

## The Expanding Scope and Scale of *Ḥalāl* market

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**ABSTRACT.** During the last couple of decades, the concept of *ḥalāl* markets has become ubiquitous covering sectors ranging from tourism and hospitality, fashion and clothing, pharmaceuticals and hospitals, to biotechnology and cryptocurrencies. Muslim immigration into the western world has played a crucial role in the development of this market. Increasing competition has encouraged the states to get involved directly in the regulation and standardization of the market. The increasing demand accompanied by increased affluence in the Muslim community has attracted the attention of multinational corporations. All these factors will be delved into, in detail, in this paper. This article differs from the past scholarship as a work which takes a holistic view of the expansion and growth of the *ḥalāl* market. It takes a comprehensive overview of the evolution of the scope and scale of the *ḥalāl* market and connects it with historical events, latest trajectories, global trends and developments. The objective of this paper is to identify the various elements of growth in both the scope and scale of the *ḥalāl* market and the varied factors that have contributed to this growth. In the end, an analysis of the contemporary events is done to predict the future trend in this market.

**KEYWORDS:** *Ḥalāl* market, *Ḥalāl* economy, Muslim immigration, Transnationalism, Sharī'ah standards, Muslim identity, American immigration.

**JEL CLASSIFICATION:** J15, P5, L14, L15, Q10

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## 1. Introduction

In Islam, how a person lives is as important in defining his religious identity as are his beliefs. Almost until the end of the previous century, the concerns about purity or religious permissibility on a commercial level confined in its application mainly to the food segment with a handful of financial institutions starting to dabble in the *halāl* finance products. The dawn of the latest century has witnessed the concept of *halāl* getting ubiquitous in almost every aspect of the economy ranging from conventional sectors such as *halāl* fashion, *halāl* tourism, and *halāl* education, to the contemporary ones such as *halāl* internet, *halāl* cryptocurrencies, and *halāl* dating services (Riaz and Chaudry, 2018, pp. 146-147). According to Riaz and Chaudry (2018, p. 61), the core seven *halāl* market economy sectors are *halāl* food, Islamic finance, Muslim travel, modest fashion, media/recreation, pharmaceuticals, and cosmetics.

As can be expected, while the *halāl* market is making inroads into new segments, the traditional markets of *halāl* finance and *halāl* food have gradually experienced an increase in their global share too over the years. The *halāl* food sector is predicted to be worth about US\$ 1.9 trillion by 2021. In recent years, a lot of work has been done on the ethnographic, sociological and technical aspects of *halāl* (Armanios & Ergene, 2018, pp. 4-5).

This article differs from the past scholarship as a work which takes a holistic view of the *halāl* market (rather than just the *halāl* food sector or Islamic finance sector) as well as the varied factors, examining their cumulative effect on the overall market, connecting the evolution of the *halāl* market with the historical events, latest trajectories, developments and trends. Since the 1980s, various factors such as cultural, demographic, economic, and political have contributed to the *halāl* market growth and proliferation (Armanios & Ergene, 2018, pp. 6-7). The factors which have impacted the *halāl* market have been classified in this paper into five categories: demographic changes, sociological influences, political competition, economic incentives, and market standardization.

The analysis of the effect of demographic changes primarily focuses on the immigration of Muslims in the Western world and how it has impacted the *halāl*

market. These Muslim immigrants in Europe and North America, typically tend to have more substantial disposable incomes and greater awareness of their Islamic identity and arguably play an important and perhaps more significant role than the counterparts in Muslim majority countries in molding the *halāl* market (Armanios & Ergene, 2018, p. 6).

The study of the sociological factors which influenced the immigrants and the Muslim societies, in general, is done thereafter. In more recent times, sociological factors influencing the attitude of Muslims have been a product of globalization and economic integration which have, ironically, created stronger realization and subsequent desire in the Muslim community to understand better and get closer to their cultural and religious identities. Muslims, particularly in the past few decades, have become increasingly aware of their need for Islamic products and services while they try to express their intentions of piety, build stronger faith-based communities and avoid feeling alienated (Armanios & Ergene, 2018, pp. 4-5). The incident of 9/11 has also culminated in Muslims getting closer and more involved in their respective Muslim communities in the western world as a counter-response to the subsequent prejudices against Muslims and Islamophobic incidents (Ewing, 2008, p. 10). The extremist ideologies and bigotry of the radical elements in the community left the masses in the community, who were more or less apathetic to the religious influence beyond the spiritual realm, in a state of apprehension and bewilderment (Ewing, 2008, p. 114). However, it also created inquisitiveness among them to understand the true religion and after that an awareness of the religious influences in daily aspects of life beyond the spiritual. The events of the Arab spring followed by the increasing hawkish policies of certain groups and countries in the Middle-East has led to mass migration, especially of Muslims to the Western world, on scales which are unprecedented in recent history (Ribas-Mateos, 2016, p. 5). These events are in turn leading to significant demographic changes in some of these Western societies and will likely play a crucial role in shaping the *halāl* market.

