



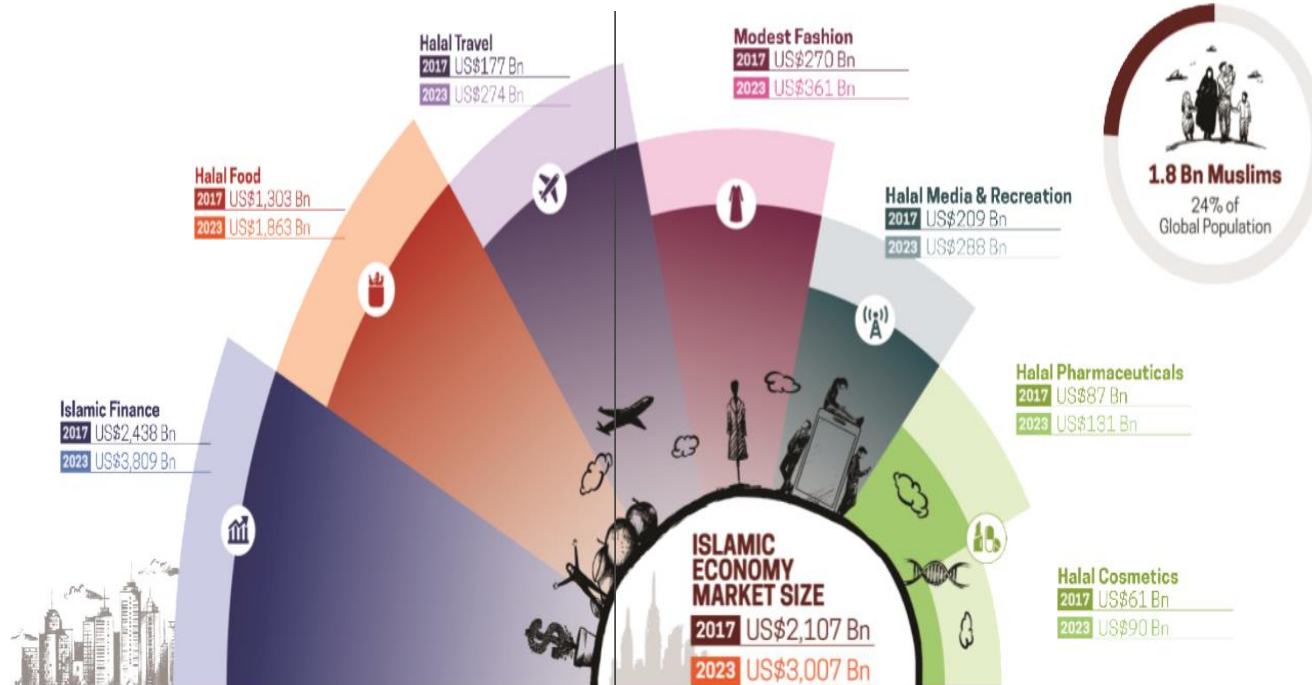
Akhmad Akbar Susanto



DOMESTIC HALAL MARKET and its potential to Support Indonesian Producers to Enter Global Market

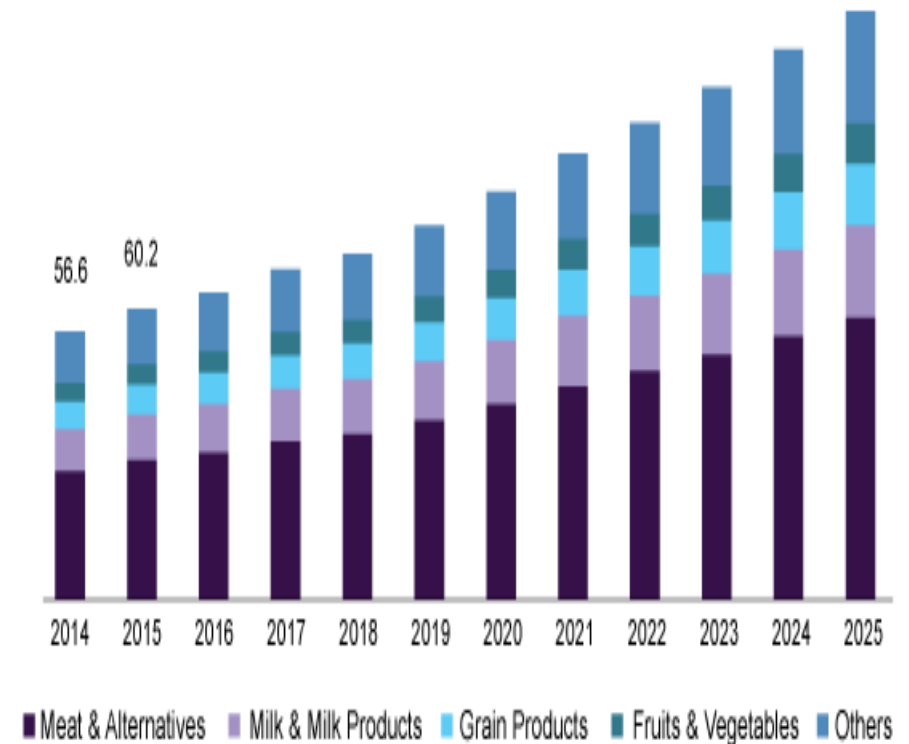
Indonesia's Halal Market

Indonesia's halal market has grown continuously over the last decade, confirming its position as one of the most potential halal market in the world.



