

## **Global Halal Food Market and opportunities for Pakistan**

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### **Abstract**

In this paper, we discuss the opportunities prevailing in the lucrative food market, “halal food market”. The populations of 1.6 billion of Muslims around the globe make this segment of food market very attractive for the food producers. Moreover, the population of Muslims is on the rise in all the regions of world, which makes this market an “ever growing market”. This market is also not limited to only the food items but covers the segment of medicinal and cosmetic products claiming it to be highly profitable market. Many countries of the world are exploiting these opportunities. Pakistan being a Muslim country where all the production processes are based on the Islamic principles of sharia can exploit these opportunities to the fullest without lesser efforts as compared to other countries. At present Pakistan is holding 0.26% share of the global halal market. There is a need for lot of efforts in this scenario. The main recommendation in this regard is the establishment of global marketing plan and strengthening certification system for halal food.

**Key Words:** Halal food, market, opportunities

### **Introduction**

Nature has blessed human beings with many resources to meet their needs. Food is biggest human need for living in this world. Food is a basic necessity of human beings. However, food habits differ across various regions, religions, and tribes. The selection and processing of food also depends on factors like ethnicity, religion, and culture with religion being the most significant factor to influence the patterns and habits of diet (Qureshi, S., et al, 2012). The food habits of Muslims are unique and different as compared to other dietary traditions around the globe. Muslims consume “halal” food. The growing population of Muslims has attracted the attention of food marketing companies towards this very lucrative market segment (Zakaria, Z., 2008). Before extending our discussion, it is pertinent here to discuss the concept of “halal”.

The main challenge in halal market understands of what Muslim consider halal. There is dissimilarity of Muslim consumers across the different ethnicity. The level of halal food perception among non-Arab Muslims is than Arab Muslims. Non-Arab Muslims are more careful than Arab Muslims, when purchasing food products (Hashim Azura, H & Othman, Md Nor, n.d.). The main

challenge in halal food is interpreting of what Muslims consider halal, even this phenomenon has lead to fraud and misunderstanding.

The demand for the halal foods and services is increasing every year. Despite the growing revenue and importance of halal food market, this segment of market has been ignored (Bernama, 2009; Fischer, 2008; Bonne et al., 2008). Halal food market is not a single market; it is a fragmented market where every region has its different characteristics (Sungkar, 2009).

Muslims are bound to eat halal food, this is found in Quran (the Holy book of Muslims) and in Sunnah, the practices of Prophet Muhammad Peace Be upon him (Hussaini, 1984). Muslims all around the world are aware of importance of the halal food this has led to expansion of world halal food industry (Che man et al., 2010). This means globally halal wave is expanding as Muslims are becoming more conscious about halal foods and services.

The easy way for Muslims is purchasing products and services with halal logo or certification, especially in non-Muslims countries. Halal logo plays important role in Muslims consumers purchasing decision (Shafie, et al., 2006; Shaari, 2009; Golnaz, 2008). Despite of lalal logo Muslims prefer to purchase and consume products and services from their own countries or Muslim countries

“Halal” means anything or an action which is allowed to use engage in, according to the teachings of Quran (the Holy Book) and Sunnah, the teachings of Prophet (PBUH). Mostly, the term “Halal” denotes the permissible food as per the laws of Islam. For instance, Halal meat comes of halal animals which have been slaughtered and processed according to the Islamic Jurisprudence(Qureshi, S., et al, 2012). In a broader perspective, food is not halal if it comes in any of the forms like emulsifiers, and other substance of food. These substances include glycerin, enzymes, lecithin, and additives like coloring, flavoring, breadcrumbs and stabilizers(Zakaria, Z., 2008). The Quran, the Holy Book Islam provides a clear detail of food which is not halal:

“Forbidden unto you are: carrion and blood and swine flesh, and that which hath been dedicated unto any other than Allah, and the strangled, and the dead through beating, and the dead through falling from a height, and that which hath been killed by the goring of horns, and the devoured of wild beasts save that which ye make lawful, and that which hath been immolated to idols. And that ye swear by the divining arrows. This is abomination” (Quran, V:3).

