliced cold meat cuts, which were new to Muslims and which may be made from different kinds of meat, thus increasing consumer uncertainty about what they were actually buying. Later, Wahid wanted to support his trading business with his own certificate. The Consul of Syria has been involved in international trade with Middle Eastern countries and wanted to facilitate those by setting up a more reliable certification body, something the importing countries required. Some do not need to earn their income from certification as their main business. Wahid from HIC, for example, earns his income from his wholesale firm, allowing him to maintain lower prices for his certificates than his competitors, at least in the certification market.

3.5.3 Lack of transparency

The relatively large number of certifiers for such a small country makes for lack of transparency of the market, not only for final domestic consumers, but also for the certifiers’ direct customers, the local shops catering to Muslims, the supermarket chains, and the exporters of meat and other food products, including major multinational companies. The problems are exacerbated by the fact that the information problems, already present in the market for halal products, repeat themselves in this market for certificates of halal quality, in particular the problems of control posed by the importance of process standards for halal products.

Added to this is the difference of opinion among Muslim consumers, producers, traders, and religious authorities about what halal is or should be and whether 100% halal is a possible or sensible claim, etc. We have already sketched the sources of this variety: different varieties of Muslim belief such as Sunnite versus Shi’ite or strict versus flexible interpretations of the holy Muslim scriptures; different ethnic backgrounds of immigrants in Europe, with different experiences of non-halal Western – or, for that matter, Eastern – food, depending on the colonial history of the country of origin (Turkey, Morocco, Surinam, India, Pakistan, Northern Africa, Ethiopia, Iran, Iraq, Nigeria, etc.); and the different generations of Muslim immigrants to Western Europe. The certifiers themselves complain about this: “There is a

lack of transparency between the certifiers. This is because many do not know the halal rules, nor do they know Dutch society very well” (HAC).

These opacities and differences of opinion create a fruitful breeding ground for dabblers. Even those certifiers that were originally of good intent may be forced by price competition in the market to partake in a price or quality control race to the bottom.

3.5.4 Price Competition and a Race to the Bottom?

There does indeed seem to be price competition, albeit in three different segments of the market, each catering to different customers, willing to pay different price levels.

In the very low price, low cost, and low quality segment, we find the local butcher or grocery shop who does not mind to get the local Imam to confirm during Friday prayer in the local mosque that he, Mohammed, is reliable and sells 100% halal meat. The basis of trust and the certification of such trust here is personal relations and acquaintance, not thorough professional inspection. The butcher may take the Imam on a one-off visit to the slaughterhouse to see for himself how things are done there. Imams do this, not for a living, but merely to have some side income, either for themselves or for the mosque organization. This butcher could also be a customer, acquiring a nice halal certificate more or less for free from the internet, something to embellish his butcher’s shop.

Then there is another low-price/low-cost market segment, one that cannot be based on personal relations: the more anonymous and culturally diverse mass market of second- and third-generation Muslim immigrants in Europe, who increasingly shop with the large Western food retailers and department stores, such as Albert Heijn, Carrefour, or Sainsbury. This market is also served by large multinational food producers, such as Nestlé or Unilever. These producers and sellers need a halal certificate based on scientific quality evidence derived from systematic inspections and provided by organizations that work in ways similar to their own organization of value chain logistics and internal quality control. They want some minimal evidence of quality inspections, but not too costly as they compete very much on price with other retail chains and are large and powerful enough to demand significant price concessions. This market segment is served by certifiers such as HIC, which certify meat for Albert Heijn, and HQC, which does the same for Albert Heijn’s poultry supplier.

Thirdly, there is the large export market to Muslim countries, where quality of inspection is much more important and where exporters are willing to pay higher prices for a more reliable certificate. These certifiers may even be visited by delegations of the importing countries directly. This market segment seems to be served by more professional certifiers, such as HVV, Halal Correct, or Halal Audit.

Within each of these market segments, there seems to be price competition, resulting in some form of a race to the bottom, with the acceptable bottom being at different levels in each

segment. This is due to the difficulties of consumers for whom the certificates are meant to control and value the quality of the quality control. This problem also exists to a slightly lesser extent for corporate customers. Respondents estimated that certification costs may range between several hundred and 50,000 euros a year, depending on the market segment. The cheapest, of course, are the self-certifying websites (practically free), followed by the local Imams, who may certify for a few hundred euro donation to their mosque.

The most expensive, according to their competitors, are HVV/HFFIA and Halal Correct. Mr. Al Chaman from HQC says about HVV/HFFIA: "I am a co-founder of HVV, but I left over a conflict over prices. The director, Abdul Qayyem, wanted 8 cents per kilo of meat certified, and with all expenses involved, such as transportation costs, this came to 15 cents per kilo. That makes the product too expensive for customers. It is blood money. It is the same with Ali Ben Salah from Correct. If a new customer approaches them, they charge 15,000 euros to start with. Two years down the line, this has become 30,000, and then they demand 7% of the invoice value charged to customers." HVV/HFFIA admits that it is expensive and that it has lost almost 50% of its customers to the competition, but "the customers are coming back. We may be more expensive, but we are also much better. And as the market gets more professional, this is beginning to count." And Correct: "We may be more expensive than HCQ and HIC, but they do nothing. We like to compare ourselves with the major certifiers in the world."

HIC seems to be the cheapest among the major certifiers. It can keep its certification prices down, not only because the owner, Mr. Wahid Ramdjan, seems to derive his income primarily from his wholesale activities, but also because Wahid has organized his inspections in such a way that they remain low cost. Typically, HIC employs hardly any inspectors, but rather relies on 'volunteers,' i.e. Muslims who are already employed by the slaughterhouse. They get some extra pocket money – say, 100 euros a month – if they do the slaughtering according to halal rules: it must be done by a Muslim who mumbles "in the name of Allah" and the must subsequently certify that they have done so. HQC concurs that "We work with many volunteers, Muslims who already work in the slaughterhouses anyway. Therefore, we can afford to be cheap. The expensive competitors are critical. HVV: "eighty percent of what HQC certifies is not halal. Their certificate is worth just zilch." And Halal Correct: "I do not buy at Albert Heijn myself. I do not trust it for halal because HIC certifies it. Albert Heijn gets its halal chicken from Interchicken, a large poulterer. They obtain some of their chicken from a slaughterhouse certified by HIC, but they also buy from others, where there may be no Muslims and no controls."

Mekkafoods, a relative outsider as a 'Western' producer of halal products: "All certifiers in the Netherlands are profiteers and make easy money. They come to your factory once, write a certificate and never come again. As a result, there is no certificate that is accepted by everyone." Therefore, he has chosen to market his products with his brand name as quality

proof, rather than use a certificate from an external certifier. “Independence from the certifier and strict control should give such certificates value, but there is neither independence nor real control.” Mekkafoods itself claims it does not need any inspection by others: “We only produce halal products, so they cannot be contaminated by others. But our meat suppliers have certificates.”

The large retailers in the second segment are not only price conscious but also have substantial market power to demand lower prices. If retail chains manage to exact such prices from major food producers like Unilever, how much more will they be able to do so from small halal certifiers? Supermarket chains have chosen for HIC certificates not only because HIC allows slaughtering of stunned animals but probably also because of its low prices.

Large corporations, whether supermarket chains, food producing multinationals like Nestlé, or large meat exporters may be able to force prices down, thanks to the size of their orders. However, the costs of certification may only be minor compared to other costs. Yet, as they are often engaged in price wars for consumers, even such minor costs could make a difference in the competitive struggle.

Nevertheless, the importance of certification quality should not be underrated. Large companies, visible to the general public, care a lot for their reputation. Lesser quality of controls may involve risks to this reputation. It might be worth engaging a more reliable certifier, even at the expense of higher costs. The costs reputation damage due to a scandal may outweigh the minor costs of certification by far. Reputations take a long time to build and may be lost very quickly in the wake of a scandal, as the recent case of Toyota’s manufacturing mistakes has brought home again. Even in the absence of a well-publicized scandal there can be immediate losses. As mentioned before, our interviewees referred to multiple cases of meat exporters losing complete shipments when customs officials in Muslim countries detected traces of haram.

3.5.5 Market Failure?

Price competition, combined with information asymmetries in the market relating to the value of the certificates, and the presence of both malicious dabblers and well-meaning, socially committed Muslims who feel “that fellow Muslims should not be forced to pay too much for their meat and other products” could produce a race to the bottom as regards the quality and reputation of halal certificates in general. A few bad apples are enough to infest the whole basket and make it smell.