Sumber: Thomson Reuters (2018)

Indonesia Halal Food & Beverage Market by Product, 2014 - 2025 (USD Billion)



Source: Grandviewresearch (2019)

Indonesia's Halal Market

It is expected that Indonesia's halal market will continue to grow in the future

Indonesia population

267,212,362

Births this year: **14,589,949**

Deaths this year **5,693,639**

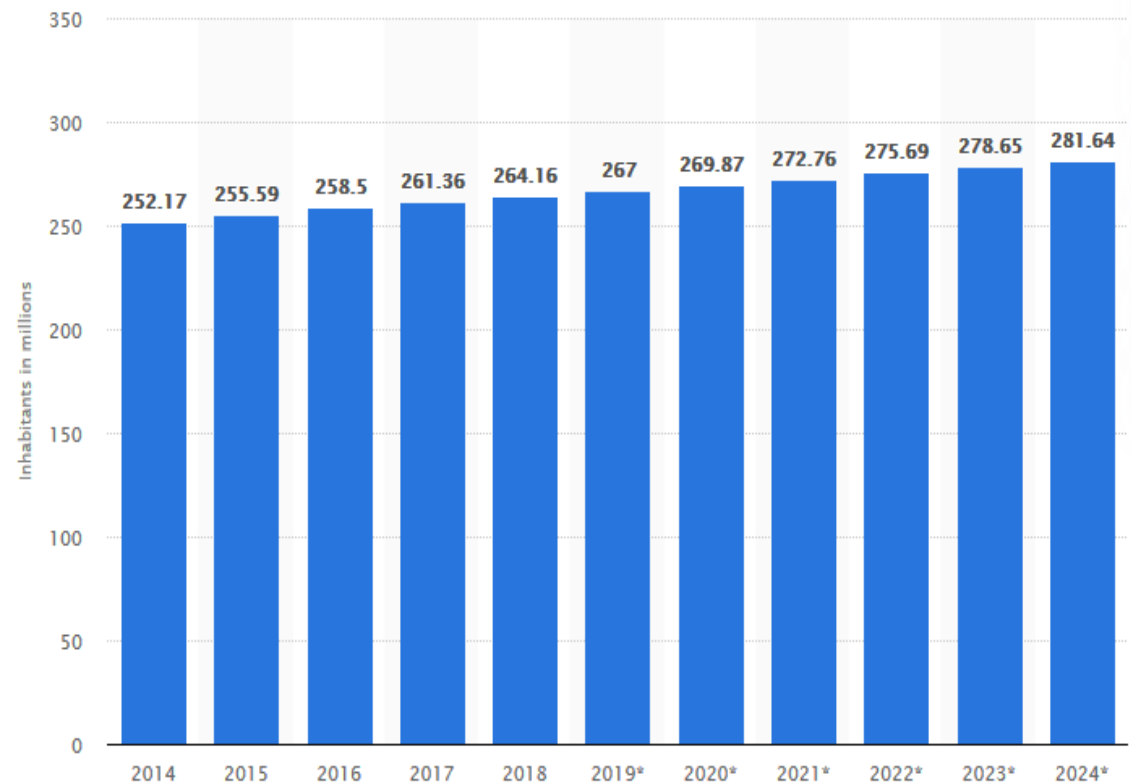
Births today **542**

Deaths today **211**

Indonesia Population by Religions(2010 est)

Region Name	Percents	Number
Muslim	87.2%	225,251,596 people
Christian	7%	18,082,124 people
Roman Catholic	2.9%	7,491,165 people
Hindu	1.7%	4,391,373 people
other (includes Buddhist and Confucian)	0.9%	2,324,844 people
unspecified	0.4%	1,033,264 people

Indonesia: Total population from 2014 to 2024 (in million inhabitants)