The following list provides instances of primary concern as to which products aren't-Halal. These are:

- pork and products of pork
- animals that have not been slaughtered according to Islam
- dead or killed animals
- while slaughtering if a name other than God has been invoked
- birds of prey or carnivorous
- products of blood and blood itself
- intoxicants and Alcohol
- contamination of Halal with haram products makes it haram

The purpose of this paper is to analyze the demand of halal products in the global market place and highlight the opportunities for Pakistani exporters to benefit from. The paper has been divided into three sections. First section discusses the concept of halal products. The second section highlights the size the global halal food market given the population of Muslims around the world. The third section discusses the efforts made in Pakistan and draws attention of Pakistani exporters.

## Global Halal Food Market

### (i) Key Markets

Muslims are the major customers of halal products. They are 25 percent of the total population of the world. This market segment offers lots of opportunities for marketers of halal products. Not only the population is increasing but also the levels of education, and incomes are on the rise. Education coupled with the income is resulting in awareness and increased demand for products and services that conform to the Islamic norms. As discussed previously, Islamic dietary laws and regulations govern the preparation food which that is halal, and is permissible, lawful and clean to consume. The following table (table 1) shows the distribution of Muslim population all over the world.

The largest population of Muslims is concentrated in the Asia-Pacific region having a higher demand of halal products. The North-Africa and the Middle East are also profitable markets because several countries have majority of Muslims. In certain regions like Australia, Europe, and United states, the market is also growing for halal products because of food quality and safety concerns(A.a.A.-F, 2011).

Having sustained the stable growth rate in the times of financial crisis, the costumers have the power and will to buy in the Asia-Pacific. The exporters can squeeze larger profits in this region. The segment of consumers with the awareness of humane animal treatment is also among the potential buyers of halal food. The consumers with higher incomes are also among the potential buyers in this region.

**Table 1:** World Muslim Population by Region[4]

Region	Estimated 2010	Estimated 2010 Total Population	Percentage of Population that is Muslim
Asia-Pacific	985,530,000	4,054,990,000	24.3 %
Middle East-North Africa	317,070,000	341,020,000	93.0
Sub-Saharan Africa	248,110,000	822,720,000	30.2
Europe	43,490,000	742,550,000	5.9
North America	3,480,000	344,530,000	1.0
Latin America-Caribbean	840,000	590,080,000	0.1
<b>World Total</b>	<b>1,598,510,000</b>	<b>6,895,890,000</b>	<b>23.2</b>

In the Middle Eastern countries, the per capita incomes and consumption rates are higher. There is a higher concentration of wealth in countries like United Arab Emirates, Saudi Arabia, Qatar, Oman and Kuwait. Over the last few years, there has been rapid economic activity in these countries

resulting in larger household incomes. In this region UAE and Saudi Arab top the list with higher demand of Halal products. North-Africa is also a major market of halal food. This region fulfills most of its needs through imports. The per capita income and levels of education are main drivers of demand in this region. Egypt is biggest market player in this region with a Muslim population of 70 million (Global Pathfinder report, 2011).

In the Sub-Saharan Africa, Muslims are 30% of the total population. Nigeria has the largest consumer base in this region. The other countries with Muslim-majority are Niger, Burkina Faso, Mali, Senegal, Somalia and Guinea. Since the incomes are lower in this region, the purchasing power is also low. However, Sub-Saharan Africa may witness growth in future turning out to be an attractive market. The demand in Muslims-majority countries can be exploited very in a decent manner.

Higher per capita income coupled with growing population of Muslims has increased demand for halal products in European Union. Since the animals are given kind treatment in halal methods of preparing food and are cleaner, not only the Muslims but the also the non-Muslims have become potential buyers of halal food in this region. Russia France, Germany, UK, Netherlands, and other countries in Eastern Europe are big markets.

The population of Muslims in North America is on the rise and offers many more opportunities for the exporter of halal food. The major markets of halal food in North America are Canada and United States of America. Many companies in USA have halal product lines like Cargill, ConAgra, Tyson, and Oscar Mayer. In South America the Muslim population is also increasing with Argentina having 1 million Muslim Citizens (A.a.A.-F, 2011).

