

# *Halal food*

## **An important issue in global food industry**

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As Islam has program for controlling human being social life, it has considered a number of plans and programs for his/her personal life which is the list of criteria of “Halal”, including eating, drinking, clothing, dressing, applied tools in life. Each should be sealed by Halal on the basis of Islamic Shariah. Islamic community, has safeguarded this independent system, and regulated a special life according to such Shariah resulted from the divine inspiration within the human community during fifteen centuries. Now, in the globalization age, development of such standard Halal criteria in all aspects of life sponsoring by standard monitoring centers is a must, so that all product is presented by a special brand to guarantee the consumers’ tranquility of mind at global stage and all producers should be committed to accept such system of monitoring. The global Halal food market is on the threshold of major developments that hold the promise of rapid and sustained growth. With the Halal food market currently accounting for as much as 12 percent of global trade in agri-food products, major growth will generate growth opportunities throughout the

agri-food industry. Many reports on the Halal market focus on meat, but products sold under the Halal label cover virtually every agri-food product plus non-food products such as cosmetics even cloths and.... A very wide range of products are labeled Halal such as sauces, bottled water, tea, coffee and fruit drinks. Determining the “halalness” of a product goes beyond ensuring that food is pork-free. Carnivorous animals, amphibians (frogs and mangrove crabs) and all insects except grasshoppers are not Halal. Intoxicants in any form are also off-limits. Meat from permissible animals such as poultry and cattle must be slaughtered in accordance with Islamic rites to render them Halal. Halal food also adheres to stringent standards in hygiene and sanitation. The certification of Halal food has been conducted in Malaysia since 1982 by the Department of Islamic Development of Malaysia (JAKIM). The Codex Alimentarius Commission, which is responsible, under the United Nations, for regulations of food preparation globally, has cited Malaysia as the first country in the world in terms of justification of Halal food. Participants at the world Halal forum hope to devise unified standard and a common labeling system for all Halal products. Halal food certification refers to the examination of food process, from the preparation, slaughtering, ingredients used, cleaning, handling and processing, right down to transportation and distribution. The concept of Halal food is truly from the farm to the table, and must be nutritious and prepared from permissible ingredients in a clean and hygienic manner. Logistics and packaging are vital too. Non-Halal and Halal goods must also be kept separately in the storage or during transportation and distribution in order to prevent contamination. The success of Halal food industry, in both domestic and export markets, depends on a broad range of policy developments including those related to the law and regulations, support services and infrastructures, such as human resource development, finance, as well as marketing and promotional efforts and also add value through providing services such as Halal management, logistics and finance. Halal business and Islamic finance have integral roles to play in the development of a strong Halal economy. This new idea ensures Halal-related businesses are ‘100 percent Halal’. Islamic source of funds also promote the growth of a global potential that is, in reality, in dire need of Muslim entrepreneurs. To ensure that the whole production process is Halal, the source of the financing should also be from a Halal source, i.e. using Islamic banking services. Halal business cover a wide span of economic activities, from farming to manufacturing and processing of food, from selling food in stalls by the road side to the import and export of commodities between nations, from car manufacturing to infrastructure building. These activities rely substantially on the financial market to facilitate their transaction, and Islamic banking and finance industry is the only natural ally to all types of Halal activities. The world Muslim population is approaching 1.6 billion people, mainly residing in the Middle East, in southeast Asia and in Central Asia. Muslims are expected to

account for 30 percent of the world’s population by 2025. If every Muslim spends just \$1 a day on Halal food, the total would come up to \$584 billion a year.

**The value of Halal food trade annually is \$2100 billion** which shows the high potentials of Halal food trade in the world. Malaysia has been globally recognized as the world’s Halal food hub and it’s the forerunner in this industry. Malaysia is not the only country that covets Halal markets. Stiff competition abounds from both Muslim and non-Muslim nations, including Brunei, Thailand, the Philippines, Australia and New Zealand. United Kingdom and France are now the next important producers after Malaysia.

