

# Halal products is fastest growing sector for Global meat trade

by Dr. Noor Ahmed Memon, (Professor KASBIT)

Export of Halal meat and meat preparation from Pakistan increased from US \$210.9 million in 2011-12 to US \$243.5 million in 2014-15, thus showing an average increase of 5% per annum.

Recently Pakistan has lifted the ban on import of live cattle and bovine meat from 41 countries, including France. Such imports were subjected to the condition that animals come from herds where no incidence of Bovine Spongiform Encephalopathy (BSE), commonly known as the mad cow disease, have been reported for the last 11 years. France being a negligible risk country is free to export live cattle and meat to Pakistan. The meat could be exported to Pakistan only after fulfilling health/sanitary and Halal certification as per OIE guidelines and international standards.

Matters of mutual interest, especially lifting of ban on import of live cattle and bovine meat from France to Pakistan, came under discussion during the meeting with French ambassador Martine Dorance.

The import policy was revised in 2014 and import of live cattle from countries declared as "Negligible Risk" by International Animal Health Organization

(OIE) was allowed. However, this was subjected to the condition that animals come from such herds where no incidence of BSE has been reported for the last 11 years. Bosan said Pakistan imported over 6,000 dairy cows annually and France offered equal opportunities to all BSE Negligible Risk countries.

Pakistan banned imports of live animals from BSE infected countries since June 2001. Pakistan imports more than 5,000 to 6,000 dairy cows annually and offers equal opportunities to all BSE negligible countries. France was among the 41 countries from where import of live animals and bovine meat had been banned.

Livestock contribution to agriculture value added stood at 56.3%, while it contributed 11.8% to the national GDP during 2014-15 compared to 55.6% and 11.8% during the same period last year, respectively. Gross value addition of livestock has increased from Rs. 778.3 billion (2013-14) to Rs. 801.3 billion (2014-15), recorded an increase of 3.0% as compared to previous year. The livestock population for the last five years are given in Table 1 and Production of Halal Meat are given in Table 2.

## USA Contribution

United States Department of Agriculture (USDA) is coordinating with Pakistan to improve dairy production and resolve multiple issues in the farming sector.

These projects mainly focus on implementing progressive control strate-

**Table 2: Production of Halal Meat (000 Tonnes)**

Year	Beef	mutton	Poultry
2010-11	1,711	616	767
2011-12	1,769	629	834
2012-13	1,829	643	907
2013-14	1,887	657	987
2014-15	1,951	671	1,074

Source: Pakistan Economic Survey 2014-15 Government of Pakistan

gies for Foot and Mouth Disease (FMD) and to enhance dairy productivity. The sources said that Pakistan's dairy industry is on the cusp of transformation after significant investment by the government of Pakistan, donors and private industry during the last decade. Modern and commercial dairies are beginning to enter the market and high-yield livestock management practices are becoming commercially viable.

However, commercial dairies are not seeing the production levels possible with foreign breeds and significant work needs to be done on improving management practices and animal health, they added. With improved techniques and genetics, he hoped that farms could see their milk production double, even triple, which would not only increase farmer income, but also the quality and quantity of milk on the domestic market.

## Export of Halal meat

Export of Halal meat and meat preparation from Pakistan increased from US\$210.9 million in 2011-12 to US\$243.5 million in 2014-15, thus show-

**Table 1: Live stock Population (Million Nos)**

Year	Buffaloes	Cattle	Goats	Sheep	Poultry
2010-11	31.7	35.6	61.55	28.1	663.0
2011-12	32.7	36.9	63.1	28.4	721.0
2012-13	33.7	38.3	64.9	28.8	785.0
2013-14	34.6	39.7	66.6	29.1	855.0
2014-15	35.6	41.2	68.4	29.4	932.0

Source: Ministry of National Food Security and Research

ing an average increase of 5% per annum. Pakistan exported mutton amounting to US\$61 million and US\$153 million beef in 2014-15 to various countries. Export of Halal meat and meat preparation for the last five years are given in Table 3.

Globally, the Halal market that spans from food to finance and tourism is worth \$3 trillion. According to latest estimates, Halal products have 2.0 billion consumers worldwide that are growing at over 20% annually.

### Muslim countries

Halal poultry, meat, dairy products and other foods are predominantly imported from Europe, Australia, New Zealand, and America. And the consumers are happy because they are not only getting Halal food, but also high quality food.

Pakistan has a 100% Halal production base and has direct access to 470 million consumers in Central Asia, Middle East and Europe. Pakistan has a great opportunity to gain a big share in the global Halal market by enhancing production and improving quality.

Pakistan is all set to enter into the multi-trillion dollar global halal market with the recent establishment of Pakistan Halal Authority (PHA).

Pakistan plans to take full advantage of its geographical location close to the

vibrant Muslim world including the principle markets of UAE, Saudi Arabia and North Africa.

Pakistani share in halal exports, as of now, is around 5% of the world trade. About processed meat, the export of Pakistani halal beef and mutton products has already been moving up, from 1.887 million tonnes in fiscal year-2014 to 1.951 million tonnes in fiscal year-2015.

The mutton exports rose from 657,000 tonnes in fiscal year-2014 to 671,000 tonnes in fiscal year-2015. Before undertaking the full plunge, and afterwards, Pakistan will have to seriously look into its own cost of production and the volume of various products that it figures out to export. The PHA comes into being on the back of passage of the PHA law-2015 and the law aim to: "promote import, export, trade and commerce with foreign countries."