#### (ii) *Size of the Market*

The size of the halal products market has grown considerably during the last decade. The volume of halal market stands at \$635 billion per annum. This is closer to 17% of the whole food industry around the world. It is obligatory for Muslims to consume only the halal products including food, drink, and medicine to ensure they are following the teachings of Islam. This kind of an obligation by Muslims has stimulated the demand for halal products over the globe. Having recognized this fact big companies like Tesco, McDonalds, KFC, and Nestle have added halal products to their lines of products. According to an estimate, these companies have captured 90% of the halal market (A.a.A.-F, 2011). The following table (table 2) shows the size of halal products market in monetary terms.

**Table 2:** Global Halal Market Sizes by Region in US \$ billions

Region	2004	2005	2009	2010
<b>1. Africa</b>	<b>136.9</b>	<b>139.5</b>	<b>150.3</b>	<b>153.4</b>
<b>2. Asian Countries</b>	<b>369.6</b>	<b>375.8</b>	<b>400.1</b>	<b>416.1</b>
GCC Countries	38.4	39.5	43.8	44.7
Indonesia	72.9	73.9	77.6	78.5
China	18.5	18.9	20.8	21.2
India	21.8	22.1	23.6	24.0
Malaysia	6.6	6.9	8.2	8.4
<b>3. Europe</b>	<b>64.3</b>	<b>64.4</b>	<b>66.6</b>	<b>67.0</b>
France	16.4	16.5	17.4	17.6

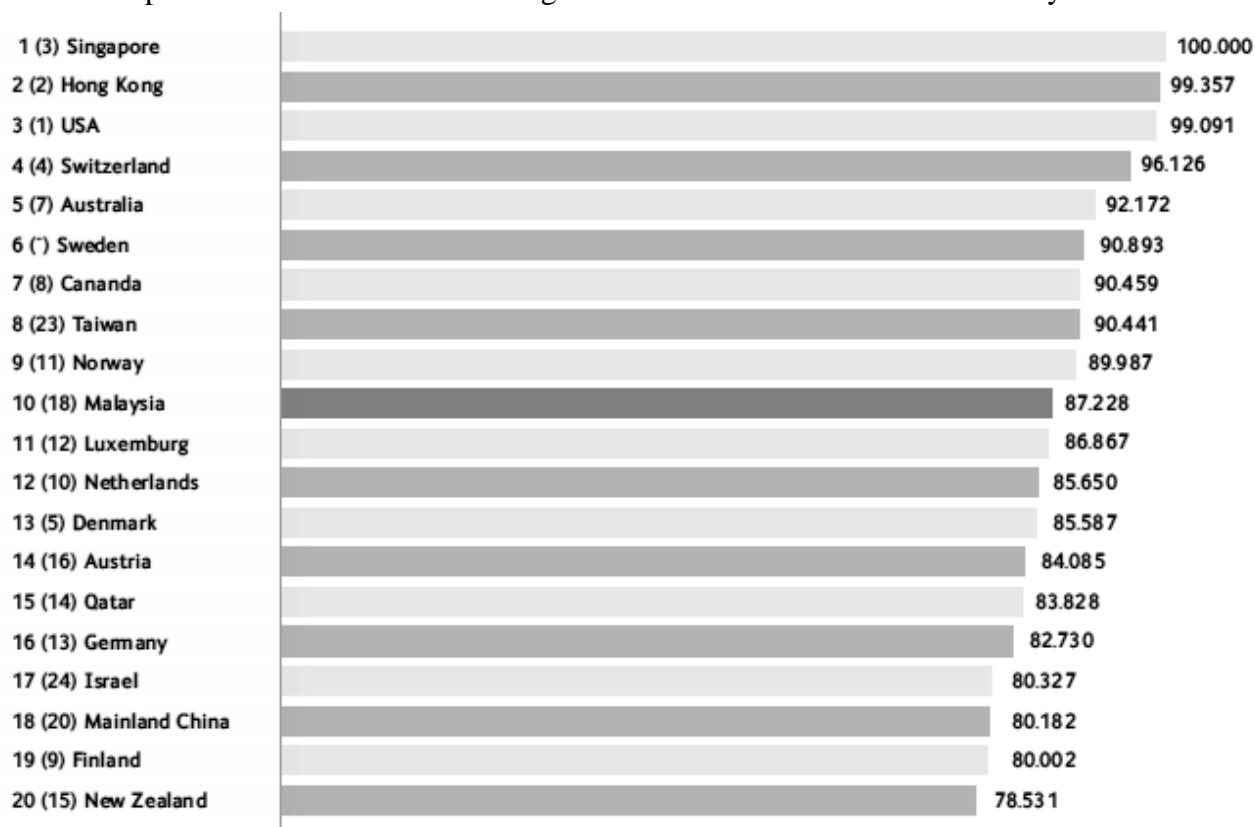
Russian Federation	20.7	20.8	21.7	21.9
United Kingdom	3.4	3.5	4.1	4.2
<b>4. Australasia</b>	<b>1.1</b>	<b>1.1</b>	<b>1.5</b>	<b>1.6</b>
<b>5. American</b>	<b>15.3</b>	<b>15.5</b>	<b>16.1</b>	<b>16.2</b>
United States	12.3	12.5	12.9	13.1
Canada	1.4	1.5	1.8	1.9
<b>Global Halal Food Market Size</b>	<b>587.2</b>	<b>596.1</b>	<b>634.5</b>	<b>651.5</b>