**Key Halal markets in Muslim countries:**

Algeria (33.1 )	Qatar(0.6 million)
Iraq (26.9 million)	United Arab Emirates(4.6 million)
Morocco(31.8 million)	Indonesia(226.7 million)
Tunisia(10.1 million)	Lebanon(3.8 million)
Bahrain(0.8million)	Saudi Arabia(24.9 million)
Jordan(5.80 million)	Yemen(21.9 million)
Oman(3.1 million)	Iran(71.1 million)
Turkey(72.5 million)	Malaysia(26.6 million)
Egypt(72.6 million)	Syria(18.9 million)
Kuwait(2.5 million)	

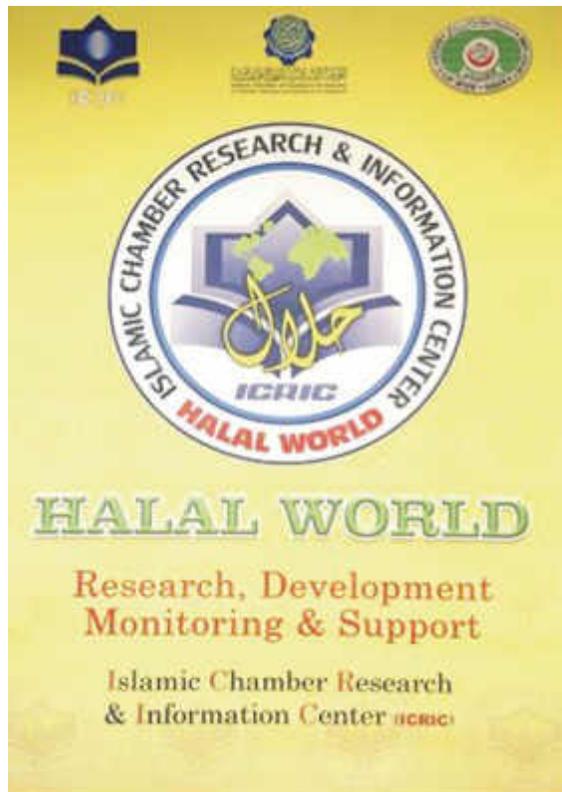
**Key Halal markets in non- Muslim countries:**

India(140million)	France(6 million)
China(40 million)	Germany(3 million)
USA(8 million)	United Kingdom(1.5million)
Philippines(60 million)	Canada(800000)

**Global Halal Market:**

The global market for Halal food products presents many opportunities for suppliers. Opportunities exist across a wide range of products covering almost all food categories. Traditionally, the Halal market has been seen as consisting primarily of meat products but more and more consumers are seeking Halal certified

products across the entire food industry. Given the competitive nature of the global Halal market, potential new entrants should consider matching their product offerings with particular markets. Some industry experts suggest that potential entrants should think in terms of “Halal plus”, meaning enterprises should ask what it is they are offering that is not already available in the target market. Simply entering a market with offering similar to those currently available is not likely to succeed. Exporters’ chances of success will likely be increased by introducing a new or differentiated product to a target market. While the range of potential markets is very wide, experts seem to agree that the most promising are the fast growing economies of the Middle East, especially members of the GCC, ASEAN, Western Europe, and the US. Europe is seen as an important market for Halal products on the basis of higher purchasing power rather than population size. Furthermore, non-Muslims’ willingness to purchase Halal food adds to the attractiveness of the European markets. In particular, one study has indicated that Dutch consumers in general are willing to purchase Halal products on the basis of the belief that such products are safe. France is the largest market for Halal products among non-Muslim countries. The value of the French market for Halal products has been estimated at over \$13 billion. The port of Rotterdam is attempting to become recognized as the key Halal entry point for the European market. The port intends to indicate one warehouse solely to Halal products, and is thereby going a long way towards ensuring that Halal products do not come into contact with non-Halal products. In some European countries, the size of Muslim households is declining and leading to a reduction in the importance of formal family meals. In addition, more homes are being equipped with extra freezing capacity and microwaves ovens. Both trends are increasing the importance of convenience foods.