An essential factor resulting in these dramatic changes, however, at least until recently, has its genesis in economics. With increasing globalization, the

dual pressures of achieving higher revenue growth and rising profit margins started driving the strategies of the corporates. They started exploring greener pastures and identifying untapped niche markets where they could command higher profit margins. The *halāl* market economy with a potentially large and affluent consumer base on the back of increasing oil wealth, among other factors, was a direct beneficiary of these efforts. But the competition and desire to get a larger share of the lucrative sector has not been confined to the corporates alone. States have been competing too and, in some cases, have institutionalized the regulation and standardization of the market. Since the 1980s, Malaysia, for instance, has effectively driven the *halāl* standards (Fischer, 2015b, p. 2).

## 2. Growing Scope and Scale of the *Halāl* Market

The concept of '*halāl*' is as ancient as religion itself. However, it has become more visible in the public arena only during the last few decades. *Halāl* and its other extreme, *harām* are manifestations of the Islamic laws regarding the permissibility or non-permissibility of products and services. In the Arabic language, the word '*halāl*' refers to behavior, speech, dress, conduct, manner, and diet which is permissible in the eyes of Allah Almighty (Jallad, 2008, p. 79). *Halāl* applies to the products, services, conduct, or behaviors which are allowed and are permitted in Islam while *harām* applies to the expressly forbidden ones.

The global Muslim population is approximately 1.6 billion which accounts for 20 per cent of the global population and is steadily growing at 1.8 per cent per annum (Arshad, Abu Bakar, & Ramli, 2018, p. 272). Trade statistics indicate that the global *halāl* industry currently is worth US\$ 2.3 trillion (MATRADE, 2017, para 13). The Muslim middle class, which has been sustainably driving the growth in consumption over the years, is expected to increase threefold to 900 million by 2030 (Sherwood, 2016, para 10). With the increase in the global Muslim population along with the rise in their purchasing power, the global market has started paying increasing attention to the characteristics of the Muslim market, more specifically to the *halāl* market segment.

*Halāl* in the modern globalized world is not just about food and finance but also applies to fields as diverse as biotechnology, cryptocurrency, tourism, clothing, education, logistics, hospitals, and care products. For instance, Evian, a French company selling bottled mineral water, put a *halāl* sign on some of its packaged water bottles to inform the Muslim customers that the container has never been in contact with alcohol and is therefore clean/pure for consumption. According to *Women's Health* magazine, in just the last five years, it is estimated, based on the search queries, that the interest in *halāl* cosmetics has gone up ten-fold (Troy-Pryde, 2018, para 2). Muslims are estimated to have spent US\$54 Billion on cosmetics in the year 2014 (Sherwood, 2016, para 10). Ethanol use in cosmetics creates issues of permissibility to Muslim consumers; industrial alcohol has been generally considered as a permissible alternative (Riaz & Chaudry, 2018, p. 234). These *halāl* cosmetics, apart from being made with only the allowable ingredients, are also required to be breathable, which means that they should allow water to penetrate through, to the skin and nails, to enable proper purification before the prayers.

In the pharmaceuticals and drug industries, gelatin which is often the main ingredient in the manufacture of capsules needs to be produced from *halāl* sources (Riaz & Chaudry, 2018, p. 221). In genetically modified organisms and biotechnology, there are issues related to the transfer of a gene from a forbidden animal to a *halāl* animal or plant (Riaz & Chaudry, 2018, p. 225). There are ongoing efforts for *halāl* certification of the logistics operations too (Othman, Sungkar, & Wan Hussin, 2009). It does not suffice to ensure that the product is *halāl*, but this affirmation has to be extended to the operations involving transportation, warehousing, and retailing (Arshad, Abu Bakar, & Ramli, 2018, p. 274).

Even in the traditional *halāl* markets such as food, there has been significant advancement and expansion in the area of applicability of the *halāl* norms which now incorporate gelatin, glycerin, emulsifiers, enzymes, food flavors, and medications. For instance, for *halāl* cheese production, the enzymes should not be sourced from pigs. Similarly, the preservatives need to be checked since they are likely to be mixtures of natamycin, sodium benzoates, calcium propionates, and other compounds, which may contain

emulsifiers from animal sources (Riaz & Chaudry, 2018, p. 157). For the cereal-based products, the frying oil used in the production should either be a vegetable oil or oil sourced from a *halāl*-slaughtered animal (Riaz & Chaudry, 2018, p. 165). The size of the global *halāl* food and beverage market is estimated at around US\$ 1.2 trillion, constituting nearly 17 per cent of the worldwide food industry and is predicted to grow at a healthy rate of 8.5 per cent per annum until 2021 (Armanios & Ergene, 2018, p. 4). Cosmetics, soaps, perfumes, and medicines may contain fat, gelatin and other residues of animals which are not *halāl* which renders the particular product too *harām* (not *halāl*). The *halāl* products in these categories are generally either vegan or made of residues from fish and such other *halāl* substitutes.