Source: World Halal Forum [6]

The global halal market has witnessed an increase of 12.6 % from the year 2004 to 2010. An interesting characteristic of the halal has been that it has not been affected by the global financial crises. The changing lifestyles in Asia fueled by higher incomes have led to driven the activity in the halal market as well. Amongst the larger contributors to the halal market are Malaysia, Indonesia, China, India, and Gulf Cooperation Countries including Bahrain, Saudi Arabia, Oman, Kuwait, UAE, and Qatar. The potential in these markets is continuously on the rise.

Certified halal food is also being highly accepted in the non-Muslim markets because of higher safety and ethical standards. The most popular markets in Europe can be ranked as Russia, France, and the United Kingdom. Despite slower growth as compared to the Asian Markets, the European markets still present good opportunities for Halal food business. The Australasia market has also shown a considerable growth of 33.3%. The affluent market consumers like Canada and USA among the potential buyers of certified Halal food products.

World competitiveness scoreboard shows global share of world halal food industry in 2010.



Source: IMDB World Competitive Yearbook 2010.

Halal food industry in Pakistan has important export opportunities due to diverse agriculture and halal meat availability in Pakistan. Country has capacity to meet the demand by Muslim and non-Muslim importing countries. Growth of halal food industry all over the world is upward as increasing globally Muslim population. Globally halal food market is still not mature. Many opportunities are lying in world halal food market and Pakistan can halal food hub.

### **Global Halal Market and Pakistan**

#### *(i) The present scenario*

Malaysia has become the leader in world halal food industry. United nation have cited Malaysia as best example of halal food industry (SME annual report 2006-7). This is because Malaysia uses a single standard for halal food development across the country and abroad. Pakistan can benchmark the Malaysian for halal food industry development. The success of halal food industry in Pakistan is not possible without concrete efforts and strategies for halal food development. Pakistan can get competitive edge on halal food industry as compare to other countries. A country has competitive advantage over others when consumers fell the products of one country are better than the products of other countries.

At present, Pakistan is holding a very meager share in the multibillion Global Halal market. The halal market trades in food and beverages, pharmaceuticals, Halal meat, cosmetics, and Gelatin. The share of Pakistan in Halal market is only 0.26% which in concentrated in meat only. Pakistan, being an Islamic republic, has a lot of potential to squeeze a larger share in this lucrative market.

Over the past few years certain efforts have been made by the Government to give boost to this industry. An agricultural and meat market company has been established in the Punjab Province of Pakistan. There are in total 22 Halal meat processing plants in Pakistan. However, there is still a long way ahead.

Various breeds of animals and classes of livestock are found in Pakistan. According to a survey there is almost 1:1 ratio of livestock and human population in Pakistan. Pakistan is the third biggest in the livestock production in Pakistan with a growth rate at 4.2% per annum. Livestock are fed with 100% halal food. Being an Islamic society, all the slaughtering is halal in Pakistan (Economic Survey of Pakistan, 2010).

The private sector is also playing its part in this market segment and facing a lot of problems meanwhile. There are issues like taxation, freight rates, and energy crisis. The absence of hygienic and modern slaughter houses is hampering the exports of red meat to the markets where is demand is growing day by day. Despite a big producer of meat with an annual output of 2.2 million tons, and ranked as 19<sup>th</sup> in the world meat production, the share of Pakistan in the international market is very negligible.