This has all the elements of a typical collective action problem, familiar from other cases, varying from cartels to strikes. Everyone profits from the good reputation of certificates, just like everyone profits from higher prices produced by a cartel or higher wages produced by a

strike. For the individual, however, there is a temptation to free-ride: offering the goods at a price just below the price agreed in the cartel allows individual suppliers to increase their market share; and by not actively participating in a strike, individual workers may be able to keep in good standing with their employer, to be rewarded by future promotion or another individual pay raise. The halal certifiers have a similar collective interest in getting the market to trust the value of their certificates; but by lowering their own price a little, at the cost of less expensive inspections, they may attract more customers to their label and thus increase their market share. The diversity of halal certificate suppliers and the opacity of this market (with no one producing publicly available annual reports) allow for that. The overall result is the certification sector's bad reputation.

The problem is exacerbated by outright illegal copying and other fraud. Certificates from reliable certifiers are illegally copied. In 2009, the meat wholesaler Fasen Meat Trading in Breda was accused of selling several thousands of tons of meat in France as halal with falsified documents (*Volkskrant* November 26, 2009). In that same year, the certifier HQC claimed that Kentucky Fried Chicken (KFC) misled Muslim customers by selling meat as halal with a document that only proved that a certain slaughterhouse *could* produce halal meat, not that this particular batch had indeed been slaughtered in conformity with halal standards. Investigation by the *Volkskrant* proved them right. Certificates that are downloadable for free from the internet and that may be used by local butchers do not help the reputation of halal certificates. Average final consumers are having difficulty distinguishing good from bad.

Another form of self-certification, as performed by HIC for its sister-organization Wahid Meat, does not help either. In principle, there may be nothing wrong with it, as long as it is transparent to the customers for whom the certificate is meant. Such a form of self-certification is akin to developing a brand reputation. Albert Heijn does it too, with its own certificates for "healthy choice" or "AH pure and honest organic" or "sustainable fish ... from a guaranteed quality chain." This becomes a problem when self-certifiers either explicitly or implicitly use their hallmark/certificate to suggest that their products have been investigated and rated by an independent third person, actor. To be sure, AH also uses recognized external certificates, such as Fair Trade/Max Havelaar, the Marine Stewardships Council MSC (for fish; though most of its fish only has the company hallmark), Nordic Swan and Blue Angel (for ecological food), EKO and Skal (for organic food), and Better Life (for free-range chickens and eggs).

Distrust has indeed been spreading. Various Dutch TV programs and newspaper articles have indicated such distrust and the reasons for it. Hüseyin Büyükozer, chairman of the Turkish Food Auditing and Certification Research Association (GIMDES): "From our meetings with consumers in different European countries, we have found that people are complaining about

unauthorized certifiers. Some unauthorized certifiers are issuing halal certificates without even seeing the face of the owner of the production facility. This is not how it should be. Having experienced similar misuses in the past, most Muslim consumers do not trust the halal labels on products and expect to see order in the market. This also causes unfair competition and discourages other certifier institutions who exert extra effort to ensure halal standards. The opportunism has reached worrisome levels and should be stopped,” he said. Another major problem, he emphasized, is that some certifiers sell certificates for excessive prices. “There are companies who must procure their halal certificates for 5,000 to 10,000 euros. This is high and way above normal costs” (Hava in *Sunday’s Zaman* of Jan. 13, 2010). Our interviewees described the market as being “anarchy,” “craziness,” and “fighting and fierce competition prevail.” “It is a real like-knows-like culture, this world of the many little certification businesses. If you are not in one of their acquaintance circles, you’d better not start with I,” “You can get a certificate without any problems, if it is an acquaintance.” Many also pointed out to what they considered “objectionable practices,” such as “issuing halal certificates without even checking whether it is actually halal”; nepotism; “butchers that certify their own meat” (referring to Wahid Meat and HIC); exorbitant prices; and far too lenient or unprofessional certifiers. “The Dutch halal market is chaos,” was the headline of an extensive article by a Dutch news magazine (*Vrij Nederland*, “*Herrie om Halal*,” 1-12-2007:1).

The confusion over different certificates is not only a domestic problem, but also on the international market. Marco Tieman, owner and director of LBB Logistics, daughter of MDS Logistics, who are building the global “Halal SuperHighway” and a huge Global Halal Hub in Malaysia, complained: “Companies that want to participate in this attractive market need halal-certification. And that is precisely where the problem is. Every country has its own interpretation of what halal is, which is why there are different halal hallmarks.” He adds: “However, the Malaysian halal hallmark has a much wider acceptance in different Muslim countries than other hallmarks; which is why many large industries that try to improve their market position in the Middle East and Asia choose to do their halal production in Asia” (Westra 2007: 37). He implies that if the Netherlands or other European countries want to be competitors in the growing global halal market, they will need to solve the problem of certification confusion. The Netherlands has a good headstart with the development of Rotterdam as the “halal gateway to Europe.” However, for the time being the distribution centers are still largely empty, one of the problems being reliable certification. The confusion and distrust inherent in halal certificates indicates that this market is in danger of ‘failing.’ If distrust spreads and reputations decline, the value of the certificates may disappear and so will the customers’ willingness to pay a price for such certificates.

1 <http://www.halalcertificate.com/>

4 THE SEARCH FOR SOLUTIONS

Problems in one market – halal products – such as adulteration and fraud, made possible by information asymmetries, have produced the need for another product in a new market: the market for halal quality certificates. However, this derived market seems to experience the very same problems: information asymmetries, lack of transparency, amateurism, lack of economies of scale, and price competition, again giving rise to certificate adulteration, product laundering, fraud, and loss of reputation and credibility. After market failures in the market for halal products, therefore, we see similar market failures in the market for halal quality certificates that are intended to provide a solution in the original market for halal products. Are there any solutions to these problems?

4.1 Individual Strategies and Self-Organization by the Market

Of course, individual certificate providers could and perhaps do develop strategies to increase their own professionalism, transparency, and reputation and that of the whole halal certification industry. They could also engage in active publicity campaigns and advertising, spreading the word of their reliability among the general public and their prospective customers.

By doing so, they could help the market mechanism to organize that market itself.

Competition could bring order, by selecting and giving the upper hand to the more reliable certifiers and weeding out the less serious ones and the outright dabblers, thus developing a hierarchy among certifiers. To some extent, this has happened in the market for certifiers/raters of financial products. Although there are about 92 rating agencies of financial products (Engelen 2010), three of them have managed to get the upper hand in that market: Standard and Poor's, Moody's, and Fitch. This has not yet happened in the world of halal certification. Yet, what the example of the financial rating services market has also taught us is that such reputations, and hence such differentiation and ordering of the market, may easily be lost. After all, the current financial crisis – if there is such a thing – is also, or even mainly, a credibility crisis of those agencies that live off rating the risks involved in financial investment opportunities. Weeding out the good from the bad and the ugly remains difficult if not impossible in markets plagued by information asymmetries. Customers will be guided by price if they cannot select well on the basis of quality, thus stimulating price competition to the detriment of quality, fueling a possible race to the bottom.

4.2 Self-Organization and Self-Regulation through Associations?

What about the option of collective self-organization and self-regulation of the sector? This has been a long-standing tried and trusted market ordering model in the Dutch economy,

part of what we have come to call our “polder model.” For centuries, Dutch civil society has formed bottom-up associations and foundations that have tried and succeeded in regulating that society. In the marketplace, these varied from the merchant and artisan guilds of the Middle Ages to the trade associations and cartels of the 20th century (Van Waarden 1992, 1995). What about a cartelization of halal certification?

Some Dutch Muslims have recently tried. The Rotterdam initiators of Halal Audit HAC started out with the aim of bringing all certifiers round the table to form an association before they decided to create their own certification agency. Mr. Farouk in Amsterdam apparently had a similar ambition. However, they had no success. Not only did these newcomers to the halal certification market lack the authority and standing to do so; there may also have been a culture problem involved. Centuries of Dutch history have produced cultural values that emphasize collective cooperation, supported by a variety of institutions. This may not as yet have permeated to the “new Dutch,” whose family histories go back on rather different cultures.

