

Initiative to enter global halal market

By Ashfak Bokhari

PAKISTAN has, at last, taken an initiative to enter the international halal food market — a growing global trade currently estimated at more than \$600 billion — by holding the first-ever halal expo and congress in Karachi on July 27 with the co-operation of a Malaysian organisation. At present, Pakistan has no presence in the global halal business.

The expo was held as a follow-up of an MoU signed on July 2 between International Halal Integrity (IHI) Alliance and a Pakistani exhibition company under which the former would help organise a series of halal industry events in Pakistan in the coming months. Under the MoU, the IHI Alliance will also support initiatives to promote and boost Halal industry including the holding of training workshops for the entrepreneurs intending to start halal business.

Pakistan, as indicated by TDAP chief Syed Mohibullah Shah in his key address at the expo, would prefer joint ventures between Pakistani and Malaysian companies, to enable local businessmen acquire the skills needed to develop this industry. Malaysia is the great hub of halal industry and has set up institutions to determine efficacy of halal, deal with the issues of its standards and certification which are of great religious significance for the buyers. The label halal is used to inform buyers that meat and food products inside packs conform to what is permitted for consumption by Islam. Meat is halal if the animal is slaughtered in a Islamic way.

Malaysia is a leading exporter of pure Islamic products to Muslim countries and also to China and western countries where there is a demand for these products among large clusters of Muslim population. Last year, China had shown interest in joint ventures with Pakistani firms for producing halal food and meat, keeping in view the great business potential of these commodities. The invitation was extended in May, 2008 to Pakistani professionals and companies by vice-governor of Ningxia Hui autonomous region. But there was no response from Pakistan side.

It is not just the rise in the number of Muslim consumers in non-Muslim countries that has made halal a big business. It is the global nature of the food industry itself. Around 80 per cent of the halal food industry is in the hands of non-Muslims. The Brazilians have been big halal producers for decades. Three-quarters of chickens exported by French firms are halal. Supermarket chains have started separate halal lines. So, one sees an ever-growing demand for Halal meat right across the globe, in stores, restaurants and fast food chains and, interestingly, more in Europe.

According to Islamic Food and Nutrition Council of America (IFANCA), 90 per cent of America's estimated seven million Muslims would want to purchase meat that has been slaughtered by a Halal-certified butchers.

The certification of Halal standard for food products is a complex issue and requires numerous

There are currently some 1.5 billion Muslims in the world and within the Muslim societies meat of all kinds is presumed to be halal without any label. The problem crops up in non-Muslim countries. So, Muslims look for products labelled as halal. This has led some unscrupulous food manufacturers to label their non-halal products as halal to boost sales. This has necessitated the display of the halal certification documents.

The problem is that there is no centralised body as yet that defines the standards of halal and accredits certification organisations. The lack of a sound halal certification system has been problematic in some countries, including the Middle East, home to a significant percentage of the world's Muslim population. The US, surprisingly, has a relatively good record on halal certification, but of late, there have been problems and Muslims are now trying to make the process more systematic.

With this in mind, the World Halal Forum, which met in Malaysia in May, established the International Halal Integrity Alliance whose task is to detect and counter misuse of halal label and standardize the related regulations. The alliance works on a voluntary basis to persuade companies to adopt the IHI standards. If a halal certifier is recognized by the IHI, this will give him credibility in the eyes of a Muslim consumer.

One may note that food business is less vulnerable to effects of business cycles and that's why it remained largely unaffected by the last year's financial crisis and subsequent recession. A clear evidence of this can be seen in the fast food market, where McDonalds reported a net profit increase of 80 per cent for the year 2008, because more people turned to low-cost meals. Other fast-food companies have reported a similar increase in their sales.

But it is not just the fast food sector that made good business. Halal food also did good business and in many cases Halal options were seen out-performing their non-Halal competitors. A recent report that the US Muslims have a combined annual purchasing power of \$170 billion is a good omen for the future of the halal business.

Some poultry firms in the US, which sell high quality Halal chicken products reported increased demand in 2008. As major US retailers have by now come to realise the strength of the Halal consumers, they are all demanding quick delivery of Halal chicken, beef and lamb.

Some of the major food producers who were hit by the recession are having a serious look at the Halal option as a route to economic survival. Going Halal not only gives wider access to consumers but also opens up great export potential of these commodities.

With several Muslim countries still major importers of food and a large Muslim clientele in the West, Pakistani food producers who decide to shift to Halal business will find that they have new export markets opening up for them.

With new GCC Halal slaughter guidelines being developed and more open and collaborative accreditation procedures on the way, one can expect to see favourable developments in the international markets in the near future. So despite the gloom in some sectors, there are bright prospects of lucrative business in the Halal markets.