

Pakistan Halal Industry today and tomorrow

Muhammad Awais Khan, Chairman - National Alliance for Safe Food, Pakistan and Managing Director, Global Halal Services.



Introduction

The global halal food market has witnessed a rampant rise in demand for halal-certified products in fast few years due to the increasing population of Muslims across the globe with the rise in disposable income to utilize these products & services is expected to further augment the growth of the market over the coming years. With a large, diverse, and educated consumer base of young Muslims, the Islamic economy can be considered as one of the fastest growing sectors globally, where the Islamic economy is creating vast opportunities for the economic growth.

Muslim countries ought to take lead for exporting Halal food to Muslims of overseas countries. This step would also be favorable and energetic. Tool to uplift the economies of the exporting countries. However, Non-Muslim countries like Brazil, Thailand and New Zealand's have taken advantage and captured the halal food business (approximately 70%) worldwide. A huge international market of halal business worth trillions of dollars is estimated to exist. In spite of all these, the share of Pakistan in the huge and burgeoning halal global market is nominal due to lack of awareness, lack of authenticated bodies and un-harmonized halal food quality standards. On March 1, 2016 has encouraged to note that the parliament of Pakistan has passed a legislation to constitute a "Pakistan Halal Authority" which is mandated to promote and synchronize halal food standards.

Pakistan being an agricultural country has a great potential to produce halal certified food products including fruits and vegetables processed products, animal meat and feed along with other associated food and non food commodities.

However, during processing, various food additives are used that have aggression pertaining to their legitimate halal certification. For the purpose, halal authentication is a powerful marketing tool for Muslim and non-Muslim producers. Moreover, halal slaughtering, transportation, storage and ready to eat products require valid halal certification. At present, the halal market is catering only 16% of the total volume, so to fill this huge gap, a vast window of opportunity exists for Halal Certification in Pakistan to carve out a respectable slot for country in the gigantic market of halal foods.

Challenges faced by Halal Industry in Pakistan

- ❖ Demand of raw material for growing halal food industry is increasing
- ❖ Scarce research and development in halal food sector.
- ❖ Lack of halal related knowledge of halal ingredients/ material importers.
- ❖ Food producers' weak role to meet halal requirements.
- ❖ Halal testing services in the country is Limited.
- ❖ Stiff international competition for neighboring markets. Non-Muslim countries such as Argentina, Brazil, Australia, Thailand and New Zealand are already actively producing halal certified meat to cater to the increasing needs of the Muslim consumers of world.
- ❖ Local SMEs need guidance and assistance especially to explore new export markets.

Week regulatory enforcement mechanism for imported food products, Non-halal materials has allowed to influx the country.

Domination of Halal Certification to the economic growth

Halal certificate lately has been recounted as a new defining market force. It helps to enhance the develop-

ment of Muslim nations as consumer and producer in global market. Interestingly, the Halal industry not only affects Muslim, but also gained interest from Non-Muslim users because it's a global symbol for quality assurance and lifestyle choice. In Pakistan, since 97% of the total population are Muslims, the Halal certificate and logo have advantages of capturing bigger market. By having Halal certificate in a business, it will help the business to have better market signals, Islamic attributes, and marketing. Pakistan has established its own Halal Food Standard PS 3733:2019 which is landmark of PSQCA and whole team needs appreciation as well as accreditation standard PS 4992 adopted by PNAC.

The values of a Halal certificate in a business actually have broader appeal beyond religion and geographical boundaries. A case study mentioned that a Malaysian company owned by Muslim entrepreneur that produced Halal pharmaceutical gelatins which gained Halal certificate managed to expand the business geographically to China, India, Canada, United Arab, Turkey Sri Lanka Emirates (UAE), Brunei, and Indonesia. This model can be replicated in Pakistan as it has handsome production capacity for halal gelatin.

It has also been noted that Halal certificate is now seen as a marketing tool and provides the competitive advantage for manufacturers alongside with other benefits such as consumer's confidence, compliance to Islamic, and also hygiene and safety requirements. The Halal certificate also works as a mechanism for the authority to monitor Halal food in the food industry. As an evident of Halal certification as a tool to enhance business performance, an example of business success in Singapore can be quoted that after the



UAE recognized the Islamic Religious Council of Singapore (MUIS), the food export from Singapore to UAE increased by 67% in a year, as quoted from International Enterprise Singapore website. Another report indicated that a company that produced frozen food was able to widen their target market by 100% after obtaining the Halal certificate. Another survey manifest that a European-based company was able to broaden its business geographically from the European market to Asian market because it has Halal certificate.

The Islamic concept of business growth stresses on the balanced satisfaction of material and spiritual needs. By following the halal certification concept, Muslim business owners are bound by business ethics that guide them to strictly follow the rules of not selling unlawful goods and products. Thus a Muslim businessman could become spiritually prosper as well by becoming a tool in promotion of Halal, cleanliness, environmental stewardship and inaugurating the Islamic brotherhood while conducting the business.

Global Halal Market and Pakistan

(i) The present framework

Malaysia has become the leader in world halal food industry. United nation have cited Malaysia as best example of halal food industry. 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 achievement 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 compared 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 uplift to this industry. An agricultural and meat market company has been established in the Punjab Province of Pakistan. There are in total around 24 Halal meat processing plants in Pakistan. However, there is still a long way ahead.

Various classes of livestock and breeds of animals 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.

In the private sector also play 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 demand is increasing day by day. Even with a big producer of meat with an annual output of 2.2 million tons. Pakistan is ranked as 19th in the world meat production but the share of Pakistan in international market is very negligible.

(ii) The complication

In this section we analyse the complications which are hampering Pakistan becoming a big player in global halal food market. These include taxation, government interference, higher freight charges, unstable policies, zero rebates, energy crisis, and smuggling of animals. 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 marketplace. The local food producers are also unaware of the opportunities existing in the global halal market.

(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 an effective catalyst to carry effective marketing campaigns and thus increase the sales of halal food. This will lead to a supply chain wherein all stakeholders 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 holder standards. 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 certifi-

cation 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.

Conclusion

By these words we conclude that there are lots of opportunities in the Global Halal Food Market and these opportunities are expanding 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 stubby 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, health-care, tourism to drugs as well. The Pakistani exporters should also make effort to clinch share in this market as well. ♦