Curiously enough, initiatives for such collective self-organization are now coming from abroad, precisely from one of those foreign cultures where Dutch Muslim immigrants have their family roots. The Turkish *Sunday's Zaman* recently (13-01-2010) published an article with the heading “New organization to sort out rotten apples in European halal food market,” in which it wrote: “A projected umbrella organization to be dubbed the European Association of Halal Certifiers is expected to bring order and unity to the halal food sector in Europe, appealing to hundreds of thousands of consumers, yet operating without any halal supervision mechanism. A number of certifiers of halal food from Germany, France, the UK, Belgium, Austria, Denmark, Spain, Bosnia and Herzegovina, and Turkey decided last week to lay the foundation for a single association to set the market in order and curb unfair competition. The establishment of the association will be officially announced in a signing ceremony in Belgium on Feb. 24, 2010 with the participation of all parties involved.” So far, this is merely a promise for the future. It may seem reasonable to organize a sector at a supranational level in this day and age of globalization. Yet it remains to be seen whether such an international organization will not be too diverse to allow it to establish effective forms of self-regulation.

4.3 Seeking Support from “Higher Authorities”

A third means for bringing order to the chaotic market for halal certificates may be through backing by some authority that is widely respected in this world as well as by the final consumers (Muslims) and, therefore, also by the direct customers of the certifiers, the Western producers and sellers of halal products. In the past, Dutch public authorities have frequently done so with sectoral trade associations and trade unions, by giving them

privileged access to the government (as currently through the Socio-Economic Council), monopoly recognition to supply sectoral public goods, and even endowing them with some public authority, such as the right to tax their sector or to enact binding regulations, as in the case of the statutory trade associations (*pbo-product en bedrijfsschappen*) and collective wage agreements. As yet, such backing has not come for the halal certification sector. However, many Dutch halal certifiers have sought recognition and support from an authority in the international Muslim world. Could the latter offer a solution to the problems of fragmentation, opacity, fraud, and lack of credibility? Could it help standardizing halal certification standards and control procedures?

4.3.1 The Main Actors in the International Halal Market

The international Muslim world is as fragmented as the domestic Dutch Muslim world. Many different organizations are active in different places, and they differ in beliefs, opinions, and operations. The Muslim world does not have a central authority like the pope in Catholicism. First of all, the Muslim world is dispersed territorially. Organizations are often linked to national governments, who may support or even steer these organizations for both politico-religious and commercial-professional reasons, expecting legitimacy from these sources (religious authorities and economic prosperity) in return.

The key countries here are Saudi-Arabia and Egypt, which harbor the most important religious authorities and which are the places where Islamic law and jurisprudence is developed, including halal and haram rules. How these rules should be implemented in real life, however, is a different matter. In this regard, Malaysia is seen as a Halal authority, not so much in the sense of defining halal theoretically, but as an example and center of knowledge of how to regulate halal professionally and commercially. It has supported, if not created, some key organizations in the global halal market and has the ambition to become a central authority in halal trade. However, the country needs the support of religious authorities as most Muslims look to Saudi-Arabia and Egypt for final judgment. Furthermore, Indonesia, the country with the largest Muslim population, also wants to play a key role. Indonesia and Malaysia are “the only countries that have a formal program to approve a halal-certifying program” (Riaz & Chaudry, 2001:172). Given the size of their populations, they are important export markets for other countries, and other exporting countries, therefore, have to take their standards into account. The major exporters indirectly also play a role in setting global standards, even though they are usually non-Muslim countries. Countries like Australia, Brazil, and New-Zealand are not only models for Muslim countries when it comes to slaughtering and logistics technology; they also have well-developed professional certification bodies linked to those logistics chains.

This country differentiation points to another difference: that between organizations with a religious and with a professional authority. Religious authorities are the Muslim World League in Saudi Arabia, the International Council of Muftis in Jeddah, the Al-Azhar University (the oldest and most respected university in the Muslim world) and Dar al-Iftaa in Egypt, the Islamic Fiqh Academy in Jeddah, the Islamic Religious Council of Singapore (MUIS), the Majelis Ulama Indonesia (MUI), and the Islamic Food and Nutrition Council of America (IFANCA). These organizations were already of great importance before halal certification became an issue, although the Singapore and Indonesian organizations seem to have gained international authority due to the increasing importance of halal certification and the fact that they are based in key countries within the halal market.

In addition, there are regulatory organizations that have acquired a respected position on the international halal market because of their professionalism and that, therefore, have professional authority. First and foremost among them is the International Halal Integrity (IHI) Alliance, created at the first World Halal Forum in 2006 and located in Malaysia. Its aim is explicitly to solve the problem posed by the absence of reliable certification bodies from the global halal market. On its website, it declares it is “an *international non-profit* [their emphasis] organization created to uphold the integrity of the halal market concept in global trade through certification, collaboration and membership. The global Halal industry is devoid of a significant non-government organization (NGO) presence or position that can provide *accreditation* to certification bodies. The main reason for this is due to the absence of a constructive platform for the industries to communicate and network. The absence of a *credible reference centre* for information has resulted in industries and consumers being bombarded with various interpretations of the meaning and application of Halal which often contradict each other. Initial feedback has indicated that there is a significant need for a *neutral platform* established based on studies carried out worldwide. It was against this backdrop that the IHI Alliance was formed.” It is closely related to the Islamic Chamber of Commerce and Industry (ICCI), established in Istanbul in 1977, and currently has 57 countries as its members (a top organization of Islamic commercial civil society), and to the Organization of Islamic Conference (OIC), the top organization of Islamic states. The IHI Alliance organizes congresses and forums and aims to accredit foreign certifying agencies. It is typical of its professional orientation that its two executive directors are Malaysian trained in economics, accountancy, and engineering in the UK and the US, have a strong international orientation and worked for companies such as PriceWaterhouseCoopers and Carrefour. At Carrefour, one of them developed the Carrefour Halal & Hygiene Audit System and took care of supplier selection, Halal & Hygiene training, customers’ halal complaints handling, and the application of halal to Carrefour’s local house brands. He brought this private sector

experience with a multinational food retail giant into a semi-public endeavor, sponsored by the Malay government in order to bring some order into the global halal certification world. The direct initiator in founding IHIA was another Malay organization, KasehDia, a research agency focusing on the international halal market and publisher of the Halal Journal and market studies. KasehDia also organizes the World Halal Forum, one of the leading events on the halal market. Related to these organizations is the Malaysian Department of Islamic Development (Jabatan Kemajuan Islam Malaysia JAKIM), which regulates national halal laws and certifies national companies. The development of the Malaysian halal industry is coordinated by the halal industry development corporation (HDC). All these organizations, IHI Alliance, the World Halal Forum, KasehDia, and Jakim appear to be instruments of the Malaysian government in realizing its aim to turn Malaysia into the halal hub of the world. As they speak the same language of, and are used to similar professional procedures as US and European organizations and corporations, they seem to be doing so quite well. Indeed, all Dutch certifiers were aware of their existence, and at least three of them were in touch with these organizations.

Another important international body is IFANCA, the largest certifying body in the United States. IFANCA is an authority on the domestic market, unrivalled by any other agency in the US. It maintains relations with all internationally important agencies, has established a solid internationally recognized position and is becoming increasingly active in Europe.

In Europe, the first steps have been taken to form Europe-wide halal organizations, but this is still very recent and embryonic. In March 2010, the European Association of Halal Certifiers (AHC-EUROPE), an Islamic, independent, non-profit, and non-governmental (NGO) organization was founded in Brussels by ten European Halal certifying organizations in Belgium, Bosnia, France, Germany, Spain, the Netherlands, Turkey, and the UK “with the aim to be the referential institution for Halal affairs in Europe to third parties, and to encourage the quality of Halal certification in Europe in assuring Halal products” and to coordinate activities of and advice on halal standardization, education, training, and accreditation. Its president is the German Halal Control, and its spokesperson is Mrs. Yasmina Ben-Koubia, from the Dutch Halal Feed and Food Inspection Authority (HVV/HFFIA).

As countries and companies are competing for a share or even a key role on the global halal market, they also compete for halal certification as the key to the halal status of products. So far, Malaysia seems to be making good headway thanks to its professional approach.