There has been a lot of debate lately about the permissibility of cryptocurrencies such as Bitcoins in Islam. There have been quite a few *halāl* versions of this cryptocurrency in the market which claim to be asset-backed and have lower volatility in their prices, thus reducing the *gharar* (uncertainty). *Halāl* hospitality and tourism, again, include only those flights in their packages which serve *halāl* food and only those hotels which are liquor free, equipped with prayer areas, and have a separate swimming pool and spa facilities for men and women or swimming pools suitable for families with complete privacy.

According to the *Global Muslim Travel Index* (GMTI) 2017, which was produced by Mastercard and CrescentRating, the total spending by Muslim travelers is expected to rise to US\$ 220 billion by 2020 while the number of Muslim tourists is expected to grow from 121 million in 2016 to 156 million by 2020 (Mastercard & CrescentRating, 2017, p. 3). According to a report by Salam Standard, the global GDP impact of Muslim tourism in 2015 alone exceeded US\$ 138 billion while generating 4.3 million jobs worldwide and contributing more than US\$ 18 billion in the tax revenue (Salam Standard, 2016, p. 4). This contribution accounts for more than 10 per cent of the total global tourism spend and has a significant impact on the economies of several countries, boosting their local economies, creating several jobs for them and making contributions to their tax revenues. The US and the EU were the biggest beneficiaries of Muslim tourism spending, accounting for 44 per cent of the total spend or US\$ 64 billion in 2015 (Salam Standard, 2016, p. 9).

*Halāl* fashion/clothing industry has also seen tremendous growth mostly driven by women. According to data compiled by *Modest Style Guide*, Muslim consumer spending on clothing had reached US\$ 243 billion in 2015, of which modest *halāl* clothing accounted for about US\$ 44 billion. Some of the world's top brands have ventured into this sector including Dolce and Gabbana, Burberry, Uniqlo, H&M, Carolina Herrera, Toms, and American Apparel (Modest Style Guide, 2017, para 1 & 3).

Islamic finance is another application of the concept of *halāl*, perhaps the most prominent and visible one after *halāl* food. Despite a call from several quarters to integrate the *halāl* sector with Islamic financing, the pressure has been insufficient to materialize the integration in practice (Muhammed & Ramli, 2018, p. 159). We differentiate Islamic banking from its conventional counterpart, primarily in its treatment of fixed interest on loans, referred to as *ribā* in the Holy Qur'ān.

According to the Islamic Financial Services Board (IFSB), the total assets in the Islamic financial services industry stood at US\$ 1.9 trillion in 2016, the lion's share of which were the Islamic banking assets which stood at US\$ 1.5 trillion, while *shukūks*/Islamic bonds (US\$ 318.5 billion), Islamic funds (US\$ 56 billion), and Islamic Insurance/*takāful* contributions (US\$ 25 billion) made up the remaining assets (IFSB, 2017, p. 3).

Hospital is another service industry which has been adjusting to the requirements of Muslim patients. In India, for instance, medical tourism is an important industry attracting wealthy Muslim clients from the Middle-East (Narayan, 2012, para. 1). To align their services to the specific needs of Muslim customers, a lot of hospitals in India are seeking *halāl* certification. The certification requires not just serving *halāl* food to patients and having *qiblah* (Makkah direction) stickers in all the patient rooms, but also some specific etiquettes such as not entering a female patient's room without her permission (Narayan, 2012, para. 8). A female nurse seeks consent from the female patient before letting a male doctor enter her room. According to '*Halal India*', which is an independent *halāl* certification body recognized by the Indian government, at least five leading hospital groups in the country are in talks with the authority to receive the *halāl* certifications for their hospitals (Narayan, 2012, para 3).

## 2.1 Demographic Changes

The *halāl* market finds its origin in the 1980s, through food, not in the Muslim majority countries, but through the Muslim diaspora in the non-Muslim countries and the subsequent development of commercial food trade between the Muslim and non-Muslim countries (Bergeaud-Blackler, 2015a, p. 93). The development, of course, was facilitated by rapid technological progress and the wide acceptance and practice of ‘free trade’. While its inception concerned meat products, the concept started encompassing many other products and commercial services in the later stages (Bergeaud-Blackler & Bernard, 2010, p. 93). The distinction of *halāl* in the Muslim majority countries was not needed since the supply chain had, de facto, incorporated the *halāl* requirements. Pork and wine, for instance, had their separate supply chains which never got mixed with the supply chain for Muslim consumption obviating the need for ‘*halāl*’ labelling in these societies. The minority groups in these Muslim lands had to name, produce and organize their foods themselves. Hence there was no need for ‘*halāl*’ in the realms of food, cosmetics, or medicine in these Muslim countries and it will not be an exaggeration to say that such terms were almost non-existent in the day-to-day market. It was only when the Muslims migrated to the non-Muslim lands of Europe, USA, and such other countries, did they get exposed to new cultures and lifestyles and felt the need for distinction and separation (Bergeaud-Blackler, 2015a, p. 94). Mary Douglas argues in her paper that the Muslims experience the absence of discrimination in the edible space as a source of impurity, filthiness, confusion, and disorder (Douglas, 2001, p. 171). A letter from an Algerian soldier in France addressed to his father during the First World War, epitomizes this feeling of the early Muslim migrants. We have reproduced part of this letter below:

Meat is brought to us in dishes but we do not know if it is lawful or prohibited; it is a source of torment for me; I think about it night and day and I must be told what my current situation is with respect to God. Know well, my dear father, and I swear by God and by what is sacred, that I will never stop praying, that I will never lose my faith. (Meynier, 1981, p. 456)

If we are able to find *halāl* products in the markets of significant Muslim cities today, it is due to one of two reasons – the product is imported from a non-Muslim country, or as has been discussed in a later

section, it is part of the state’s strategy to ‘moralize’ the process of economic development (Fischer, 2012, p. 18).

Armanios and Ergene, in their paper, argue that the Muslims living in Europe and North America have more disposable incomes and greater awareness of their religious identity. These diasporic Muslims, according to him, play an equal or perhaps even more significant role than their counterparts in Muslim majority countries in molding the *halāl* food market (Armanios & Ergene, 2018, p. 6). The same argument can, however, be extended to the entire *halāl* industry.

Muslim immigration in secular countries has played a significant role in the development of a local *halāl* market too. In the US, there are 2.7 million Muslims out of 310 million Americans, most of whom arrived during the 1960s from India, Pakistan, Indonesia, and Afghanistan (Fischer, 2015a, pp. 143–144). Inspired by the success of kosher in the US, Islamic centers, individuals and non-profit organizations established several *halāl* certification bodies. Australia is another such country where a lot of Muslim immigrants have arrived, especially over the last 30 years, and played a significant role in the development of a local *halāl* market.

In Europe, where Muslims have immigrated over the years until Islam became the second religion, the *halāl* market has been experiencing tremendous growth. The states stayed away from regulating the *halāl* market resulting in a situation where several different Islamic groups emerged vying for leadership in *halāl* certification to address the aspirations of millions of Muslim European Union citizens for *halāl* products. Bergeaud-Blackler has differentiated these *halāl* certifying agencies into two categories – the ‘first-generation’ agencies and the ‘second-generation’ ones. The differences between the two groups throw light on how the *halāl* market developed in these countries. While the ‘first-generation’ agencies were ‘producer-led’ and focused their efforts predominantly on the international trade with Muslim importing countries, the ‘second-generation’ agencies concentrated first on gaining the trust of the local Muslim population, focusing on the needs of these local consumers (Bergeaud-Blackler, 2015b, p. 120).

The UK too saw a surge in Muslim population to almost 3 million, which accounts for 4.6 per cent of the total population, following a wave of immigration in the 1970s and 1980s. France too had Muslims immigrating around the same time and continued to do so in later years. Muslims in France are estimated to comprise 10.3% of the population in 2030, up from 7.5% today (Pew Research Center, 2011, p. 124). These waves of immigrants, while all different in their nationality, language, and culture had the uniting force of Islam which imposed more or less a uniform code of permissibility for Muslim consumption and served as a significant catalyst in the inception and growth of the global *halāl* market (Bergeaud-Blackler, 2015b, p. 112).

## 2.2 Economic Factors

Historically, Arab countries were seen as resource-poor countries with no competitive advantage and typically remained on the sidelines as silent observers of the global economic activity and wealth creation. Over the past 50 years, Qatar has transformed itself into an oil giant with the highest per-capita GDP in the world of US\$ 98,800. While Qatar may provide an exceptional example of the economic transformation of a country, the other oil-rich Muslim countries have experienced very drastic changes in their economic fortunes too. Saudi Arabia started commercial oil sales by the 1950s (Stratfor, 2015, para 6). The UAE, Qatar, and Bahrain gained their independence from the UK in 1971, while the Gulf countries continued to have new oil discoveries (Stratfor, 2015, para 8). After the Gulf oil crisis of 1973, the Gulf nations experienced unprecedented growth rates. Qatar joined the high economic growth bandwagon after the development of natural gas and liquified natural gas production capabilities (Stratfor, 2015, para 9).

Among the eleven countries which are expected to join the most significant global economies, six are expected to be Muslim majority countries, and two have a significant Muslim minority population (Sherwood, 2016, para 9). There is a clear trend of a continuous shift in the economic and political power from the mature markets in the West to the emerging markets of Asia and the Middle East, which host the majority of the world's Muslim population (Sherwood, 2016, para 11). The increasing affluence and

exposure among the Muslims increases their eagerness to live a more modern life and engage in the consumption habits of the global cosmopolitan lives while abiding by their religious standards (Armanios & Ergene, 2018, p. 6).