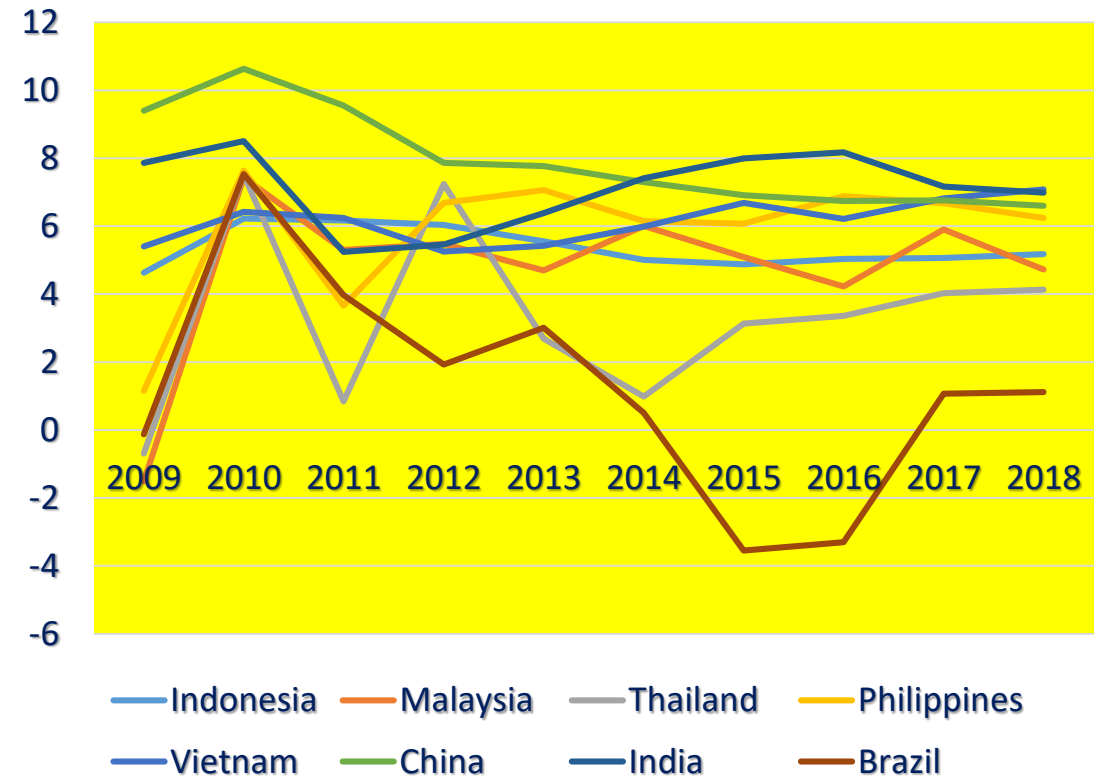
Indonesia's Halal Market

It is expected that Indonesia's halal market will continue to grow in the future

Projection of Indonesia's Real GDP Growth Rate (% YoY)
2019 and 2020

Projection by	2019	2020	2020	2020
International Monetary Funds <small>*) Apr 2019, **) Jul 2019, ***) Okt 2019</small>	5.0***	5.2*	5.1**	5.1***
World Bank <small>*) Apr 2019, **) Jul 2019, ***) Sep 2019</small>	5.0			4.9***
Asian Development Bank <small>Sep 2019</small>	5.1			5.2
Org. Ec. Cooperation & Dev. <small>Nov 2019</small>	5.0			5.0
Bank Indonesia	5.1			5.1- 5.5
CORE Indonesia <small>Nov 2019</small>	5.1			4.9- 5.1
Government's target	5.3			5.3