However, it remains to be seen whether it can really assume a leading role, as any central position for Islamic matters has traditionally been held by Saudi-Arabia and Egypt. One of our respondents observed: “Whether Malaysia likes it or not, in the end Muslims will listen to Saudi Arabia.” Other certifiers reckoned that a worldwide authority is more likely to emerge from younger generation Muslims in Europe rather than in Asian or Middle-Eastern

countries, as they have a more thorough grasp of modern European and American societies and business and of halal norms and their incorporation into local businesses.

4.3.2 Seeking Support

There are quite a few international organizations, therefore, varying from very old and well established ones, such as the Al Azhar University in Cairo, to the very young and embryonic European Association of Halal Certifiers, to list but two extremes. Dutch certifiers have sought and found support from some of these international or foreign halal authorities. The oldest Dutch organization HVV/HFFIA seems to have the broadest recognition abroad. It has been certified by two major foreign Muslim accreditation bodies: the Malaysian JAKIM and the Indonesian Assessment Institute for Foods, Drugs, and Cosmetics MUI (<http://www.halalmui.org/images/stories/news/pdf/hcb15okt09.pdf>). HFFIA is the only one also listed on several other smaller international websites, such as http://halol.org/index.php?option=com_content&view=article&id=64:recognised-halal-certification-bodies&catid=41:2009-05-12-20-46-45&Itemid=75. Moreover, it is one of the leading initiators of the new European AHC.

MUI and JAKIM have also accredited Halal Correct, which also received approval from the Islamic Board for Fatwa and Research at the Islamic University in Rotterdam. HQC is also recognized by the MUI and claims to be accredited by JAKIM (although we could not confirm this from the JAKIM website). In general, however, HQC seems to have good diplomatic relations with Muslim countries, as delegations have visited the honorary consul of Syria, who is the figurehead of HQC, to discuss the acceptance of different stunning methods. HIC proudly claims that it is backed by the Al Azhar University. The younger certifier Halal Audit HAC claims to be in touch with all of these organizations, but there is no formal approval yet. Farouk's Foundation is not accredited, and it is not surprising that those that are not accredited, tend to downplay its importance. HAC maintained that the recognized organizations that were on the list did not have to do anything to get on there. They found it a bit dodgy. Farouk said: "I just got a request from a Dutch firm that wants a certificate, but they wanted to know whether I was recognized by the large mosque in Paris. What the hell! I am a Dutch firm. What does this mosque have to say about me? My certificates have been legalized by all important embassies here."

The Halal Industry Development Corporation of Malaysia, a country that, as a modern industrialized, politically stable, and economically prosperous state as well as an Islamic one, aspires to become the global hub for the production and trade of Halal products and services has by now recognized 47 certification bodies in 23 countries for exports to the Malaysia. (http://www.hdcglobal.com/portal/indices/index_158.html) Their list illustrates the fragmentation of the Dutch market for halal certification. The Netherlands is listed with 3

recognized certifiers, whereas major meat/food exporting and/or larger countries such as Argentina, Brazil, Belgium, Denmark, India, Pakistan, Thailand, Indonesia, and Japan have only 1 recognized certifier, and the US, China, France, Germany only 2.

4.3.3 A “Reverse California Effect”?

Malaysia’s accreditation seems to be becoming a global standard. It is imposed and enforced by making certification by a recognized certifier a condition for access to the country and, hence, for access to its developing global halal hub, assuming that this hub really comes to something. In a way, this is a kind of “California effect,” a concept developed by David Vogel (1995). The essence of this principle is that a large market (like California, or now Malaysia and, as its standards are acquiring wider recognition, more of the Muslim world) can impose standards on imports, thereby de facto forcing its regulations onto producers and traders abroad, a kind of “governing across borders.” Part of the “California effect” is that producers abroad that have managed to conform to the California standards will start lobbying with their own governments to adopt these standards, as they give them a competitive advantage over their local competitors. While Vogel’s case of California suggests that regulation might be imposed from West to East, the “Malaysia Effect” would be similar but spread from East to West and might be called a “reverse California effect.”

In this way, the Malaysian standards may gradually be recognized globally. Raising these standards to global importance, however, would also mean that Malaysia might acquire a competitive advantage as the production location for halal products. As Tieman argues, this disappearance of potential suppliers and exporters to Muslim countries to produce in these very countries could mean a loss to the Dutch economy

4.4 State Aid?

Therefore, some regulation by the Dutch state might be needed to bring order to the market for halal certification, facilitate transactions, and encourage exports and growth on the market for halal products. The effects of international certification are as yet unsure, given the fragmented authority structure in the global Muslim world. The credibility problems, however, are real and call for a solution soon. Mr. Ali Eddaoudi, the main Muslim chaplain of the Dutch Armed Forces, and as such not only responsible for spiritual advice to soldiers but also for organizational advice to an organization that has to feed many Muslims, is all in favor of developing a national halal certificate in the Netherlands. In his view, such a standard should be accredited by leading international religious and professional Muslim authorities (“If you have both Saudi Arabia and Malaysia, you’re in”) as well as by the Dutch government. Most other interviewees agreed, with the exception of HVV/HFFIA, which objected to the

government, or any other umbrella organization, playing a key role here, as they already regarded themselves as the supreme Dutch halal authority. Bestowing authority on oneself, however, will not do; others must bestow authority on you.

4.4.1 The Public Interest. For which different ‘Publics’?

Should there be such a public national halal standard? There are quite a few public interests at stake here: firstly, of course, those of the specialized public of Muslim consumers and Muslim traders and other businesses. Then there are the interests of the whole Dutch public involved: honesty in trade, general product safety and security, combating fraud, and, last but not least, export interests: the reputation of Dutch products in international Muslim markets with their fast growing purchasing power. After all, the Dutch have quite a history in trading with the East. History could repeat itself. During the first World War, the belligerent countries imposed requirements for “certificates of origin” on imports from the Netherlands, forcing the country to replace a variety of private quality labels in the Dutch dairy industry by publicly sanctioned State Butter and Cheese Certificates. In a similar fashion, import barriers in Muslim countries could force the Netherlands to create publicly sanctioned halal certificates.

Product quality certificates are clearly a “public good” as defined in economics: they are non-rival and non-excludable. They share these characteristics with all publicly available information. Information on labels is accessible to all. And it may be useful to all, even to those with anti-Muslim or animal activist inclinations: for them it may be a sign not to buy this good. Some consumers may value it more than others, but this goes for many public goods that are paid out of tax revenues. Free streets, squares, and parks are available to all but are usually enjoyed by citizens living in the neighborhood. Sanitary inspection of meat, as by the Dutch Food Inspection, is for the benefit of all, but only non-vegetarians profit from it. Apparently, public goods can be privately financed as some are willing to pay a price for them. However, these are not the ones for whom the certificates are intended: consumers. The certificates are paid by producers and sellers. This is exactly part of the moral hazard problem that this way of funding introduces: the temptation to be flexible with enforcement and to aid in halal product laundering.

4.4.2 The Possibilities of Private Law

Of course, the state already provides support for economic transactions through private law, commercial law, contract law, and tort law to provide institutional frameworks for private commercial transactions and protect transaction partners from the dangers of fraud and deception; these frameworks also pertain to halal product transactions. Under the Dutch Civil Code, Book 6 art. 193 and 194, false product certification would be considered

misleading advertising, and this would amount to tort, which would justify compensation claims. Since 2005, there has also been a European directive which forbids and sanctions dishonest trade practices (2005/29/EG), including such misleading advertising. Book 3, art. 44 and 228 of the Civil Code deals more generally with ‘errors’ in transactions, such as making false claims about a product or withholding relevant information in a transaction. This in itself could be ground for retroactive annulment of the agreement, meaning that customers to whom the information was hidden can claim their money back. If the ‘error’ was made intentionally, that too would be a case of tort and justify compensation claims (Verkade 2009).

