

Halal Market Overview

Countries across the globe, Muslim and non-Muslim alike, have boosted income from food exports by joining a growing consumer market force particularly Muslim and those who needs extra guarantees on food safety and quality products. Introducing a halal standard in 2004, Malaysia has managed to secure a market share of billions worldwide. Seeing the potential, even non-Muslim countries have started to take important steps to produce food and non-food in conformity with the standard. The halal standard does not cover just food. It also has rules regarding the transporting, packaging, labelling and logistics of foods; preparation procedures are also analyzed to ensure their accordance with halal standards, HACCP, GMP and other recognized safety/quality standards and compliances. These standards are applied to food processing plant, hotel operations, pharmacies, cosmetics, medical and many other businesses.

The growth of Halal food market represents a significant potential for international companies, not only in Muslim countries but also, in western markets with significant and growing Muslim populations among whom Halal observance is on the increase.

The concept of halal is not confined to food itself. Halal products and services also include cosmetics, pharmaceuticals, clothing, financial services, and even tour packages. With so many to offer, the trade in halal products and services could potentially hit trillions of US dollars annually.

USD2.3 trillion*	Annual global market value for the entire Halal trade
1.8 billion	Present global Muslim population
1 billion	Muslim population in Asia
3 billion	Estimated global Muslim population in 2010

*Source: Third industrial Master Plan; *World Halal Week 2012*

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Synopsis of Malaysian Halal Market : Halal Food Hub

With the increase in global halal trade, many countries are taking several initiatives to capitalize on the growth potential. Malaysia, as a Muslim country, has all the elements and is well positioned to be the centre for the promotion, distribution and production of halal food, non-food products and other services. As the Malaysian Government is focusing on increasing food production in the country as well as making Malaysia an international halal hub, food-processing companies can leverage on Malaysia's strength in halal certification and Government's promotional efforts to capture the halal market abroad.

In the Ninth Malaysia Plan, Malaysia will be developed as a stop-centre for the certification of halal products and the Malaysia Halal certification will be promoted worldwide. In addition, Malaysia will be positioning as the knowledge centre for trade and investment promotion of halal products and services by designating Malaysia International Halal Showcase (MIHAS) and the World Halal Research (WHR) as the international avenue for halal research. Other Malaysia's initiatives are Malaysia Kitchen, Taste of Malaysia promotion etc. Recognising the

potential of the halal industry, the Government has established the Halal Industry Development Corporation (HDC), as a body to coordinate the overall development of the industry.

Table 1: Estimated Annual Market Size For Halal Foods, 2005

Continent / Country	Total Population (million)	Muslim Population (million)	Food Expenditure (US\$ per capita)	Market size (US\$ million)
Total	6,475.4	1,565.3	n.a.	547,409
Asia	3,921.0	1,043.7	350	365,299
West Asia	213.9	195.3	572	111,712
Indonesia	221.9	195.3	347	67,769
China	1,311.1	39.2	156	6,115
Malaysia	26.1	15.4	381	5,867
Thailand	65.0	5.9	371	2,189
Pakistan	162.4	157.5	n.a.	n.a.
India	1,103.6	154.5	n.a.	n.a.
Bangladesh	144.2	127.3	n.a.	n.a.
Others	672.8	153.3	n.a.	n.a.
Africa	906.0	461.8	200	92,360
Europe	727.4	51.2	1,500	76,800
North America	329.0	6.6	1,750	11,550
South America	559.0	1.6	500	800
Oceania	33.0	0.4	1,500	600

Note: n.a. – Not available

Source: The Third Industrial Master Plan, 2006 - 2020

Malaysia has a thriving halal food-processing industry and the government has stated its intention of turning the country into a global hub for halal produce. Nestlé's decision to establish its centre in the country has only further enhanced Malaysia's growing reputation for halal food production and the country's halal certification is increasingly recognised and well regarded.

The government has taken a number of proactive steps towards securing its position at the centre of global trade in this estimated US\$150bn industry, this figure is expected to have climbed above US\$650bn in 2010 as demand continues to pick up. Investment in halal food zones and parks has further encouraged inward investment, while favourable taxation laws have encouraged producers to seek global certification, as well as encouraging re-exporters to invest in the market. Nestlé is proposing the government introduce further incentives to make the country more attractive to other companies considering Malaysia for their manufacturing and marketing of halal produce.

The government's involvement in the halal industry should help Malaysia secure a role in global trade beyond the Middle East and neighbouring Asian markets that are predominantly Muslim. By encouraging partnerships and co-operation within formal investment zones, exporters should be able to boost efficiency and cost effectiveness in distribution; this is particularly relevant for harnessing consumer interest in those European and North American markets, where the audience for halal foods is more widely distributed.

A recent trip to the UK by a major industry body has proved successful for Malaysia's food sector, Bernama reports. During its visit, the Malaysian External Trade Development Corporation (Matrade) managed to secure instant sales of MYR1.1mn (US\$355,355), with a further MYR13.9mn (US\$4.49mn) in the pipeline. Matrade has also earmarked the UK's halal market as a potential target for Malaysian food producers who have the experience of their own domestic halal market.

Domestic halal food producers' continued expansionary activities will provide another booster to the halal sector's growth. For example, Malaysian food manufacturer Jeehuat is investing in a new halal processing facility that will serve the global market. The firm is providing US\$48mn for the factory that will also house a research facility to develop frozen food technology. The factory has been set up with Chinese seafood manufacturer Fujian Dongshan Haikui Aquatic Products Group.

Source : Business Monitor International (BMI) Q3 2011