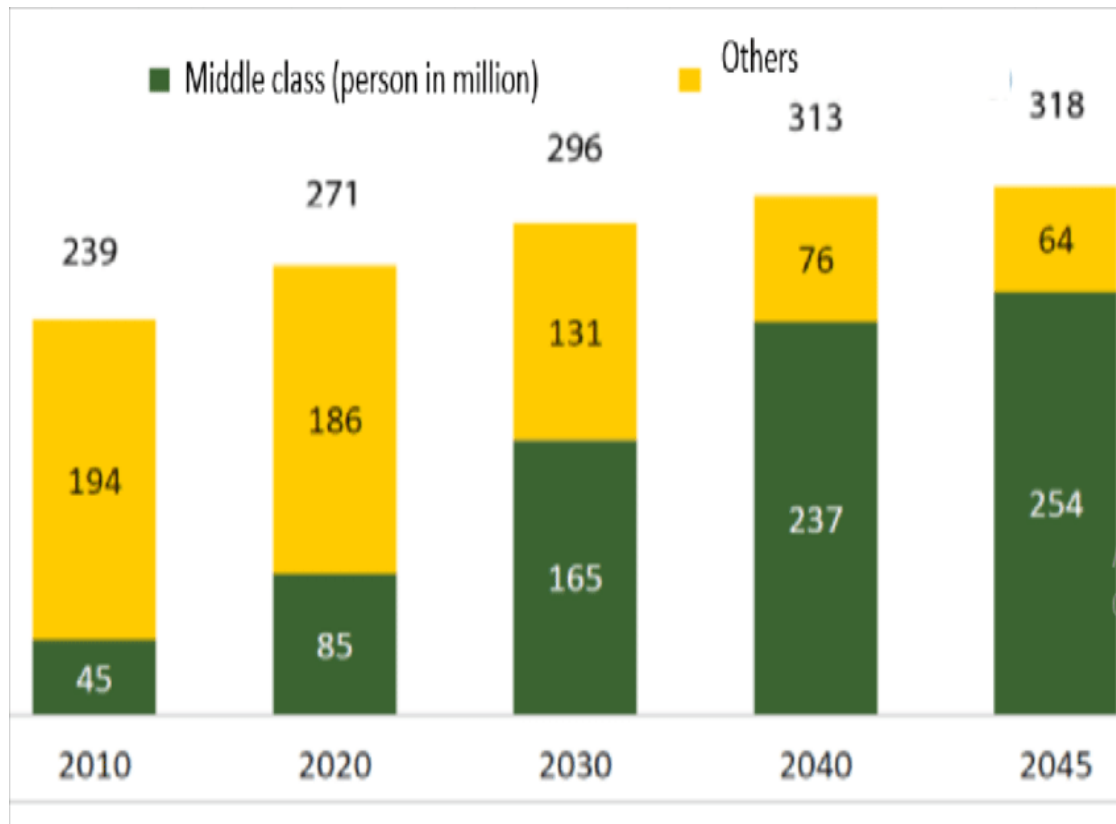
Real GDP Growth rate in Different Countries (% YoY)
2009-2018



Indonesia's Halal Market

It is expected that Indonesia's halal market will continue to grow in the future

Projection of Indonesia's Middle Class Population
2010-2045



Sumber: Arifin (2018)



SWA **MCI** **inventure**
Middle Class Institute
Investing Future

8 FACES INDONESIA MIDDLE CLASS CONSUMER

- SETTLER
- EXPERT
- FLOW-ER
- PERFORMER
- FOLLOWER
- ASPIRATOR
- CLIMBER
- TRENDSETTER

Indonesia's Halal Market

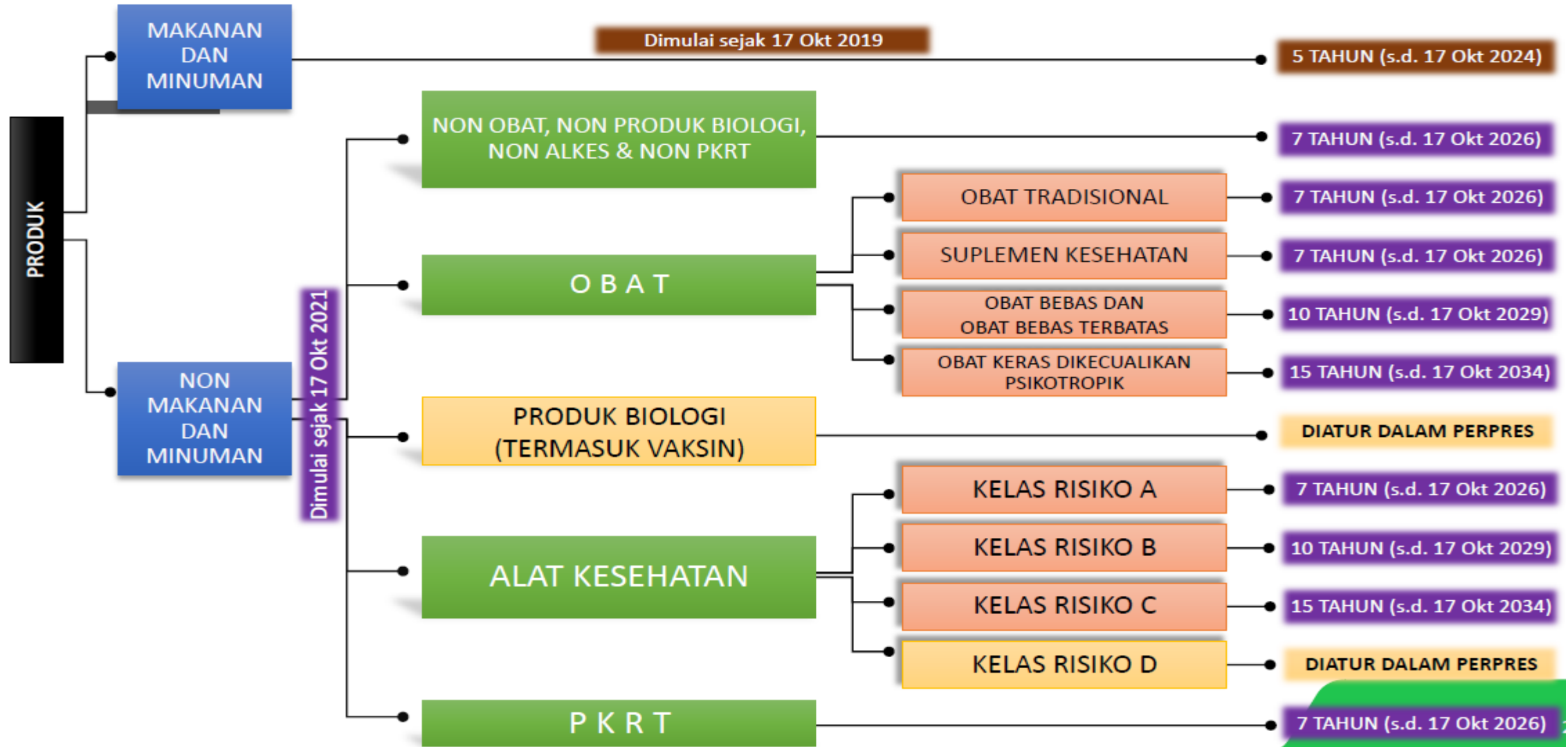
It is expected that Indonesia's halal market will continue to grow in the future