The main European Halal food producing countries are: United Kingdom, France and Germany. The US markets for Halal products is estimated at \$12 billion annually and domestic sales are growing. Estimates on sales growth are difficult to obtain, but US sales of Halal food have increased by more than 70 percent since 1995. Australia is a major supplier of Halal products, with exports to over 70 countries. Australia's competitive advantage in the global Halal market stems from its reputation as a producer of safe, disease-free food products. It is the first non-Muslim country to place Halal certification under legislation, although opinions differ on the importance of the legislation. Asia has the largest Muslim population of any given region, but the population has modest per capita incomes, and hence lower total food consumption than other areas. For example, high population countries like India and Pakistan have relatively low consumer incomes and consequently exhibit lower per capita protein consumption. Despite lower income levels, this region has been at the forefront of capitalizing on the growing Halal market. Malaysia, Thailand, Singapore, the Philippines, Brunei, China and India have all taken steps to tap into the global Halal market. Malaysia, in particular, has designs on becoming an international Halal hub and its government has taken a number of measures to support that objective including the establishment of the Halal development corporation. The Singapore food industry has also taken a number of steps toward becoming a Halal hub, including an advertising campaign in the Middle East. Thailand has moved to become a recognized Halal center of excellence in science and testing. Brunei is co-operating with Australian companies

in order to combine its role in the Muslim world with Australia's track record in safe, high quality food production. The Chinese Halal industry is growing and is expand its role in the global market. At the moment, the key advantage of the Chinese Halal industry is access to cheap labour. China recently signed a Memorandum of understanding with the European Commission (EC) and already has several EC approved companies ready to export Halal products to European markets. Indian exporters are attempting to gain recognition through the achievement of HACCP, ISO and Halal certification. While Asia is a market of interest, simply because of its size as the largest Muslim region, it must be noted that key players in the region are taking steps to become key suppliers or certifiers. Their efforts to date have already expanded beyond their own regional confines and they will surely be major players in the global Halal market. On the positive side, as markets with limited agricultural capabilities attempt

#### **Agri-Food imports by main Halal markets (2006):**

<b>country</b>	<b>Population (million)</b>	<b>Agri-Food imports from world (US\$)</b>
Algeria	33.1	4.1 b
Bahrain	0.8	522 m
Egypt	72.6	4.0 b
Indonesia	226.7	6.2 b
Iran	71.1	3.2 b(2005)
Iraq	26.9	2.0 b(est.)
Jordan	5.8	1.5 b
Kuwait	2.5	1.0 b(est.)
Lebanon	3.8	1.4 b(est.)
Malaysia	26.6	6.6 b
Morocco	31.8	2.3 b(2005)
Oman	3.1	1.0 b(2005)
Qatar	0.6	663 m(2005)
Saudi Arabia	24.9	8.7 b(2005)
Syrian Arab.Rep.	18.9	1.4 b(2005)
Tunisia	10.1	1.2 b(2005)
Turkey	72.5	3.1 b
UAE	4.6	4.6 b(2004)
Yemen	21.9	0.9 b(est.)
Total	658	53 b

to become international certifiers and Halal hubs, they will surely be looking for inputs to meet the needs of a growing industry. Middle East countries, especially members of the cooperation council for the Arab States of the Gulf (GCC), have higher incomes and consequently higher per capita rates of consumption. In addition, the region must import 80 percent of its food requirements. Saudi Arabia and the United Arab Emirates (UAE) are seen as the most important import markets in the region. Currently Brazil is the largest exporter to the two countries followed by the EU and the US. Turkey, a large market in itself, and is leading the supply to European markets, particularly to EU countries with large Muslim population such as France and Germany. Egypt was recently seen as the most important market for Halal food in North Africa. There is no denying the size and importance of the Halal food market. Estimates on the size of the global Halal market range from \$500 billion to \$2 trillion. The conservative value of an annual \$500 billion is a reasonable estimate of global spending on Halal food, as it assumes per capita spending on such products to be approximately \$300 per year. **Global trade in Halal food products is estimated to be \$80 billion, or some 12 percent of total trade in agri-food products.** With expected increases in both population and incomes of Halal consumers, this percentage is certain to increase. Furthermore, with the Muslim population projected to account for 30 percent of the world's population by 2025, Halal food could easily account for 20 percent of world trade in food products in the future.