Such protection from fraud through private law has a number of serious drawbacks. First and foremost, it is only a solution for domestic markets; cross-national consumer transactions may be regulated under different legal systems, and these tend to differ substantially as regards contract and tort law, litigation, average tort damages awarded by the courts, etc. Even at the national level, there are obstacles affecting the effectiveness of private law. Protection requires action and initiative by aggrieved parties. They must summon sellers to court if they believe they have been cheated. Access to court involves expenses, such as court fees and for legal advice and counseling, and there are also emotional costs in getting involved in legal conflict. Perhaps most people now have legal aid insurance, and there is also publicly funded legal aid for low-income citizens in the Netherlands. However, even if costs were low for the plaintiff, the potential benefits are also likely to be very limited. For one, the Netherlands does not have fierce tort litigation tradition. Damages awarded by Dutch courts tend to be very low. On a continuum of countries ranking high-to-low average damages awarded, the Netherlands comes at the far lower end, with the US coming at the opposite extreme of the continuum (Van Waarden and Hildebrand 2009). Punitive damages are non-existent. Possibly, all plaintiffs may get is their “money back.” That might still be valuable to them if the transaction concerned an expensive good, such as a house, a car, or a kitchen. However, food prices tend to be low, so the damage of “getting your money back” will be peanuts. This means that the monetary punishment for a swindler will also be peanuts. Bundling claims in class action suits are no alternative, as these have been rather difficult under Dutch law and Dutch legal traditions although such initiatives have recently had some success in cases of financial investment transactions.

The damage due to halal cheating, however, can be rather high for devout Muslims. Their loss in monetary terms may be negligible; their loss in moral terms may not. True believers might feel remorse over having sinned and be afraid of Allah’s punishment in the hereafter. Yet they are unlikely to get any monetary or other compensation, awarded under tort law by a Dutch judge for such moral suffering, if only because no judge would be able to express such ‘damage’ in monetary terms.

Of course, it might be a different story for commercial transactions between bigger organizations, for example, producer versus retailer, or wholesaler versus fast food restaurant chain. As they buy in bulk, “getting your money back” might mean something there. Furthermore, such larger and publicly visible corporations tend to be very sensitive to blemishes on their reputation for fear of buyers’ strikes, and a court case could generate bad publicity for their reputations. Bad press is actually likely to be the most severe punishment. Another problem with sanctioning under private law is the issue of proof. How can customers prove that the product was not halal? Dutch law maintains rather strict norms for proof and causality. For halal products, the problem is exacerbated by the importance of process standards as compared to product standards. Just as it is not easy to control and guarantee process standards, it is also difficult to prove that a certain product is not halal and that the animal the meat came from was not slaughtered according to halal rules. Furthermore, a Dutch secular judge would have to decide in such as case what halal really is and what it is not, in order to be able to judge whether is product is or is not halal. If he or she did so, he/she would elevate private religious standards to public case law, that is, turn Sha’ria law into Dutch law, something which could cause quite a backlash among Muslim bashers. However, it would not be easy to reach such a verdict in the first place because of the different opinions among Muslims about “real halal,” which also means that any legal verdict might not be accepted by all the Muslim community.

It should be noted that the Dutch legal system has a way out of the dilemma that it is financially irrational for plaintiffs to litigate in case of low losses or low damages. The Netherlands has a rich world of less formal alternative dispute resolution (ADR) institutions, especially for handling civil cases (Blankenburg 1997, 1998, Van Erp & Klein Haarhuis 2007, Van Waarden and Hildebrand 2009). These provide for easy and cheap conflict settlement, with low entrance barriers and considerable legitimacy. The variety is great: from informal complaints procedures, arbitration bodies, mediation, ombudsman-like institutions, to consumer tribunals and rent commissions. The Dutch state supports such private adjudication institutions by backing them with statutory powers in a variety of ways. First, the state formally recognizes them. Second, it enforces final ADR decisions through their registration in court. Third, it has state courts referring to precedents set by decisions of these private institutions or to their codes and customary law developed by them. Fourth, it refers complaints in first instance to such institutions. Such private adjudicating institutions do not only function as an alternative to the courts but also as a filter. Blankenburg (1997: 58) found that only 1 percent of the complaints presented to rent committees were taken to court after the committees had given their advice.

For consumer affairs, there are 47 product-specific consumer tribunals, recognized and coordinated by the SGC Foundation (*Stichting Geschillencommissies voor*

Consumentenzaken) for products and services, ranging from air conditioning to companion animals and funeral services, but there is no such tribunal for halal products, not even one for food, indicating that people usually do not sue for something as cheap as food.

4.4.3 Regulation through Public Economic Law

Recently there has been a trend towards more consumer protection under public law, in the wake of decades of market liberalization. Even the most diehard neo-liberals have found out that information and power asymmetries need to be corrected for and that the weaker, less powerful, less well informed parties need some protection by an authority that can wield state power.

In 2008, a new Law on Dishonest Trade Practices was enacted, following an EU directive that incorporated elements of public law, notably Art. 194-196 Book 6, of the Dutch Civil Code.

This made it possible for the state to represent consumers and consumer interests by prosecuting businesses caught engaging in unfair trade practices. Furthermore, it made also *ex ante* action possible. Whereas, under public law, aggrieved parties can only complain *after* they have been cheated, under public law it is possible for the state to take precautionary measures, namely to inspect businesses on whether they are engaging in misleading product labeling and advertising, or even outright fraud, even before there is a victim.

In order to carry out this new state activity, a new agency has been created. In line with the copycat policy fashion of establishing new market supervisors everywhere and for everything, it seems to have become the one solution for all problems. A Consumer Protection Authority was established, which is to protect consumer interests in a diversity of markets. This new 'authority' has now come to share responsibility for consumer protection next to already existing 'authorities.' In food and agricultural inspection, these are the VWA (Food and Commodities Inspection) and the AID (a General Inspection service, a kind of specialized agricultural police which controls also for hazardous forms of fraud and misleading advertising), both of the Ministry of Agriculture. Furthermore, under the Economics Ministry, there are the Dutch Competition Authority NMa (if we accept competition as a form a consumer protection), and specialized sectoral regulatory agencies, for example, for telecom, finance, or healthcare, which are to guard consumer interests in these service domains. Some of these 'authorities,' together with the Ministry of Economic Affairs, have created a consumer information website: ConsuWijzer. For misleading advertising, there is the privately organized but publicly recognized Advertising Code Committee (*Reclame Code Commissie*).

Despite this overkill of consumer information and protection 'authorities,' these public agencies have as yet paid no attention whatsoever to halal products for the close to one million Dutch Muslim consumers. When we searched websites (using 'halal' as our search

term) of consumer Protection Authorities, the VWA, NMA, AID, the Advertising Code Committee, and even the official ConsuWijzer commodities information website, this yielded exactly 0 search results. Apparently, the topic has not even crossed the minds of the respective state authorities. There is more attention for other cases of misleading advertisement, such as promotion of food and herbal products for medicinal properties or toys that look so much like real food that children might be tempted to swallow them. ConsuWijzer lists a number of private product hallmarks with some brief information on them, which could be considered a de facto public recognition of such private hallmarks. Yet, there is no reference whatsoever to a halal certificate. The food category lists only seven hallmarks: two dealing with animal welfare (free-range chickens), two with organic food (Demeter and EKO-keurmerk), two with environmental friendliness (Groen Label kas, Milieukeur), and one with healthy food (“*Ik kies bewust*”). Yet the website lists 22 different hallmarks for the construction industry alone.

Official hallmark recognition in the Netherlands is provided by the Accreditation Council (*Raad voor de Accreditatie*). Again, no single halal hallmark has been recognized by this semi-state body. Is this so because none passed the accreditation standards? Or have the owners never applied for such recognition, perhaps believing that recognition by a secular state would not help to improve their credibility among the specific Muslim public they target at home and abroad? Halal has not been publicly recognized as a food standard in the Netherlands, nor in the EU or any other EU member state.

To sum up: So far, Dutch authorities have refused to take measures under economic public law as regards halal, as they do not consider themselves responsible for enforcing religious norms. Even if they were willing to engage themselves, Muslims might be wary of entrusting the quality of their religious safety to a secular Western public authority, although this might be less so for foreign Muslim countries that want to import Dutch goods. All they see on Dutch products is “made in Holland,” but they would be interested to know whether these products are halal, as only halal foods pass their customs inspections.

This attitude is quite unlike EKO food standards, which might also be considered a ‘religious’ standard, in the sense that it has its roots in anthroposophy. This has been officially recognized by the EU, even in a directive. The US has also handled the issue of religious food standards quite differently.

4.4.4 Public Regulation of Religious Food Standards in the US

In the US, there has been a long history of public involvement in religious food standards, which could teach us something. Since 1915, starting in New York, a total of 22 US states have enacted Kosher Fraud Statutes under pressure from Jewish lobby groups. These laws were a response to problems similar to those now experienced by the European Muslim community.