The Law Number 33 Year 2014 concerning Halal Product Assurance makes compulsory for all goods and services that enter, circulate and traded in the territory of Indonesia to be halal certified.

The Regulation of Minister of Religious Affairs
Food and Beverage Products
(2019-2024)

The Regulation of Minister of Religious Affairs
Products other than Foods and Beverages
(From 2021)

Indonesia's Halal Market



Indonesia's Halal Industry

Despite such potential halal market growth, Indonesia has not been able to fully develop its halal industry.



Halal Industry

Specific group of companies or businesses producing halal goods and services by converting the inputs into outputs and or creation of utilities to customers.

Indonesia's Halal Industry

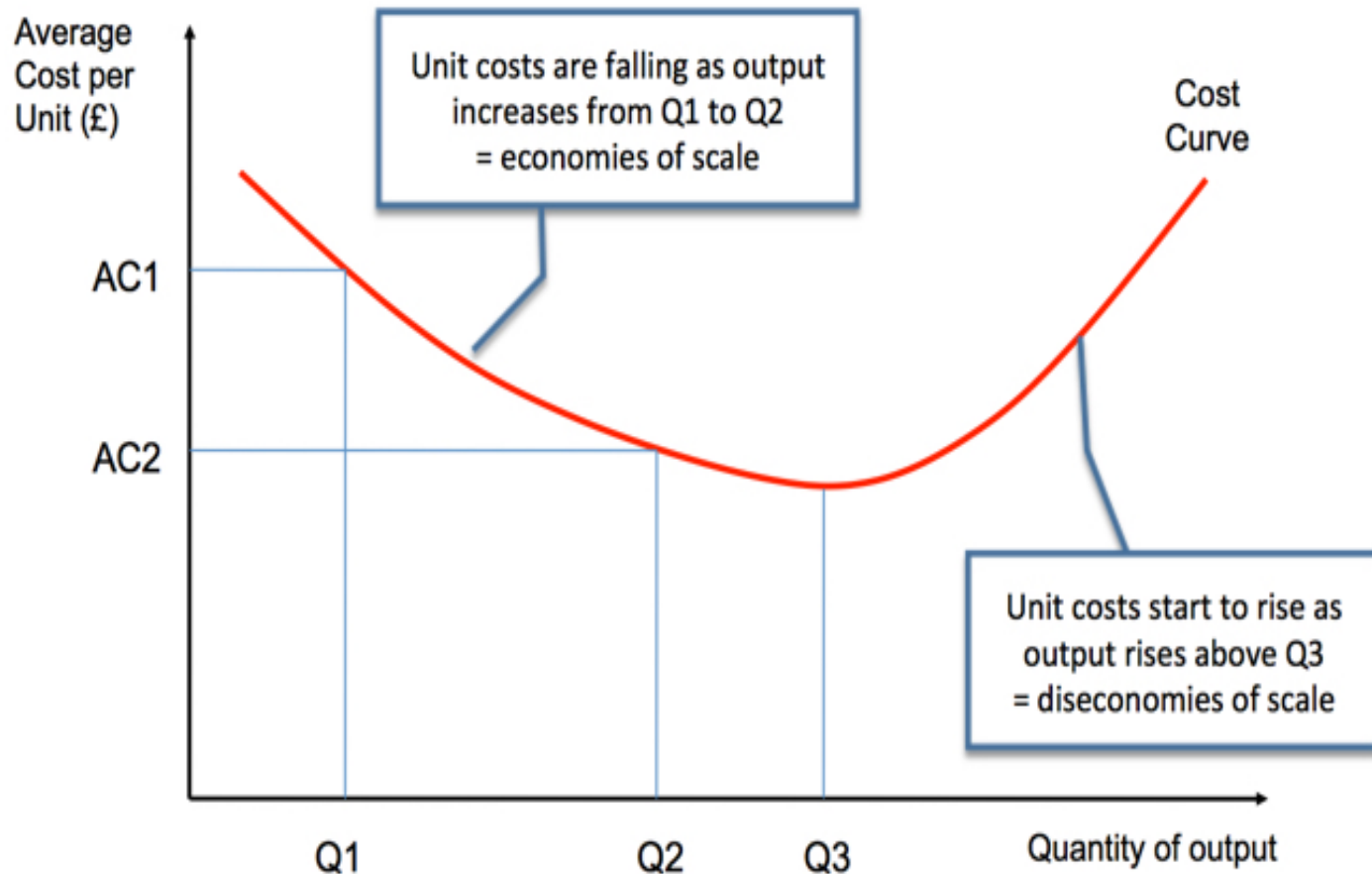
Despite such potential halal market growth, Indonesia has not been able to fully develop its halal industry.