On the one hand, there was an increasing demand from affluent Muslims, and on the other, multinational corporations were looking at opportunities to tap into new market segments to improve their top-lines and profitability. As the traditional industries mature, companies have to look at strategies to differentiate themselves from their competitors based on product, service, price, distribution, or marketing (Linneman & Stanton, 1991, p. 160). One way in which these corporations can beat the competition is through "niche marketing". Some of the other terms which the corporates use for "niche marketing" are "market segmentation", "focused marketing", "target marketing", "regional marketing", "micromarketing" and "concentrated marketing" (Parrish, Cassill, & Oxenham, 2006, p. 695). From the perspective of a corporation, "niche marketing" is defined as "an emphasis on a particular need, or geographic, demographic or product segment" (Teplensky, Kimberly, Hillman, & Schwartz, 1993, p. 508).

In our present discussion, we focus on the niche market of '*halāl*' explicitly targeting the affluent and middle-class Muslim sections of the society who are conscious of the religious sensitivities concerning the consumption of goods and services. The *halāl* markets drew the multi-national companies, both out of a necessity of finding niche markets to beat the competition, and encouragement to grab the opportunity offered by the vast untapped market. AT Kearney, an American agency, in one of their reports on the Muslim market, encouraged the agrifood, pharmaceutical, cosmetic, clothing, banking, and tourism industries to consider *halāl* as one of the most promising markets globally (Bergeaud-Blackler, 2015a, p. 91).

The marketing of *halāl* products by these multinational corporations was a combination of a push and pull strategy. In some cases, they would identify the unfulfilled demand while in other cases, they would innovate and push *halāl* products for markets which otherwise did not exist. *Halāl* food is typically an example of the former while *halāl* fund management services and investment products would be an example of the latter. Here are a couple of examples: In

1996, Citicorp, in a bid to tap into the US\$ 120 billion deposited with various Islamic banks around the world, announced the launch of Islamic banking services which would specifically cater to “investors and businesses requiring special financial services conforming to Islamic law” (Mandaville, 2001, p. 1). Nestle, Coca Cola, Cadbury and other multinational companies have been stocking the supermarket shelves with hundreds of *halāl* approved products across the globe to serve the niche market (Armanios & Ergene, 2018, p. 5). Also, big names such as Dolce and Gabbana, Burberry, Uniqlo, H&M, Carolina Herrera, Toms, and American Apparel have started venturing into the *halāl* clothing sector (Modest Style Guide, 2017, para 3).

### 2.3 Sociological Factors

Let us look at some of the sociological factors which are also contributing to the growth of the global *halāl* market. We have taken the case of the United States of America in the present paper to elaborate on this point. In 1965, the US passed the Immigration Act which repealed the country of origin-based quota system which predominantly favored immigration of Jews and Christians. The act opened the doors to a more diverse population of immigrants with a different language, culture, religion, and ethnicity. These ‘new’ immigrants are more heterogeneous than their older counterparts (Warner, 1993, p. 1061).

Muslims formed a significant part of this ‘new’ set of immigrants and were themselves heterogeneous, hailing from different nationalities and cultures. There is rich literature available on the significant role of religion in maintaining group identity, especially among the immigrants (Ebaugh & Chafetz, 2000; Min & Kim, 2002). For, the first-generation immigrants the religion becomes more critical than it was in their original homelands, especially if they came from Muslim majority countries where they would have taken their religion for granted (Peek, 2005, p. 218). Faith in a pluralistic society also becomes a tool to maintain distinctiveness and promote self-awareness (Rayaprol, 1997, p. 33).

While the arguments so far support the idea that the sociological factors associated with the first generation of immigrants in the US supported the growth of the *halāl* market, the following discussion will prove that the second and subsequent generations of

immigrants further enhanced this effect. Michelle Byng, in his research, mentions that the second-generation Muslim Americans, while distancing themselves from their parents’ ethnic culture, accept and embrace their Muslim identities. Their experiences in the US forms their religious identity, and in this way, they are culturally American while being religiously Muslims (Byng, 2017, p. 13). Fatima Syed, a second-generation American Muslim, articulates this dichotomy very well in the following comments,

People think things about Muslims from what they see on television. We can show them that all Muslims aren’t like that. We are Americans too and we’re more like you than you think. . . [Ethnic culture is] disappearing also over time. I mean we are the second generation. [Ethnic cultural is] probably more evident in the first generation that came but not so much now. I think that’ll continue [to] happen over generations. (Byng, 2017, p. 14)

The above statements demonstrate how American Muslims experience transnationalism. Their nationality and religious identity intersect to create an American Muslim identity which is entirely free from their ethnic, cultural identities (Byng, 2017, p. 16). We can infer that despite the diversity in the immigrant population, the second and third generations of Muslims have greater clarity on their identity as Muslims (separated from their culture) and find more commonalities among them, than did their predecessors in the new land. They look at every aspect of their lives from the blend of this new identity – American and Islam, and it is the latter which then contributes to the need for an understanding of what is permissible in Islam, i.e., *halāl*. These sociological characteristics in the later generations of the immigrant Muslim population were responsible for making the search for *halāl* ubiquitous, thus expanding both the scale and scope of the *halāl* markets.

