

# Is the Halal industry becoming more attractive than before?



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**It has been fascinating to witness how the Halal industry has evolved over the past few years. There has clearly been a lot of activities as companies, organizations and even countries strategize to position themselves in this growing marketplace.**

The global Halal market of 1.8 billion Muslims is no longer narrowed to food and food-related products. The industry has expanded beyond the food sector, comprising cosmetics, health products, pharmaceuticals and medical devices, as well as service sector components such as marketing, logistics print and media, packaging and financing.

Furthermore, with the increase of the Muslim population, the Halal industry has extended further into lifestyle offerings including Halal travel, fashion and hospitality.

Halal food and beverage leads Muslim spending by category at US\$1.37 trillion, followed by clothing at US\$283 billion, media and recreation expenditure at US\$220 billion, and the tourism expenditure and consumer pharmaceuticals and cosmetics at US\$189 billion and US\$156 billion respectively.

**“The Halal market is not exclusive to Muslims”**

Several countries have taken the lead in the development of the Halal industry including Malaysia, followed by the UAE, Bahrain, Saudi Arabia and Indonesia. These countries took serious action in the development of the Halal industry. Malaysia is introducing new initiatives to accredit Halal certifiers worldwide, issuing the first Islamic fintech crowdfunding license and launching a new certification scheme for Muslim-friendly hospitality.

Meanwhile, the UAE announced a new banking law that came into force in September 2018, stating that each Islamic financial institution will have to establish an approved internal Shariah supervisory committee and internal Shariah auditing processes. The UAE also introduced new regulations in May 2019 regulating Takaful and Sukuk issuance both inside and outside the country.

Bahrain has pushed the Islamic finance sector toward digitization, supported by the launch of Bahrain Fintech Bay and Bahrain Islamic Bank as the first full-fledged digital bank. Saudi Arabia carried transformational phases last year to fully open itself to international tourism and invest largely to develop the kingdom for tourism while announcing an e-visa system for 49 countries.

At the same time, Indonesia made a significant move with the launch of its Halal Economy Masterplan 2019-24 and the establishment of the National Shariah Finance Committee, with



the main goal of pushing the role of the Islamic economy in driving economic growth. This masterplan strengthens collective efforts to push Halal tourism in the country, and further develop a robust and strong ecosystem of business across Halal food, Muslim fashion and Islamic finance.

The Halal market is not exclusive to Muslims, and has gained increasing acceptance among non-Muslim consumers who associate Halal with ethical consumerism. Many non-Muslim countries such as Japan, Australia and Thailand have recognized the emerging global trend in consumerism towards Halal products and services, and now try to tap into the Halal industry.

Japan is one of a few countries focused on attracting 1 million Muslim travelers a year. The upcoming 2020 Olympic Games to be held in Japan is an opportunity to attract Muslim tourists, and Japan is offering free visas for Muslim tourists, particularly from Indonesia, Malaysia and Thailand.

Meanwhile, Australia, the largest meat exporter, is recognized as a world leader in Halal meat production. The country targets to export its Halal meat to the Organization Islamic Committee (OIC) countries, where the value of the export has reached AUD1.42 billion (US\$823.46 million) in 2013-2014 (Australian Government Department of Agriculture, 2015).

In addition, Thailand has become one of the largest Halal food exporters in the global market due to the Thai government's urge to develop Thai Halal food products to help push the country's exports.

Opportunities in the Halal industry are attractive, particularly the revenue developments from technology involvement in each sector. Halal traceability platforms in the food industry, for instance, is able to connect the entire supply chain from producers to auditors and certifying bodies, while fintech companies are considering Shariah compliant products as financing alternatives for businesses. In the Halal lifestyle sector, app-based Islamic lifestyle services can be one of the significant investments for investors, governments and businesses. (P)