- The proportion of domestic producers which have met halal requirements remain very low.
- Instead of using domestic halal market growth as a fertile ground to prepare their readiness to enter global halal market, most domestic producers seem to view halal certification as an unnecessary additional burden that distract their business.

The Potentiality of Domestic Market

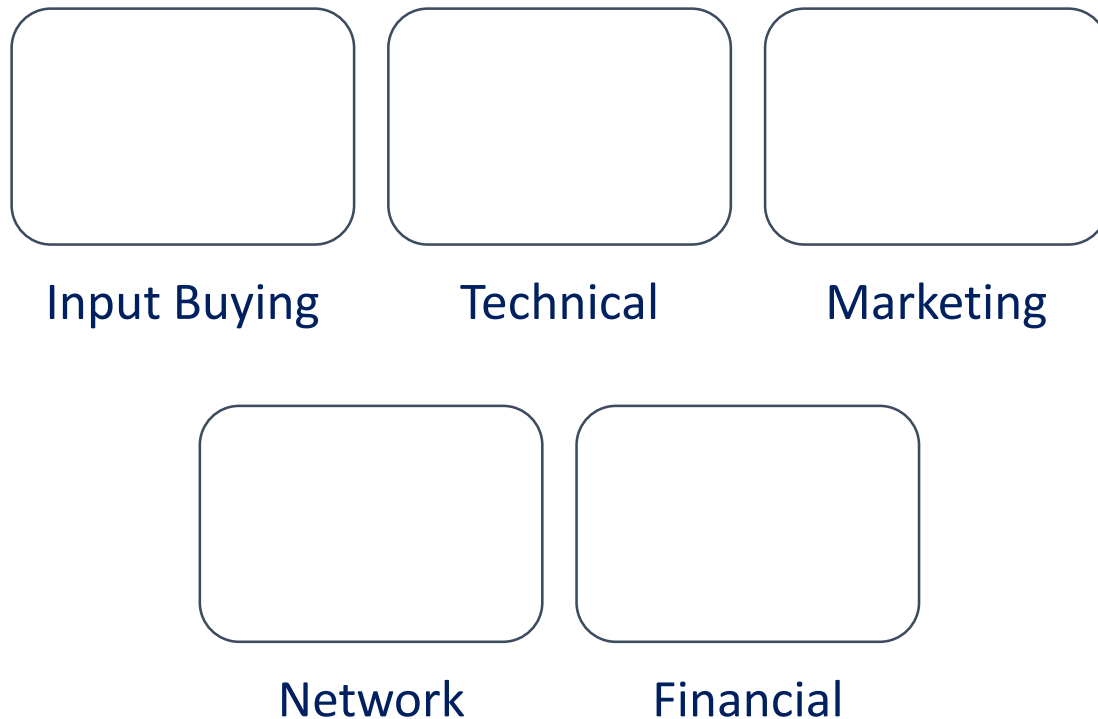
Even in an increasingly globalized world, domestic market remains seen important for the development of local industry.