### Beef and Veal imports by Major Halal Markets:

Reporting Countries	US Dollars			% Share			%Change 2006/2005
	2004	2005	2006	2004	2005	2006	
Algeria	149,232,934	180,058,952	145,066,005	13.69	14.16	23.18	-19.43
Bahrain	10,080,105	10,513,843	11,548,545	0.93	0.83	1.85	9.84
Egypt	198,795,186	319,731,721	0	18.24	25.14	0.00	-100.00
Indonesia	52,382,568	74,736,568	84,837,014	4.81	5.88	13.55	13.51
Iran	91,972,158	51,807,009	0	8.44	4.07	0.00	-100.00
Iraq	12,073,942	9,919,309	15,082,036	1.11	0.78	2.41	52.05
Jordan	37,634,077	49,180,166	63,096,152	3.45	3.87	10.08	28.30
Kuwait	49,295,104	80,914,142	40,153,680	4.52	6.36	6.42	-50.37
Lebanon	51,495,000	0	0	4.73	0.00	0.00	
Malaysia	182,355,544	198,765,547	190,319,123	16.73	15.63	30.41	-4.25
Morocco	2,336,365	3,057,315	3,632,511	0.21	0.24	0.58	18.81
Oman	20,971,465	23,046,729	0	1.92	1.81	0.00	-100.00
Qatar	6,230,837	12,066,632	0	0.57	0.95	0.00	-100.00

Saudi Arabia	130,390,339	131,278,351	0	11.97	10.32	0.00	-100,00
Syria	0	0	0	0.00	0.00	0.00	
Tunisia	22,862,302	22,706,922	0	2.10	1.79	0.00	-100.00
Turkey	75,071	0	0	0.01	0.00	0.00	
UAE	67,607,424	98,865,799	71,661,808	6.20	7.77	11.45	-27.52
Yemen	3,926,655	5,140,765	527,959	0.36	0.40	0.08	-89.73
Total	1,089,717,076	1,271,789,770	625,924,833	100,00	100,00	100,00	-50.78
<b>Reporting Countries import statistics (Partner country: World) Iraq, Kuwait, UAE and Yemen based on exporting country data.</b> <b>Source: Global Trade Atlas</b>							

### **The most important reasons drive the Global Halal Food markets:**

- Growth in the Muslim population, the primary market for Halal food.
  - Rising incomes in primary markets for Halal food.
  - Increasing demand for safe, high quality food in primary markets.
  - Increasing demand for greater variety in primary markets.
  - Incidents of food marketed as Halal but failing to meet Halal requirements has spurred demand for genuine Halal products.
- Gateways to participation in the Global Halal Food Market:
- Production or processing
  - Exporting
  - Retailing
  - Providing inputs to the processing sector.
  - Supplying hotels, restaurants and institutions.
  - Private label production
  - Transportation or logistic support Management services.
  - Consulting
  - Training
  - Marketing or trade promotion



### **Iran Halal market:**

The Halal brand for Iranian products was granted and one logo was determined. Allocation of Halal brand will help decrease the cost of goods exchanges and increase (OIC) has embarked to study and research on the subject to meet this need in Muslimworld. ICRIC also has embarked to adapt a monitoring system in “Halal Product” including “Halal Food” through adding up the implemented activities in this ground. ICRIC wishes to register the “Halal” brand as well as to develop an especial monitoring system for it by the help of Halal producers in Muslim world. Moreover ICRIC wishes to support the development and expansion of such Halal product by setting up a number of fairs and exhibitions, and in its next steps, it could bring about other kinds of supports for such manufactures at the global stage. Halal standard and label will make shopping easier for consumers and it will also make it easier for food producers to enter the Halal market. By following certain rules, producers will be able to obtain a Halal certificate that is recognized worldwide, allowing them to expand their sales opportunities. Considering the export of Iranian products, using of Halal brand is necessary and cause the world market to be inclined to Persian Foods. In the last year, the export of Iranian food products was \$260 million and due to the high potentials of Iranian companies in producing Halal products, it is predicted that food export will be increased over \$700 million.