Some of the recent global events have also made incremental contributions to the *halāl* growth narrative through their sociological impact on the global Muslim population. The 9/11 terrorist attacks and the following Islamophobic reactions and behaviors towards Muslims created a more assertive identity, an *identity of crisis* among the American Muslims as a perceived threat to Islam as well as their identities (Peek, 2005, p. 219). The complex aftermath of 9/11 not only altered the everyday environment but also

shaped the possibilities and strategies for belonging, cultural citizenship, and identity in unexpected ways (Ewing, 2008, p. 6). Ironically, these events increased the importance of religion in their social and own lives. They felt that it was more critical for them to assert their faith and pietistic intentions to retain a positive self-perception while also to mitigate the public misconceptions about Islam. According to a survey of the Islamic finance professionals, the incident of 9/11 drew more attention and lead to closer scrutiny of the industry but also contributed to its increased awareness and thereby growth (Ali & Syed, 2010, pp. 36-37).

Globalization and economic integration too have affected the identities of the Muslims similar to the impact of immigration discussed earlier. With the disappearance of borders, both physical and psychological, Muslims have ironically felt the need to become aware of their religion more than ever to differentiate their identities and increase self-awareness in a world where these differences are getting withered away. Social media has compounded the effect of global *halāl* discourses which has been a significant factor in creating increased awareness among Muslims. The Internet and social networks whose development has been contemporaneous with the migration of Muslims and globalization, has enabled an intense discursive activity on the *halāl* and Islamic (Mandaville, 2001, p. 57). Until recently, only a few individuals in the community, mostly the Sharī'ah scholars had a deeper understanding of Islam. However, the massive surge of information, that has been the result of the advent and widespread use of the social media, has empowered a much more significant proportion of the Muslim population with information on their religion and created greater awareness among them about Islam and self. It has created a feeling of cohesion among them and increased their curiosity to find more about their religion in a quest to get a better understanding of their identities. There was a follow-on effect on the *halāl* market too as the tech generation of Muslims is now more conscious about what they eat or wear or where they travel or live; in short, about almost every aspect of their lives.

#### 2.4 Political Factors

Baghdad, Cairo, and Istanbul were considered to be the hubs of Islam in the medieval and early modern

days. Lately, the list has expanded to include Kuala Lumpur, Jakarta, Singapore, London, and Chicago (Armanios & Ergene, 2018, p. 6). As the *halāl* industry grew and became more and more lucrative, various governments and institutions began competing to gain and control a more substantial portion of the growing pie through their efforts in standardization, certification, and regulation (Armanios & Ergene, 2018, p. 7).

In Southeast Asia, the countries started taking steps to develop the *halāl* industry, not just to increase competitiveness in the regional market, but also to make the economic growth and modernization more acceptable and palatable to the religiously sensitive middle-income voter base (Bergeaud-Blackler, 2015b, p. 107).

In Malaysia, a Muslim majority country, politics has played an essential role in bringing *halāl* into the public spotlight with the political parties competing to outdo each other in trying to cater to the increasing aspirations of their voter base influenced by the intensifying transnational Islamic resurgence from the 1980s (Kessler, 2008, p. 73; Sutton & Vertigans, 2005, p. 23). While Malaysia is constitutionally not an Islamic country, its official religion is Islam. From the 1970s, Parti Islam SeMalaysia (PAS), the opposition party, with the support of some religious groups known as *dakwah* groups, began criticizing the policies of the United Malays National Organisation (UMNO), the ruling party alleging that UMNO's policies were too un-Islamic and influenced by their colonial traditions and secular practices. As a counter-response to this criticism, the government began to emphasize the importance and centrality of Islam in Malaysia and effectively 'nationalized' Islam in the country (Fischer, 2008, p. 37). Subsequently, in 1982, after Malaysia got Mahathir Mohamad elected as the prime minister of the country, the *halāl* market was institutionalized, vesting the responsibility for the standardization and propagation of the *halāl* concept in the hands of the state (Fischer, 2015a, p. 145). Fischer argues that the promotion of *halāl* market by the state is, in fact, a strategy to 'boycott', wherein the state is encouraging the local population to only purchase the goods and avail the services which are produced locally and are *halāl* certified by the state (Fischer, 2007, p. 31).