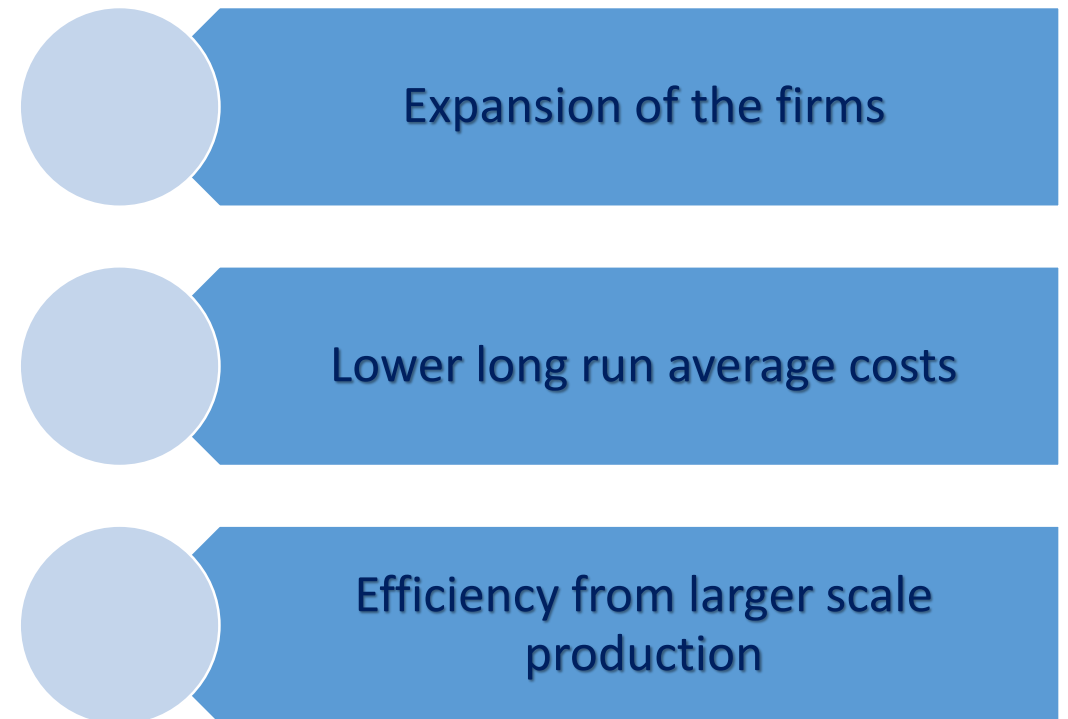
Large domestic market will allow producers to reach both internal and external economies of scale.

The Potentiality of Domestic Market

Even in an increasingly globalized world, domestic market remains seen important for the development of local industry.



Internal Economies of Scale

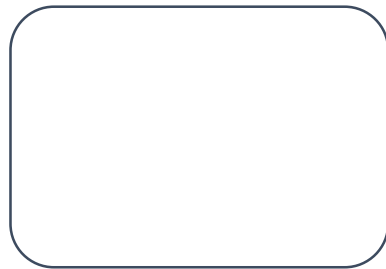


The Potentiality of Domestic Market

Even in an increasingly globalized world, domestic market remains seen important for the development of local industry.