A positive for food exports Prime Minister Nawaz Sharif recently announced for the agricultural sector a relief package which is expected to make a positive, but limited impact on food exports. The key issue is its effective implementation as some of the incentives announced earlier and now included in the package have remained on paper. The package offers hopes for better performance at a time when export earnings from food items are showing signs of decline in 2015. The relief is likely to improve farmer's incomes, a part of which may be

**Table 3: Export of Halal Meat and preparation (Value: US\$ 000)**

Year	Value	% Change
2010-11	132,804	+ 36.8
2011-12	173,818	+ 30.9
2012-13	210,881	+ 21.3
2013-14	229,924	+ 9.0
2014-15	243,529	+ 5.9

Source: Trade Development Authority of Pakistan

invested in inputs and increasing productivity. Out of the Rs. 341 billion total package, Rs. 147 billion have been earmarked for providing direct relief to small farmers whereas Rs. 194 billion have been allocated either for making more bank loans available to farmers or to subsidized such loans. If fully implemented, both moves should help in creation of larger exportable surplus of food grains and enhance export competitiveness of seafood, meat and fruits and vegetables.

### Future Prospects

With establishment of Pakistan Halal Authority, or PHA, Islamabad is all set to enter into the multi-trillion dollar global halal market. After approved by the National Assembly, Pakistan Halal Authority, will certify all items for export, ranging from meat, to food, processed foods, cosmetics, cold drinks, pharmaceuticals and toiletries.

In the 3-day annual packaging exhibition held in Karachi in the first week of September, 2015. Iranian packaging companies have offered to install modern machinery in local companies for producing food-grade plastic and paper sheets, cans, bags, pouches and open trays, etc. Similar offers were made by participating foreign companies from Germany and France Pakistan's food industry has been growing fast since the beginning of this century. But the lack of enough facilities particularly for manufacturing of food grade packaging goods makes it difficult to exploit export potential of food items. Packaging companies have started producing food-grade disposable packaging goods to capitalize on the growing needs of local food industry. Multinational food

**Export of Beef from Pakistan (Value: US\$ 000)**

Country	2013-14	2014-15
Saudi Arabia	28,157	36,674
U.A.E	41,577	47,669
Bahrain	11,528	12,203
Oman	9,980	8,053
Vietnam	8,519	19,924
Iran	6,948	30
Qatar	3,996	3,592
Thailand	1,685	995
Others	11,129	23,989
<b>Total</b>	<b>133,519</b>	<b>153,129</b>

Source: Trade Development Authority of Pakistan

**Export of Mutton from Pakistan (Value: US\$ 000)**

Country	2013-14	2014-15
Saudi Arabia	30,814	32,959
Bahrain	10,166	7,628
U.A.E	7,674	9,768
Oman	3,174	3,782
Kuwait	2,483	1,685
Qatar	1,733	1,238
Afghanistan	1,135	90
Vietnam	535	2,383
Others	1,210	1,636
<b>Total</b>	<b>58,924</b>	<b>61,169</b>

Source: Trade Development Authority of Pakistan

companies that have either introduced or expanded output of food items like packaged milk, curd, ice cream, milk cream etc. have created more demand for packaging materials. Chains of fast-food outlets like KFC and McDonalds have also emerged as major users of disposable packaging boxes and glasses for their french fries, burgers and juices.

Pakistan plans to take full advantage of its geographical location close to the vibrant Muslim world, including the principal markets of UAE, Saudi Arabia and North Africa, where personal incomes are rising fast and nations are enjoying unprecedented prosperity. But it will have to compete with already well-established and major sources of halal products.

International projections indicate that the global halal market will continue to rise on a fast track at 6.9% compound growth rate. It will grow into a \$1.6 trillion market in three years to 2018. Pakistani share in halal exports, as of now, is around 5% of the world trade. Global Islamic Economy Report estimated that the Islamic economy grew 9.5% in 2013 and will grow 10.8% annually through 2019, when it is expected to reach \$3.7 trillion.

The export of Pakistani halal beef and mutton products has already been moving up, from 1,887 million tones in fiscal year-2014 to 1.951 million tonnes in fiscal year-2015. Mutton exports rose from 657,000 tonnes in fiscal year-2014 to 671,000 tonnes in fiscal year-2015.



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PHA comes into being on the back of passage of the PHA law-2015. The law aim to: "promote import, export, trade and commerce with foreign countries. The PHA law says, "there is a huge international business worth trillions of dollars, bulk of which is being taken away by non-Muslim countries. The scope of the Halal sector covers a wide range of items such as food, pharmaceuticals, health foods, and supplements and toiletries.

Pakistan being a Muslim country is taking only a nominal share of this huge export potential, due to non-existence of a legal and recognised entity or authority dealing with the halal sector.

In order to raise production and exports of halal products, Pakistan announced in the National Budget in June this year, that meat processing plants which will be installed by December 2015, will enjoy a tax holiday - and will be exempt from payment of Income tax -

for four years. This tax-free status of meat processing plants should go a big way to gear up halal exports. Add to that the potential and production of several more food and other halal products for export.

Many companies, mainly national, and some foreign companies, operating in Pakistan, are currently engaged in modernizing their dairy products and meat processing plants. Foreign interest is marked by the recent raising of capital from the Pakistani stock market by foreign-owned Al Shaheer Corporation, which is considered to be a leading processor and exporter of meat. The Fauji Foundation, will finance the Fauji-Meat Ltd. It plans to produced 100 tonnes of meat per day - including, 85 tonnes of beef and 15 tonnes of mutton for the domestic and foreign markets.

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