### **Poultry imports by Major Halal Markets:**

Reporting Countries	US Dollars			% Share			%Change 2006/2005
	2004	2005	2006	2004	2005	2006	
Algeria	541,280	685,111	395,806	0.05	0.05	0.08	-42.23
Bahrain	33,335,183	31,824,594	33,734,353	3.20	2.35	6.50	6.00

Egypt	395,752	391,881	0	0.04	0.03	0.00	-100.00
Indonesia	1,310,309	4,121,218	5,228,266	0.13	0.30	1.01	26.86
Iran	14,360,374	0	0	1.38	0.00	0.00	
Iraq	25,643,575	27,955,449	25,473,078	2.46	2.06	4.91	-8.88
Jordan	15,239,759	18,493,618	21,547,814	1.46	1.37	4.15	16.51
Kuwait	115,298,626	185,780,382	121,344,301	11.05	13.72	23.38	-34.68
Lebanon	6,646,000	0	0	0.64	0.00	0.00	
Malaysia	25,428,181	27,149,879	26,875,750	2.44	2.01	5.18	-1.01
Morocco	1,801,515	2,600,255	2,402,215	0.17	0.19	0.46	-7.62
Oman	55,989,813	65,172,663	0	5.37	4.81	0.00	-100.00
Qatar	44,660,643	38,070,869	0	4.28	2.81	0.00	-100.00
Saudi Arabia	455,871,575	638,896,032	0	43.70	74.19	0.00	-100.00
Syria	1,861,394	3,025,566	0	0.18	0.22	0.00	-100.00
Tunisia	671,328	867,047	0	0.06	0.06	0.00	-100.00
Turkey	16,266	252,697	0	0.00	0.02	0.00	-100.00
UAE	155,900,016	208,278,003	210,307,441	14.94	15.38	40.52	0.97
Yemen	88,267,843	100,273,669	71,751,867	8.46	7.41	13.82	-28.44
Total	1,043,239,432	1,353,838,933	519,060,981	100.00	100.00	100.00	-61.66

**Iraq, Kuwait, UAE are based on exporting country data**  
**Source: Global Trade Atlas**

the speed of exchanging goods and services. Through allocation of this brand customers will be able to have more confidence to the system and they can also utilize the benefits and advantages of it. According to the differences between brand and standards, through allocation of this brand advantages will be given to producers and manufacturers but standards will not bring any advantages to the producers and manufacturers and they just help to establish confidence between customers.



Globalization of Halal brand through Islamic country will be a successful step towards having unified Islamic markets, after linkage of Islamic markets together the opportunities of trade and investment will increase. In an international level of trade, Muslim customers need to know about whether the supplied goods are Halal or not.

Pointing to the role of Islamic Chamber Research Information Center (ICRIC) in the field of Halal food, this center has tried to utilize the experiences of all the countries in order to help the process of producing and supplying food to be done with a unique brand. Halal brand will be a practical step for activating Islamic markets and through this way exportation to other countries will be increased. According to the reliance of people to Islamic Republic of Iran, the government will have control over every product and will also have control on food production, importation and exportation to be Halal any way. Islamic Chamber Research and Information Center (ICRIC), affiliated to Islamic Chamber of Commerce and Industry (ICCI) and a member of the family of Organization of Islamic Conference (OIC) has embarked to study and research on the subject to meet this need in Muslim world. ICRIC also has embarked to adapt a monitoring system in “Halal Product” including “Halal Food” through adding up the implemented activities in this ground. ICRIC wishes to register the “Halal” brand as well as to develop an especial monitoring system for it by the help of Halal producers in Muslim world. Moreover ICRIC wishes to support the development and expansion of such Halal product by setting up a number of fairs and exhibitions, and in its next steps, it could bring about other kinds of supports for such manufactures at the global stage. Halal standard and label will make shopping easier for consumers and it will also make it easier for food producers to enter the Halal market. By following certain rules, producers will be able to obtain a Halal certificate that is recognized worldwide, allowing them to expand their sales opportunities. Considering the export of Iranian products, using of Halal brand is necessary and cause the world market to be inclined to Persian Foods. In the last year, the export of Iranian food products was \$260 million and due to the high potentials of Iranian companies in producing Halal products, it is predicted that food export will be increased over \$700 million.