Non-kosher foods were being sold as kosher, and states felt a responsibility to protect their Jewish citizens from such fraud. It was a form of private-public cooperation: the definition of what was kosher was made by orthodox Hebrew rabbis; standards were enforced by public responsibility (We owe this information to a presentation by Tetty Havinga).

These Kosher fraud statutes were eventually challenged in US courts (for example, in 1992, 1994, and as recently as 2002) and found unconstitutional, as they infringed upon the constitutional separation of church and state: rabbis had become state-appointed officials in order to be able to define the standards that public authorities were to protect, and, with their regulations, state laws publicly recognized and legitimated orthodox Jewish standards. In response to these court decisions, some states changed the “kosher statutes” into “kosher disclosure statutes,” forcing sellers to be more transparent about their kosher claims (New Jersey).

In the Netherlands, this might be less of a problem as the country does not have such a strict separation of church and state. Quite the contrary: there is a long history of cooperation between state and church, as apparent from the public funding of private religious organizations (schools, hospitals, broadcasting associations, etc.). Principles such as “sovereignty in your own community” and “subsidiarity” legitimated private initiatives and private responsibilities of civil society organizations at the cost of the general public. Therefore, the Netherlands knows no ban on private and public cooperation, which was also a problem in the US. New Deal programs involving public-private cooperation, as in farming, endowing private actors with public authorities, were declared unconstitutional in the US, whereas such forms of public-private cooperation have a very long tradition in the Netherlands.

4.4.5 New Public-Private International Partnerships?

Considering this tradition, it would be conceivable that a new form of public-private cooperation could develop in the domain of enforcing halal claims. In principle, halal certificates could be protected by private law, that is, by general requirements of honest trade. However, this would require formal registration of the term ‘halal.’ Registration as a copyright or brand under intellectual property right legislation is, of course, impossible, as this is only relevant when someone pretends to be able to claim the ‘property’ of the term. Obviously, this is impossible with the term halal. Separate public legislation, as in the US, would have to be drawn up, which would involve at least two conditions: 1) The Muslim community must agree on a common definition of ‘halal’ and its concrete operationalizations when it comes to specific products; and 2) Public authorities must be willing and able to enforce private standards.

In general, this would turn the world upside down: rather than having private organizations aiding in implementing and enforcing public regulation, as has been quite common in Dutch history, we would here have a case of the opposite: the public implementation and enforcement of private regulation.

However, recent history has seen the emergence of similar cases. In our globalizing world, more and more standards are drawn up by international private NGOs or other bodies before being adopted by nation states for public enforcement in their jurisdictions. Such has been the case in the regulation of global financial markets or in fair trade and sustainable development. In the financial sector, private parties partook in setting the standards in the so-called Basel I and Basel II agreements, which have subsequently been implemented by nation states (Underhill..., also for the WRR Engelen 2010). Another case is that of the EU and its member states adopting and sanctioning sustainability certificates, drawn up by private international bodies such as the Forest Stewardship Council or the Marine Stewardship Council. If Muslims managed to get their act together and agree on international halal standards, these could possibly also be adopted and enforced by nation states. Attempts to do so are currently being made both by public actors, such as Muslim States that combine religious authority and public authority and sanctions (Malaysia, Indonesia, Thailand, Saudi Arabia, Turkey), and by emerging international private organizations of halal certifiers, such as the recently founded European Association of Halal Certifiers (see the *Sunday's Zaman* article).

Indeed, the Turkish see possibilities for forms of cooperation between international private associations and national public governments. The Turkish GIMDES head Büyükozer noted that: "Perhaps the key factor to the success of the new European association will be support from governments. If they take measures necessary to force certifiers to operate in line with the rules defined by the European Association of Halal Certifiers (AHC), then we will see a faster transformation for the better in the market." He stressed that the success of the association will also benefit the economies of the countries involved since they will have a chance to rejuvenate their domestic markets and diversify their trade base. "Once a healthy halal certification system has been established in Europe, more consumers will look for halal labels, and this will boost demand more than anticipated," he explained. (*Sunday's Zaman* 13-01-2010)

This would require the Muslim world to agree on a uniform halal product standard that would not only satisfy the needs of Muslims but that would also be acceptable to non-Muslim societies, including their animal rights movements. Some of the international halal organizations established by modern Muslim countries, such as the JAKIM and IHI Alliance (Malaysia), the World Halal Council (Thailand) and the very recent European AHC, might be able to provide such a basis for public-private regulation of global halal markets.

5 SOME GENERAL CONCLUSIONS

What can we learn from this Halal certification case as regards markets and securing the public interest?

- 1 It makes sense to distinguish between: a) a *public good*; b) a *public interest*; c) *public finance*; d) *public provision* of the good or service; versus private provision paid by the public.

- 2 A *publicly displayed hallmark*, a quality certificate or any other form of information about the nature and quality of a good or service is a *public good*, in so far as it is available to all: that is, it satisfies the theoretical conditions of a public good: non-excludable and non-rival, as the information is publicly available to all. As a source of information, it is akin to a signpost: a hallmark points in the direction for consumers looking for the “road to halal goods.”
 - 2a It *could be made into a private good* if it were made available only to those who pay for the information, who pay to know whether the good is a high quality good, or, in our case, whether it is truly halal or not.
 - 2b It could also be turned into a *club good*, available only to those who have paid to become a member of a club or who have made offers or incurred costs in order to be able to join the club. Examples are specialized consumer associations that make product comparisons and rate their quality comparatively, and make such information available only to those who have paid a fee to join the club (membership dues).

- 3 It is *problematic* here that a price may indeed be charged, but the only party usually willing to pay for it is the one who profits most, that is, producers or sellers whose goods or services are certified.
 - 3a This financial dependency relation creates a *moral hazard problem* for certifiers: will they be extremely strict in rating the quality of sellers who are also paying for the rating. Both certifiers and customers are caught in a dilemma here. On the one hand, they stand to profit from the certificate’s good reputation, as a poor reputation makes the certificate useless. However, a good reputation requires solid and strict quality inspection and, if possible, some exclusiveness: the more exclusive it is (the more producers/sellers are refused certificates or get lower ratings), the more the rating gains in reputation. On the other hand, raters/certifiers want as many paying customers as possible, and this may involve less exclusiveness and rating strictness. He who pays the piper calls the tune.

- 4 A quality certificate may have the characteristics of a public or a selective or even private good. This causes tension here, a tension which includes the possibility of bias, fraud, deception, and hence undercuts the very value of the information. If those for whom the information is made distrust it because they suspect bias, the certificate will be worthless.
- 5 There are different kinds of publics: broader and more limited ones, and general or more exclusive ones. In between general public interests and private interests, there is a middle ground: a public interest for a limited public, or a specialized public interest, or a collective interest for a selected public/collective.
 - 5a A product quality rating such as a halal certificate can serve both the interests of a more selective public of Muslim consumers and the interests of the wider public of citizens of the Netherlands, or even of the whole world. Clarity and transparency about the nature of a good, and reduction of possibilities for fraud and deception, make for more and easier economic transactions with fewer transaction costs, thus reducing the costs of the products exchanged; i.e. more sales, exports, production, employment, economic growth, and prosperity.
 - 5b That is, the advancement of a private interest, or an interest of an exclusive collective, can be in the public interest. This means that private interest theories of regulation (Stigler etc.) differ less from public interest theories of regulation (e.g. UK ... Johan den Hertog) than is commonly thought: public regulations enacted at the instigation of private particularistic lobbies can serve a public interest as well: the private interests of GM are the public interest of auto workers, the citizens of Detroit, and, more in general, the US economy. A private lobby for a public regulation does not necessarily imply that it will always be a biased regulation, serving some particularistic interests at the expense of others.
- 6 A halal certificate, therefore, can be a public good and serve the public interest but still be provided by a private actor. These actors may differ, notably in how they fund it. The actor-source of the certificate can be:
 - 6a Commercial (a good on a market), by a commercial info provider, with or without a monopoly, selling its information or rating on a market; and bought either by a1) private actors as if it were a private good, which can be both consumers or producers/sellers; or a2) it can be 'bought,' that is, financed by the general public, that is, the state, out of tax income.
 - 6b Non-commercial, by a collective actor such as a consumer association or a producer/consumer association, or a sectoral trade association; it can be financed: b1) voluntarily by the members of the association; compulsorily, if the association

manages to get a monopoly of a good or service greatly wanted or needed by its members; out of the members' commercial side activities; or b2) by direct or indirect public funding: state subsidies for the goods provided by the association; or by the members, who are forced to join and/or to pay by the state (such as statutory trade associations): compulsory membership/joining; and decrees of the association, transformed by the state from private into public regulation, by adopting it in public law, and enforcing it among the members (as in vocational training, generic advertising, or collective research).