Malaysia, through robust support from the government, has played a very dominant role in the development of the *halāl* market and to a large extent, has been successful in achieving its hegemonic aspirations in the *halāl* field. The state has repeatedly and openly declared its ambitions to become a leader in the global *halāl* market and has, since the 1980s, complete bureaucratic control on the certification and standardization of the Malaysian *halāl* production, trade and consumption (Fischer, 2015a, p. 147). However, other players in the market including the rich and powerful Gulf states such as UAE, Saudi Arabia, Bahrain, and Qatar, who are trying to promote a more restrictive model of the *halāl* market have increasingly challenged these aspirations, arguing that the Malaysian standards are too liberal. UAE, and in particular Dubai, for instance, has been playing a very active role through the establishment of institutions and organization of global conferences in the Shari'ah-compliant trade and is gradually emerging as a key hub in the Islamic banking and finance sector (Wilson, 2014, para 1).

Turkey too has been challenging Malaysia's de facto leadership in the *halāl* market through aggressive moves in the Organization of Islamic Cooperation (OIC). It has been lobbying for speeding up the formation of the Standards and Metrology Institute for Islamic Countries, based in Istanbul through which Turkey proposes to create a *halāl* standard (Lever & Anil, 2015, pp. 38-39). It has followed a model similar to Malaysia wherein the ruling Justice and Development Party (AKP) has re-legitimized Islam in the public sphere which in turn has provided a positive impetus to the *halāl* market in the country (Cagaptay & Yegenoglu, 2006, para 8; Turner & Arslan, 2013).

These political struggles, both within and between the Islamic countries have played a crucial role in the development of the *halāl* market, especially with support from the state. The aspirations of the state were two-fold – economic and more importantly political, trying to gain religious legitimacy and authority, both within their domestic population and on a global level. The market which was mostly disorganized and unstructured with a small market, initially needed such institutional support during its infancy stage until it could build a critical mass which could sustain itself.

### 3. Standardization of the *Halāl* Market

While the market for *halāl* products and services, such as certification has been expanding, it has also been standardizing simultaneously despite contestations. One of the first areas which felt the need for *halāl* certification was the food industry. Before 1980, traders never used the term '*halāl*' although trade did take place between Muslim and non-Muslim countries (Bergeaud-Blackler, 2015b, p. 106). Mutual trust governed the trade wherein the Muslim countries would specify their particular requirements and the exporting countries obliged while also sharing the required conformity assessments with the importers. It was only after the Iranian revolution in 1979 that Iran's new supreme leader, Ayatollah Khomeini, declared a ban on imported meat which was lifted later after ensuring that the production process at the source was compliant with the Islamic principles. The method of independent third party *halāl* certification was thus started.

Islamic Institutions began offering services for *halāl* certification and training to the producers in these exporting countries which predominantly included Australia, New Zealand, and certain European countries. Today, there are more than 100 *halāl* certification agencies which are either tied to the state institutions (in some Muslim majority countries) or run independently (mostly in countries with Muslim minorities) (Bergeaud-Blackler, 2015b, p. 107). Majority of the *halāl* certification agencies will likely have agreement on over 95 per cent of the requirements for *halāl* qualification (Riaz & Chaudry, 2018, p. 242).

The aspirations for setting up the *halāl* certification agencies varies among the two types above – in the case of Muslim majority countries, some consider this as a strategic step towards gearing their socio-economic growth or establishing hegemony in their region while fulfilling a religious requirement for their Muslim population. For the agencies in the Muslim minority countries, it is seen as an economic opportunity in some cases while in others, it is a tool for *da'wah* work (religious propagation).

According to Bergeaud-Blackler, five main international initiatives attempt to standardize *halāl* (Bergeaud-Blackler, 2015c, p. 195):

- The World *Halāl* Food Council, established in Jakarta in September 1999, had 35 members in 2014 and deployed a liberal use of *halāl* standards based on the principle of mutual recognition.
- The International *Halāl* Integrity Alliance/World *Halāl* Forum, based in Malaysia and created at the World *Halāl* Forum in May 2006, aims to promote and serve as a single accreditation body for the global *halāl* standards.
- The Gulf Organization for Standardization initiated and organized by the Gulf countries on the premise that the Muslim countries will be more sensitive to the requirements of Islamic law, compared to the West.
- The Standards and Metrology Institute for Islamic Countries, set up as a *halāl* standard intended to be marketed as a standard of the OIC, is primarily lead by Turkey.
- The *halāl* standard of the European Committee for Standardization, initiated by Austria which aims to develop a “European Standard of *Halāl* Food”.

Each of the above initiatives to standardize the *halāl* market has adopted a different approach to cater to their specific requirements. While these initiatives have brought some standardization in the *halāl* market, it is unlikely that a single global standard can emerge anytime soon (Bergeaud-Blackler, 2015c, p. 196).

