UNDERSTANDING THE GLOBAL HALAL INDUSTRY

HALAL ITBM

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DEFINING THE HALAL INDUSTRY

- THE HALAL INDUSTRY AND ANY HALAL BUSINESS IS DRIVEN BY THE MUSLIM CONSUMERS LIFESTYLE – FAITH BASED VALUES
- Want services to be shariah compliant and thayyib - Pure
- Halal Industry not just confined to food and beverage but tourism, finance, hospitality, pharmaceuticals, cosmetics.
- Key Driver is the increase demand for services vs the ability to supply this demand
- Currently the supply is not enough to meet the demand for 1.8 billion people in the world
Market Value

- Global Muslim spend across all sectors is $1.9 trillion (2015)
- Islamic finance sector has approximately $2 trillion in assets
- Pharmaceuticals and Cosmetics $133 billion
- Travel and Muslim Friendly Travel Services $151 billion
- Media and Recreation $189 Billion
- Clothing and Apparel at $243 billion
- Food and Beverage $1.17 trillion
GROWTH DRIVERS

• Fast growing young and large Muslim population worldwide

• Pew study projects Muslim population globally to grow at about twice the rate of the Non Muslim population over the next two decades

• By 2030 29% of the world's youth population will be Muslim – reflects young consumer market and an entrepreneurship engine
Islam as a way of life continues to guide all aspects of many Muslims lives including consumption behaviour.

2015 Pew global attitudes survey of select 42 countries 83% of respondents from Islamic countries considered religion as very important in their lives.

Many life choices for Muslims are defined by religion: so is it halal or not? is it permissible or not?
OIC ECONOMIES HAVE A GROWING HALAL MARKET DEVELOPMENT FOCUS

- Many OIC are now recognising the significance of this opportunity for their economic development covering food, travel/tourism, clothing, media etc.

- New government of Indonesia has made Islamic Finance, Halal Food and Halal Travel Markets a strategic focus area for its growth and development.

- Turkey has been supporting the development of its Halal Food sector growth by strengthening its Halal certification processes.
Large and fast growing Global Islamic Economies

• 57 Muslim majority member countries of the OIC had a GDP in 2015 of $17 trillion. 15% of total global GDP of $13 trillion in 2015.

• Even in climate of slow global economic growth these economies are growing at a faster rate than the global economy.
Within Islam a person’s spirituality and the purity of their soul are very much tied to the food and drink that they consume.

The Quran calls for food to be Halal and Tayyib (pure) this has led to production of some of the highest quality food as can be seen in the rise of Halal organic food.

Consequently non Muslim demand for such quality food is also increasing.

Always room for growth and opportunity eg rise in halal online meal take out and delivery platforms.

No signs of slowing down with many creative innovations taking place such as Ramadan Energy Bar and many opportunities to tap into high potential segments such as Halal baby food.

Halal Food sector will be a flourishing sector for many years to come.
High Growth Segments and opportunities

- Growing demand for halal tayyib and organic food which is attracting new players

- In the UK and US Crescent Foods and Euro Quality Lambs are serving America and Europe with high quality organic meat and chicken.

- In the past two years we have seen new entrants such as HONEST CHOPS first all natural halal meat store in New York.

- Halal Ingredients is a growing necessity given the use of non halal ingredients in food eg gelatin
FOOD TRADE BY OIC COUNTRIES

What do OIC member countries import most?

- Animal and animal products: 18.9%
  - Imports: $35 Bn
  - Exports: $16 Bn

- Vegetable products: 47.8%
  - Imports: $88 Bn
  - Exports: $65 Bn

- Food processing / Manufacturing: 33.3%
  - Imports: $61 Bn
  - Exports: $37 Bn
So which countries are doing what?

- India, New Zealand and Brazil are top three exporters to the OIC
- Turkey established certification in 2009 and is set to become the leading exporter of Halal Meat
- Pakistan since strengthening its Halal Meat Ecosystem has significantly increased meat exports to OIC markets, from $81 million in 2009, to $219 million in 2014
- Iran is seeking to significantly ramp up its export of Halal Food following the removal of international sanctions in 2016, with plans to substantially increase exports of poultry to GCC markets to 1 million tons.
Thailand’s government has set aside $5.1 billion to support the Halal Food industry through grants and certification subsidies. The country’s exports were estimated at $2.8 billion.

South Korea plans to boost its exports by a third to over $1 billion by end 2017, and is facilitating this through the establishment of the Korean Institute of Halal Industry in 2014.

China is also emerging as a key player in the Halal Food industry. Following concerns of food quality, consumers are increasingly preferring Halal-certified dairy products. There also been substantial efforts to develop a Halal ecosystem in the country, with the establishment of the Wuzhong Industrial Zone housing Halal companies.
Islamic Finance Industry plays a pivotal role in wider global economy.

Many positive developments over recent years such as rising profitability and new products such as shariah compliant pension funds.

Sector continues to be dominated by Malaysia, the UAE and Bahrain who have set up leading ecosystems to ensure that the industry thrives.

As with any industry there are challenges. Lack of awareness being one for Islamic Finance which in turn results in a low penetration level of Islamic banking.

Many countries waking up to the potential of Islamic Finance with Maldives, Pakistan and Sri Lanka making a concerted effort to develop Islamic Finance capabilities and African nations notably Tanzania and Nigeria undertaking similar initiatives.
Islamic Finance market stood at an estimated $2 trillion in assets in 2015, based on data disclosed by all Islamic Finance institutions (full Shariah-compliant as well as those with Shariah ‘windows’) covering Islamic banking, Islamic funds, sukuk, Takaful, and other segments.

- Islamic banking was responsible for $1.451 trillion
- the Takaful (insurance) sector for $38 billion
- sukuk (bonds) outstanding for $342 billion
- Islamic funds for $66 billion
- financial institutions for $106 billion.
Current and emerging leaders

- **Australia** is experiencing a rise in real estate deals using Islamic financing, capitalizing on low-risk tenants and the weak Australian dollar.

- **Azerbaijan** plans to establish its first standalone Islamic bank by 2018 following government moves to allow interest-free finance.

- **South Korea**’s state-owned Woori Bank carried out its first ever Shariah-compliant banking transaction, worth $10 million, with the Qatar Islamic Bank in January 2016.

- **The Philippines** plans to sell Islamic bonds to generate new sources of financing for the new government of President Rodrigo Duterte. New laws are also being drafted to improve the country’s Islamic Finance sector.
The GIES estimates Muslim populations globally to have spent a total of $151 billion on travel in 2015 (excluding Hajj and Umrah), 11 percent of global market spending of $1.3 trillion. Muslim spending on travel is expected to reach $243 billion by 2021. Muslim market second largest market when compared to the largest travel source countries — just after China ($168 billion) and ahead of the United States ($147 billion.)
High Growth Segments

- Beach Resorts: Muslims spent an estimated $28 billion on beach resorts in 2014. Turkey is the most established market for beach resorts, with 28 resorts dedicated to Muslim travelers.

- Luxury hotels are experiencing significant growth and expanding into the four-and five-star categories.

- Booking platforms are experiencing significant growth and are a major driver of awareness and interest in Muslim-friendly tourist packages.
Bookhalalhomes is a peer-to-peer property rental platform that connects Muslim travelers with Muslim hosts. The company is currently in the phase of signing up property owners. Homes that are added to the database need to be free of alcohol, provide Halal Food and prayer spaces.