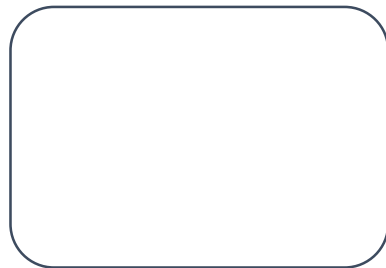
Supplier close by



Bulk of
information



R&D facility



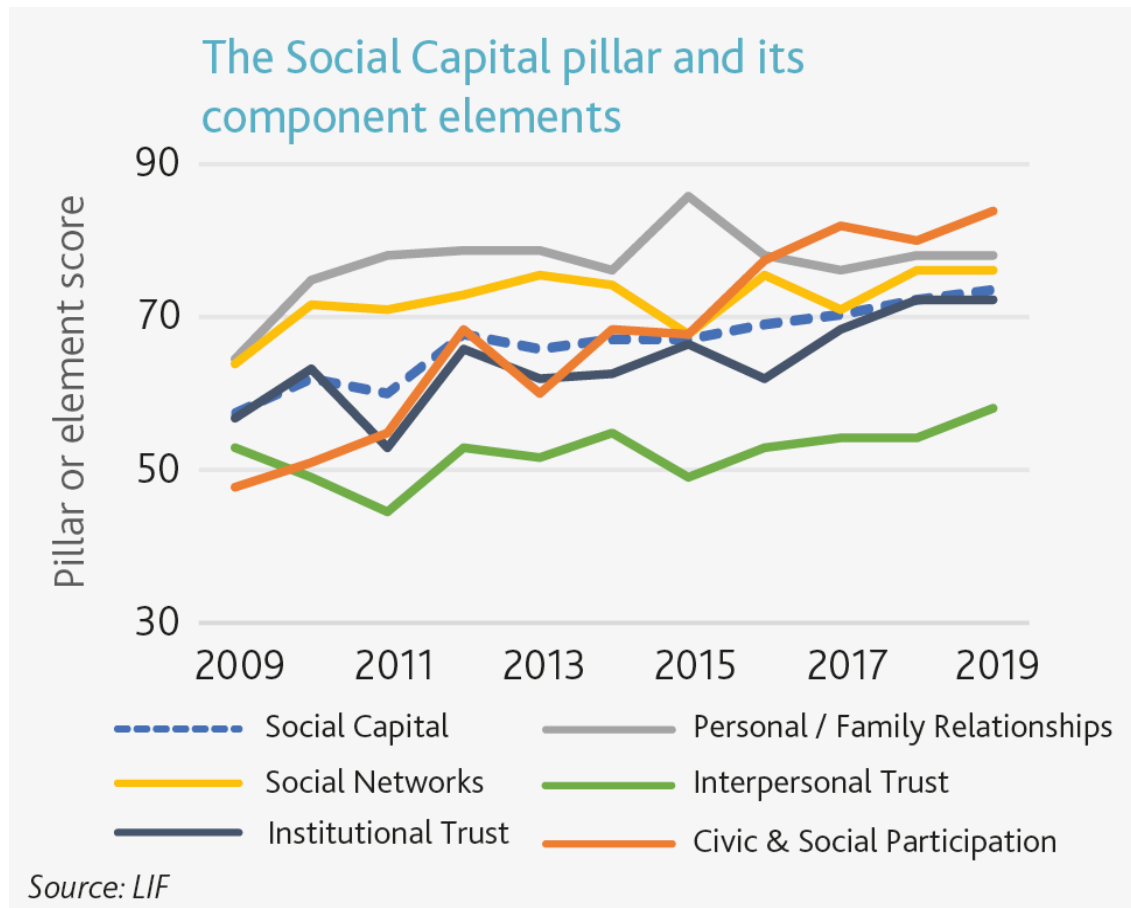
Government
Policy

External Economies of Scale

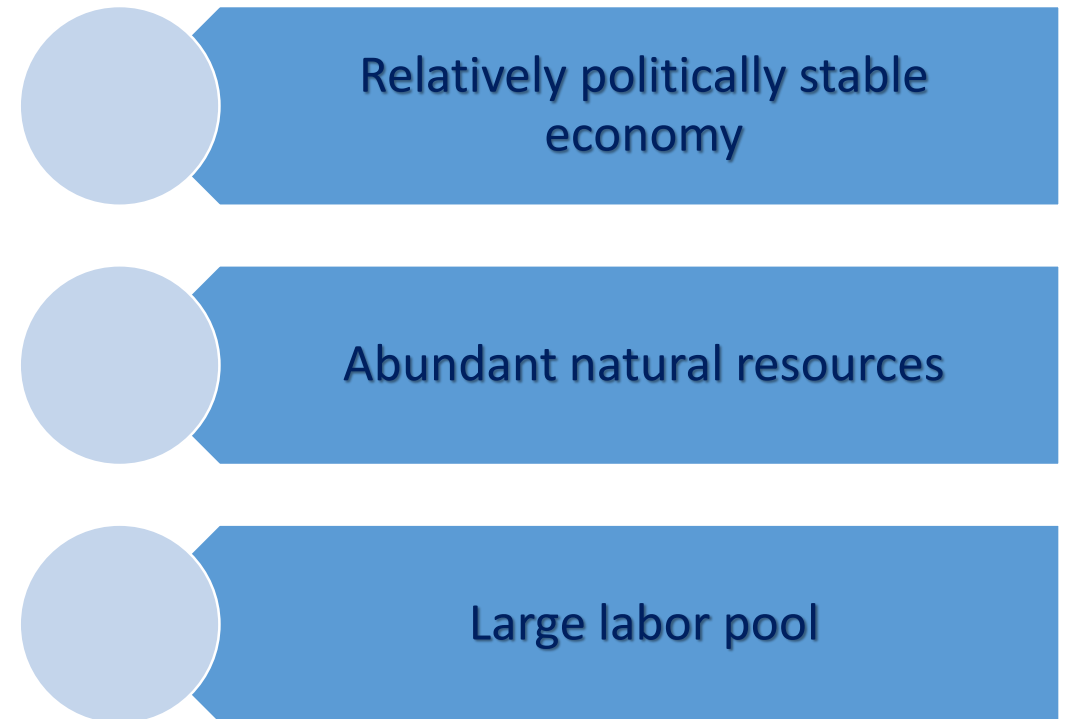


Opportunities for Future Development

In addition to larger domestic market, there are increasingly globalized world, domestic market remains seen important for the development of local industry.



Opportunities



Challenges for Future Development

To support the development of its halal industry, Indonesia is in dire need to deal with a number of challenges.

World Bank's Doing Business 2020

Ease of Doing Business in Indonesia



Region	East Asia & Pacific
Income Category	Lower middle income
Population	267,663,435
Cities Covered	Jakarta, Surabaya



Rankings on Doing Business topics - Indonesia (out of 190 countries)



Challenges

Infrastructure

Regulatory framework

Business environments as a whole