#### 4. Conclusion

While the discussion in this paper has covered the major factors contributing to the expansion of the *halāl* market, the comprehensive list of factors is much longer. For instance, one of the reasons behind internationalization of the *halāl* products is also that in an era of diseases and health disasters due to unhealthy habits and practices, the *halāl* products provide a clean and safe alternative (Fischer, 2015b). This trend in the *halāl* market has similarity to that of the kosher market – 60 per cent of the kosher food consumption in the US is driven by non-religious values associated with health and food quality (Lever & Fischer, 2018, p. 2).

The dynamics of events occurring in the Muslim world are more dramatic than ever, which is likely to have a profound and lasting impact on the development and growth of the *halāl* market. The Arab spring movements in the Middle-East have made their local populations who were in most cases living under oppressive regimes for very long periods, more assertive and mindful of their religious identity. The ensuing wars in Syria, Yemen, and Libya have created a global refugee crisis. On the one hand, this crisis is changing the demographics of the host nations such as Germany while on the other hand, it is increasing the popularity of the far-right groups in the Western world and incidents of Islamophobia. These developments, in turn, are likely to have a counter-effect of creating more religiously assertive Muslims, ‘identity of crisis’, as was the case following the 9/11 events discussed earlier in this paper.

The economic and political power centers also continue to shift towards the countries with either majority or significant Muslim populations which again bodes well for the future of the *halāl* market. The economic and political factors also continue to be in favor of the *halāl* market with countries and corporates competing to get a larger share of this growing pie. With more training in these fields, further developments of institutions to regulate, and the development of common standards, it is also removing the actual and perceived barriers of limited knowledge and information and making it easier for both the producers and consumers to embrace the *halāl* market.

While we have mostly studied the American market as a case study concerning the impact of Muslim immigration, we feel that there is a need for a similar analysis for the EU market, particularly in light of the recent large-scale migration of Muslims from the war-torn Arab lands to the European countries. While we did glance over the effect of globalization and social media on the growth of the *halāl* market, we feel that these topics are significant enough to attract intensive focused efforts on each.

While all these factors seem to convey that the innovation in the *halāl* market is likely to get saturated, the truth is far from being so. With the rapid advancement of technology and new ways of doing

things, the *halāl* segment will have to work overtime to keep up. The manner of trading is changing with the advancement of e-commerce. Artificial intelligence can potentially change the entire economic landscape, while cryptocurrencies and blockchain technology are giving new meanings to contracts and currencies. The increasing urbanization, global warming and population growth are demanding exponentially more from the limited resources which are necessitating new ways of production and

distribution of food and supplies. All of the above developments have direct repercussions on the *halāl* market, both in terms of scope with new areas questioning their permissibility, and scale with new technologies making *halāl* mass production and distribution possible. Industrialists and academicians associated with the *halāl* market need to be cognizant of the changing dynamics of this field and should take a more holistic view of the factors which influence and shape the global *halāl* market.

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## توسّع نطاق وحجم سوق الحلال

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المستخلص. لقد توسّع مفهوم 'سوق الحلال' خلال العقدَيْن الأخيرَيْن، فأصبح يغطّي قطاعات مختلفة التي تتراوح من السياحة والضيافة والأزياء والملابس والأدوية والمستشفيات إلى التكنولوجيا الحيوية والعملات المشفرة. ولعبت هجرة المسلمين إلى العالم الغربي دورًا حاسمًا في تطوير هذا السوق. ونجد أن المنافسة المتزايدة قد شجعت الدول على التدخل المباشر في تنظيم وتوحيد السوق ووضع معايير موحدة له. إن الطلب المتزايد المصحوب بزيادة تكوين الثروات والثراء في المجتمع الإسلامي العالمي قد اجتذب بدوره انتباه الشركات متعددة الجنسيات. كل هذه العوامل المختلفة سيتم الخوض فيها بمزيد من التفاصيل في هذه الورقة. تختلف هذه الورقة عن الدراسات السابقة كبحث يأخذ نظرة شمولية للتوسع والنمو في سوق الحلال. تنظر هذه الورقة بنظرة شاملة على تطور نطاق وحجم سوق الحلال وتربطه بالأحداث التاريخية وأحدث المسارات والاتجاهات والتطورات العالمية. الهدف من هذه الورقة هو تحديد عناصر النمو المختلفة في كل من نطاق وحجم سوق الحلال والعوامل المختلفة التي ساهمت في هذا النمو. وأخيرًا، تم إجراء تحليل للأحداث المعاصرة للتنبؤ بالاتجاه المستقبلي في هذا السوق. الكلمات الدالة: سوق الحلال، اقتصاد الحلال، هجرة المسلمين، القومية، المعايير الشرعية، الهوية الإسلامية، الهجرة الأمريكية.

تصنيف JEL: J15, P5, L14, L15, Q10

تصنيف KAUIE: L21, F0, P1