- 7 If this does not work, if there are too many parties on the market, if competition is too fierce, leading to opacity, opportunities for fraud and deception because of 'certificate adulteration', loss of public trust in the certificate, less willingness to believe it and to 'buy' its message, and inflation of the certificate: then more public involvement may be required to "stabilize the value of the certificate."
 - 7a This could be similar to how the state has come to protect and stabilize the value of a currency. In a way, a quality certificate has characteristics of money: just like the state certifies the value of a piece of paper or a coin, collectively labeled money, it can do the same for the value of another piece of paper, labeled quality certificate. It defines and fixes values.

- 8 Such public support for private regulation/certification may come in different forms:
 - a monopolistic recognition of one or a few certificates; by rating their quality as information-providing certificates; by only allowing those on the market and forbidding others; or by recognizing (accrediting) some with a state hallmark, like a Royal Warrant but still allowing others that do not manage to earn the state "hallmark for hallmarks." This implies that the state discriminates on the basis of quality, which would require legal permission for the state to discriminate between different certificate providers.
 - b exclusive recognition of only one private rating/standard;
 - c turning the private certification into a public one by elevating it to the status of a publicly sanctioned standard (like our decimal weights and measures);
 - d using the private one to inspire the formulation of a real public standard.

- 9 In the last two cases (8c and d): the *public good*, serving a *public interest*, is also provided by a *public actor*, and funded out of *public funds*, that is, our collective tax revenues, paid by all citizens under threat of public sanctions.

- 9a However, those public funds could still be provided by different publics: by a more general and broad public (the entire population) or by a more specific one (e.g., only those profiting from Halal certification). The latter could be collected through a special tax on halal goods, imposed by broad public authorities using public powers only on members of a more specific public: buyers of halal. A real-life example is that of car owners who pay road or gasoline tax, which is earmarked to be used only for collective goods that are relevant to car owners, such as well maintained public roads.
- 10 The last question that remains is “How efficient is such public provision of public goods in the public interest?” This question is especially relevant when contrasted with the private provision of such a public good, as through the public funding of activities of private organizations, which acquire such funding in a public tender procedure, with various private parties competing with each other for the public order. And so, having come to the end, we are back where we started: state or market?

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- Williamson, Oliver E. (1996) *The Economic Institutions of Capitalism*, New York: Free Press
- Wilson, Bee (2008) *Swindled: The Dark History of Food Fraud, from Poisoned Candy to Counterfeit Coffee*, Princeton: Princeton UP
- Yucel, Suzan. *Halal! Of toch niet?* Blog on wjblijvenhier.nl, November 27, 2007

APPENDIX 1. DUTCH TELEVISION DOCUMENTARIES ON HALAL

NioScoop. *Hoe halal is halal?* Nederlandse Islamitische omroep, Nioweb. January 31, 2010. (<http://www.nioweb.nl/2010/01/27/nioscoop-31-januari>)

RVU, Keuringsdienst van Waarde *Keuringsdienst van Waarde onderzoekt de exotische gehaktstaaf* (<http://sites.rvu.nl/page/7202>)

VARA. *Welkom in Nederland. Halal.* (about Dutch halal producer Mekkafoods in Venlo) June 23, 2009. (<http://player.omroep.nl/?aflid=9704660>)

APPENDIX 2. LIST OF PEOPLE INTERVIEWED

- 10-02-2010 mr. A.I. Farouk, Association for Halal Certificates, Amsterdam
- 20-02-2010 mr. Wahid Ramdjan and the Imam of HIC, Rotterdam
- 22-02-2010 mr. Renë van Appeldoorn, Mekkafoods, Venlo-Kaldenkirchen
- 24-02-2010 mr. Ben Ali-Salah and colleague, Halal Correct, Leyden
- 05-03-2010 mr. Abdul Munim Al Chaman, HQC and Halal Control Office, The Hague
- 10-03-2010 mr. Murat Korkmazyurek, Halal Audit Company, Rotterdam
- 15-03-2010 mr. Abdul Qayyoem and Imam, HVV/HFFIA, The Hague
- 18-03-2010 ms. Alima El Haddaoui, intern at HIC and author of thesis
- 29-03-2010 mr. Ali Eddaoudi, Chief Imam of the Dutch Military, The Hague
- 30-03-2010 mr. Ali Erdem, sales manager ANUR snacks (part of vd Laan), at Paris Halal Expo
- 30-03-2010 representative of Robert Co (major Danish halal producer), at Paris Halal Expo
- 30-03-2010 mr. Zetali, Qibla halal (Swedish), at Paris Halal Expo
- 30-03-2010 ms. Fabienne Frebat, private label meat producer for Carrefour, Casino, Paris Expo
- 30-03-2010 representative VDE Foods, producer of Halal snacks, Belgium, at Paris Halal Expo

APPENDIX 3: SOME SAMPLES OF CERTIFICATES:

Stickers to be put on Halal Products:



Halal Certificates Foundation
Halal Slaughtering Control
Halal Production Control



مؤسسة شهادات الحلال بهولندا
مراقبة الذبح طبقا للشريعة الإسلامية
مراقبة شروط الإنتاج الحلال

HALAL CERTIFICATE

Certificate No.: **100201-01 HCN D AAAAAA_BBBBBB** شهادة رقم:

Upon request from **Leverancier B.V., HOLLAND** بناء على الطلب المقدم من

In which it certifies that they comply with the rules and regulations of the Halal slaughtering and or production rules and they request the Halal Conform Quality Control The Netherlands to control the conformity of the production of the shipment mentioned under, for export, with the Islamic rites. After ensuring the conformity of the production, we issued this certificate. This certificate is only valid after being signed, stamped and obtaining the unique certificate number with which we can follow the shipment and the certificate. Please contact us for any information related to this or other certificates.

والذي تشهد بموجبه بالالتزام بقواعد الذبح و / أو الإنتاج الحلال، والذي تطلب بموجبه تولى مكتب مراقبة شروط الحلال بهولندا لعملية الإنتاج المطابق للشريعة الإسلامية للشحنة المذكورة أدناه لتصديرها. فقد قمنا نحن مكتب مراقبة شروط الحلال بإصدار هذه الشهادة بعد التأكد من مطابقة الشروط. هذه الشهادة صالحة فقط بعد التوقيع والختم وبشروط وجود الرقم المسلسل ورقم الشحنة. الرقم المسلسل مسجل لدينا ويضمن معرفة الجهة المنتجة ومتابعة الشحنة وحركتها كزيادة في الضمان. تعتمد صلاحية هذه الشهادة على التزام الشركة المنتجة بقواعد الإنتاج الحلال المذكورة من قبلنا والمطابقة للشروط المعلنة من قبل الهيئات الدينية المعروفة. الرجاء الاتصال بنا للحصول على أية معلومات تخص هذه الشهادة أو شهادات الحلال بصفة عامة.