#### *(ii) The problems*

In this section we briefly review the problems which are hampering Pakistan becoming a big player in global halal food market. These include taxation, government interference, instable policies, zero rebates, higher freight charges, energy crisis, and smuggling of animal. Another matter of highest concern is the absence of halal certification in Pakistan in spite of the higher levels of animal production.

The other issues which hamper Pakistan to become hub for halal food including are closer and tough competition from other countries. In this competition Pakistan is on the losing side. Lack of expertise in processing, storage, transportation and marketing of meat and its products, domestic demand of meat are also main challenges. There are also Inefficiencies in the regulatory framework to monitor the production, processing and animal husbandry practices. Moreover, lack of training for farmers and farm managers, slaughter men and dairy processors also impede the exporters of Pakistan to capitalize on the opportunities in the global market place. The local food producers are also unaware of the opportunities existing in the global halal market(Ghafoor, A. and M. Aslam, 2012).

*(iii) The way forward*

The various issues highlighted above may be dealt with an effective supply chain in which all the every step is ensured as being halal. There is a need to minimize the use of raw material and medicines intoxicated with haram ingredients for the upbringing of animals and production of other elements. Farmers should be attached with this chain to grow their produce in a scientific manner. Market agents may be used as effective catalyst to carry effective marketing campaigns and thus increase the sales of halal food. This will lead to a supply chain wherein all stakeholder will be connected to each other at local level and meet the demands of international market. This is how Pakistani exporters can capture not only the Muslim markets but also other global markets with higher standards(Ghafoor, A. and M. Aslam, 2012).

There is also a need to establish a system of certification for halal food industry in Pakistan. Certification becomes more important when it comes to meat and meat products. The whole process should strictly follow the sharia requirements. In return, it may lead to a situation to ensure the welfare of all involved and promote a positive image of Pakistan in the global community.

*(iv) The accomplished efforts*

It is necessary to highlight here the efforts that have already been made in Pakistan to harness the opportunities prevailing in the halal market. The Government of Pakistan has taken some fruitful steps to develop testing and certification facilities for halal products. The free zones have been developed promoting the halal foods. In order to certify the halal products, Pakistan halal Industry Research Center has been set up. This program of certification has effectively catered to the needs of halal exporters of Pakistan.

The government is on its way to get approvals for meat exports to halal importing markets like Gulf Cooperation Council and European Union. The Punjab Agriculture and Meat Company is in contact with international accreditation and certification bodies. The process of e-tagging is being executed(Ghafoor, A. and M. Aslam, 2012).

## **Conclusion**

The paper leads us to conclude that there are lots of opportunities in the Global Halal Food Market and the these opportunities are increasing day by day as the population of Muslims is growing at a faster all over the world. In addition to the Muslim consumers, the non-Muslim consumers have also started demanding for the halal food.

The Pakistan stands very low in the halal segment of global market. There is a need to create awareness about the market among the Pakistani exporter. The issue of certification for halal food needs immediate attention. Moreover, the halal food market is not only confined to the meat. It ranges from cosmetics to drugs as well. The Pakistani exporters should also make effort to clinch share in this market as well.

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Right from major food suppliers such as Brazil's BRF to top global food processing corporations like Nestle and even retail giants such as Carrefour, Walmart, and Whole Foods are venturing deep into the Halal space. Indonesia, Turkey and Pakistan are named the top 3 consumer markets, while Brazil, New Zealand and India retain their status as the top three meat exporters to the OIC countries. For greater insights into the Halal food market and the booming opportunities, make sure to join the Halal World Food feature at Gulfood 2018. To know more about Halal certification, visit ESMA e-services. Source: State of The Global Islamic Economy Report 16/17. Global Halal Food Market (i) Key Markets Muslims are the major customers of halal products. They are 25 percent of the total population of the world. This market segment offers lots of opportunities for marketers of halal products. Not only the population is increasing but also the levels of education, and incomes are on the rise. Education coupled with the income is resulting in awareness and increased demand for products and services that conform to the Islamic norms. Globally halal food market is still not mature. Many opportunities are lying in world halal food market and Pakistan can halal food hub. Global Halal Market and Pakistan (i) The present scenario. Malaysia has become the leader in world halal food industry.