CONSIGNMENT DETAILS تفاصيل الشحنة

Quality / Quantity and packaging: CHICKEN LUNCHEON MEAT "XXXXX" BRAND, النوعية:
Identification: 2000 CARTONS 24X340GRS. العدد والتغليف:

Gross Weight: 20.000 KGS الوزن القاتم:
Net Weight: 16.320 KGS الوزن الصافي:
Producer: Leverancier NL المنتج:
Slaughterer house: NL 0000EG, NL 1111EG إسم المذبح:
Importer: Afnemer LTD., etc etc, المستورد:
Exporter: Leverancier of iemands anders B.V. NL, adres etc. المصنر:
Certificate of Origin No.: شهادة منشأ رقم:
Invoice No. / Date: رقم / تاريخ الفاتورة

Transportation Method: Vessel : M.v. "Cap Bizerta" (or substitute) وسيلة الشحن:
Transportation Details: Container no.: SUDU 135284 9 تفاصيل خاصة بالشحن:
Loading Port: Antwerp ميناء الشحن:
Destination: XXXX, Turkey ميناء الوصول:
Health Certificate no.: 111111 2 d.d. 01-01-2222 رقم الشهادة الصحية:
Slaughtering Date: 13, 14 January 2010 تاريخ الذبح:
Production Date: 14, 15 January 2010 تاريخ الإنتاج:
Expiry Date: 13, 14 January 2013 تاريخ انتهاء الصلاحية:

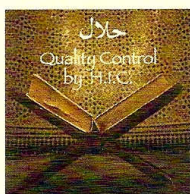
Halal Control Office: **Stichting Halal Certificaten Nederland** مكتب مراقبة شروط الحلال:
Signature & Name: Ibrahim A. Farouk توقيع:
Date: 03 January 2010 التاريخ:

Stichting Halal Certificaten Nederland – Van Musschenbroekstraat 1A H – P.O. Box 94397 – 1090 GJ Amsterdam
KvK (CR) Amsterdam : 34266996 - Tel: 06-20661055 – E-mail: info@halalcertificates.com – www.halalcertificates.com

ONGELDIG

ONGELDIG





Halal International Control
Groothandelsmarkt 217
3044 HH Rotterdam
NEDERLAND
www.hic-quality.com
K.v.K. 27245924

Halal Certificaat

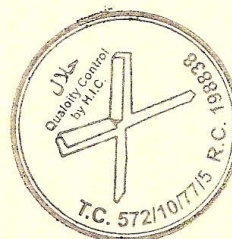
Wahid Halal Meat BV
Groothandelsmarkt 217
3044 HH Rotterdam
NEDERLAND

Hierbij wordt verklaard dat de producten goedgekeurd zijn volgens de islamitische normen.

Rotterdam, 1 februari 2010

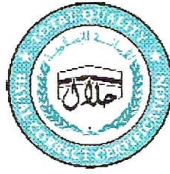
Magdy

Magdy Ahmed
(Chairman H.I.C.)



Certificaatnummer: 100201-WH
Vervaldatum: 30 juni 2010





Stichting HALAL CORRECT CERTIFICATION (TQHCC)

Halal Correct Standard richtlijnen : TQHCC 2200:2001

Versie geldig 2009/2010

I. Definities

Halal: Betekent in het Arabisch toegestaan (volgens de Islam betekent dit geoorloofd naar de Islamitische normen). In de richtlijnen wordt dit woord gebruikt om aan te duiden of het product waarover wordt gesproken toegestaan is voor moslims om te eten of niet.

Haram: Betekent in het Arabisch verboden en hiermee wordt aangeduid dat het product verboden is voor moslims om te eten.

Koran: Het heilige boek van de moslims.

Soenna: De traditie en levensloop van de heilige profeet Mohammed.

Fatwa's: Islamitische rechtspraak van erkende Islamitische geleerden en Imams.

Sharia: Islamitische grondwet.

Ka'ba: Is een kubusvormig gebouw en staat in de grote moskee in Mekka. Het is het centrale heiligdom van de Islam.

II. Informatie over Halal Correct Audit

De laatste jaren zien wij dat het religieuze bewustzijn van vele moslim consumenten in de hele wereld groter wordt, wat met zich mee brengt dat de vraag naar authentieke Halal levensmiddelen groeit. Naast vlees zien wij dat bij andere levensmiddelen ook veel andere punten die te maken hebben met eten, aandacht krijgen. Bijvoorbeeld: oliën, kleurstoffen die in het moderne voedsel wordt gebruikt. Tevens zien wij dat anno 2008 nieuwe technologieën en ontwikkelingen de markt hebben veroverd. Dit heeft veel belangstelling gewekt bij de moslimconsumenten, echter maken zij zich wel zorgen over de waarborging van de authentieke Halal-kwaliteit van levensmiddelen. Daarom is de vaststelling en goedkeuring van de Halal procedures bij de verwerking van consumeerbare en niet consumeerbare goederen erg belangrijk geworden voor zowel de consumenten als de producenten. Om dit hele proces te waarborgen zijn er Halal Correct Audits ofwel inspecties nodig om dit uit te voeren.

Bij zulke inspecties is het belangrijk, dat het hele proces van A tot Z wordt gevolgd en gecontroleerd. Bij de inspecties gaat het erom dat de normen voor Halal levensmiddelen worden gehanteerd om zo het eindproduct 100% Halal te verklaren en zodoende een Halal certificaat te verstrekken aan het productiebedrijf. Deze normen zijn vastgelegd in onze richtlijnen.

III. Stichting Total Quality Halal Correct Certification

Stichting TQ HCC is een organisatie die internationaal Halal-kwaliteit certificaten verstrekt conform de geldende kwaliteitsnormen gebaseerd op de HACCP en ISO principes en volgens strikt Islamitische normen gebaseerd op:

- De Koran (heilige boek van de moslims).
- De Soenna (de traditie en levensloop van de profeet).
- Fatwa's (islamitische rechtspraak) van erkende islamitische geleerden en Imams.
- Goedkeuring van: THE ISLAMIC ABOARD FOR FATWA & RESARCH (de Islamitische Fatwa Raad in Nedrerland)

De Stichting TQ HCC opereert in Nederland en in verschillende Europese landen en is gevestigd in Nederland.

Fake 'Do-it-Yourself' Halal Certificate that we made from the web (at our address in Almere):

| <p>م</p> <p>لالح حبذ ءءاهش</p> <p>Halal Slaughtering Certificate</p> | |
|---|---|
| <p>Organization Name do hereby testify that shipment of meat beef /calves/buffaloes/goats/chickens has been slaughtered according to the Islamic Rights and Principles. Accordingly, this meet is HALAL and suitable for Muslims use. Necessary actions have been taken to prevent mixing HALAL meat with HARAM ones. Slaughtering procces has been performed in slaughterhouse where bigs slaughtering is prohibited.</p> | <p>نأب دهشت ءةن عملء ءهءلء موجل ءنحش زعاملء/سوماءلء/لوجلء/رقبلء ءهءبذ مرء ءق نجاءولء/مرانءالء/ طباوضلء و ءءاوقلء تبعاً ءنحش نإف كلءلءو. ءةمءالسإلء ءءلءاصو ءللاً ربت ء موجلءلء نءمءلسمءلء ءفءك كءلهءسإلء ءمءالءلء ناطاءلء ءءءء لالءلء موجلءلء طءء ءنمء ءةلمء ءءرءء و. مءرءلء موجلءلء ءةفء ءبذءالء ءلسمءفء ءبذءلء رءزانءلء</p> |
| Company Name \ ءنصمءلء ءكءرشلء مءسء | Halal Slaughter |
| Company Address \ ءنصءلء ءكءرشلء رقم | Uzman Krug 23, Ankara |
| Net Weight \ ءفءاصلء نءولء | 250.00 LBS, 114.00 KGS |
| Cases Number \ ءفءءانصمءلء ءءع | 15 cases |
| [- - - - Shipping Details - - - -] | |
| Shipping Method \ نءشءلء ءلءسوء | Vessel |
| Country of Origin \ أءشءنمءلء ءلءلء | Turkey |
| Off Loading Port \ ءفءرءءلء ءنءمء | Amsterdam |
| Destination \ ءءوصءمءلء ءهءولء | Almere |
| Exporter \ ءرولءلء | Muzde Halal |
| Address \ ءرولءلء ناءوء ء | Muftikaftan 23, Ankara |
| Importer \ ءرولءلء سمءلء | Halal Slaughter |
| Address \ ءرولءلء سمءلء ناءوء ء | Rapsodieplantsoen 11, Almere |
| [- - - - Slaughtering Details - - - -] | |
| Slaughterhouse \ ءلسمءلء | Halal Meat |
| Slaughtering Date \ ءبذءلء ءفءرءء | December / 2009 |
| Producing Date \ ءءءنءالء ءفءرءء | December / 2009 |
| Expiry Date \ ءءهءنءالء ءفءرءء | March / 2010 |
| Health Certificate \ ءةءصمءلء ءءاهشءلء مءرء No mpg | 23 |
| <p>AUTHORIZED REPRESENTATIVE OF _____ CODE</p> <p>SLAUGHTERING SUPERVISOR _____</p> <p>SIGNATURE _____</p> | |
| <p>2701 Briggs Chaney Road Silver Springs, Maryland 20905 Office +240 350 6909 Fax 301 384 2975 Email ICFHC@hotmail.com</p> | |