

The 3rd International Symposium toward Halal Global
Institute for Halal Industry & System
Yogyakarta, 10 December 2019



Halal Industry as a New Source of Economic Growth

Akhmad Akbar Susamto, PhD
CORE Indonesia

Outline



01 | The Global Economy



02 | The Halal Industry at a Glance



03 | Halal Industry and the Economy



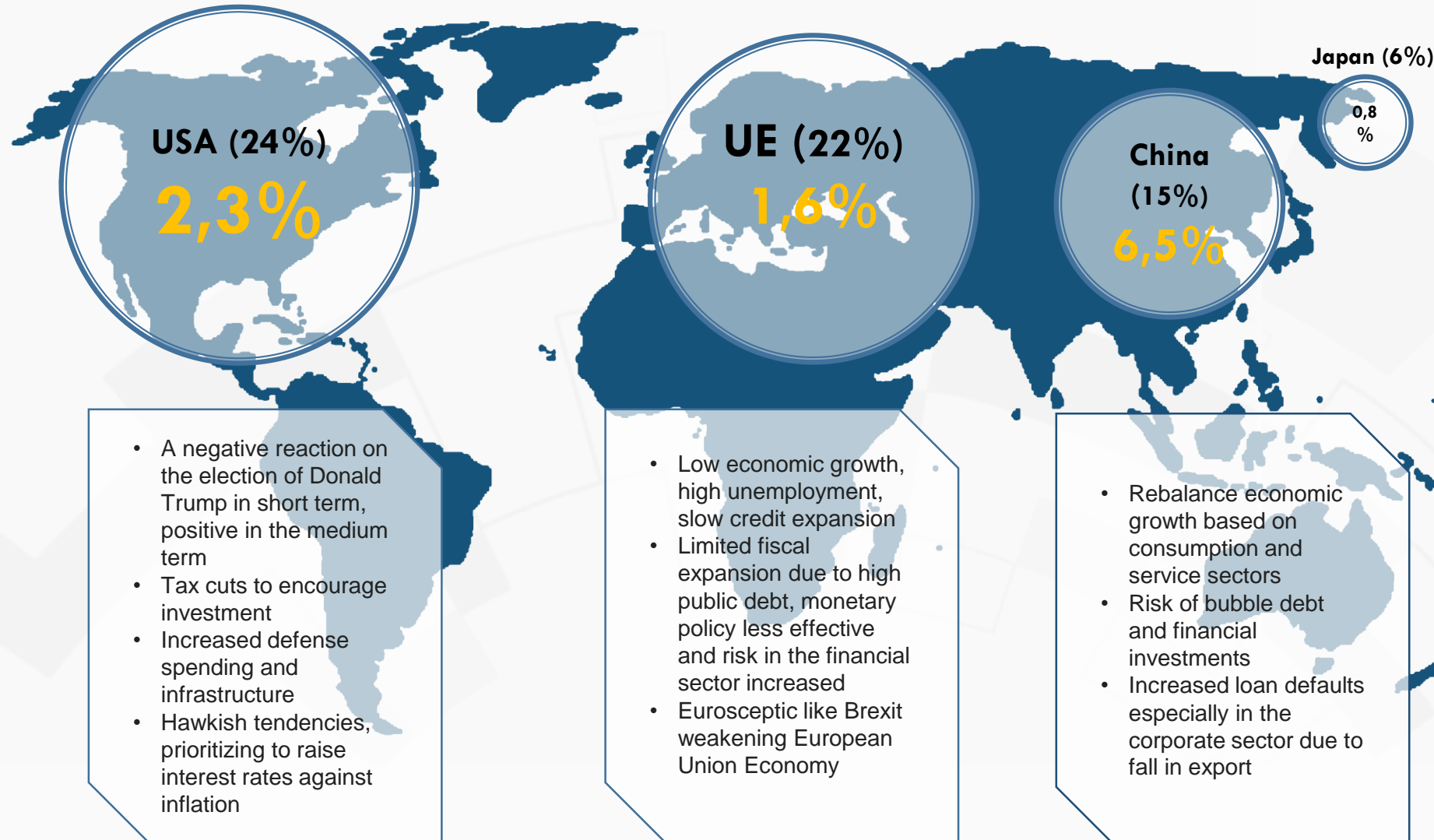
04 | What Needs to be Done



The Global Economy

Continuous growth challenges

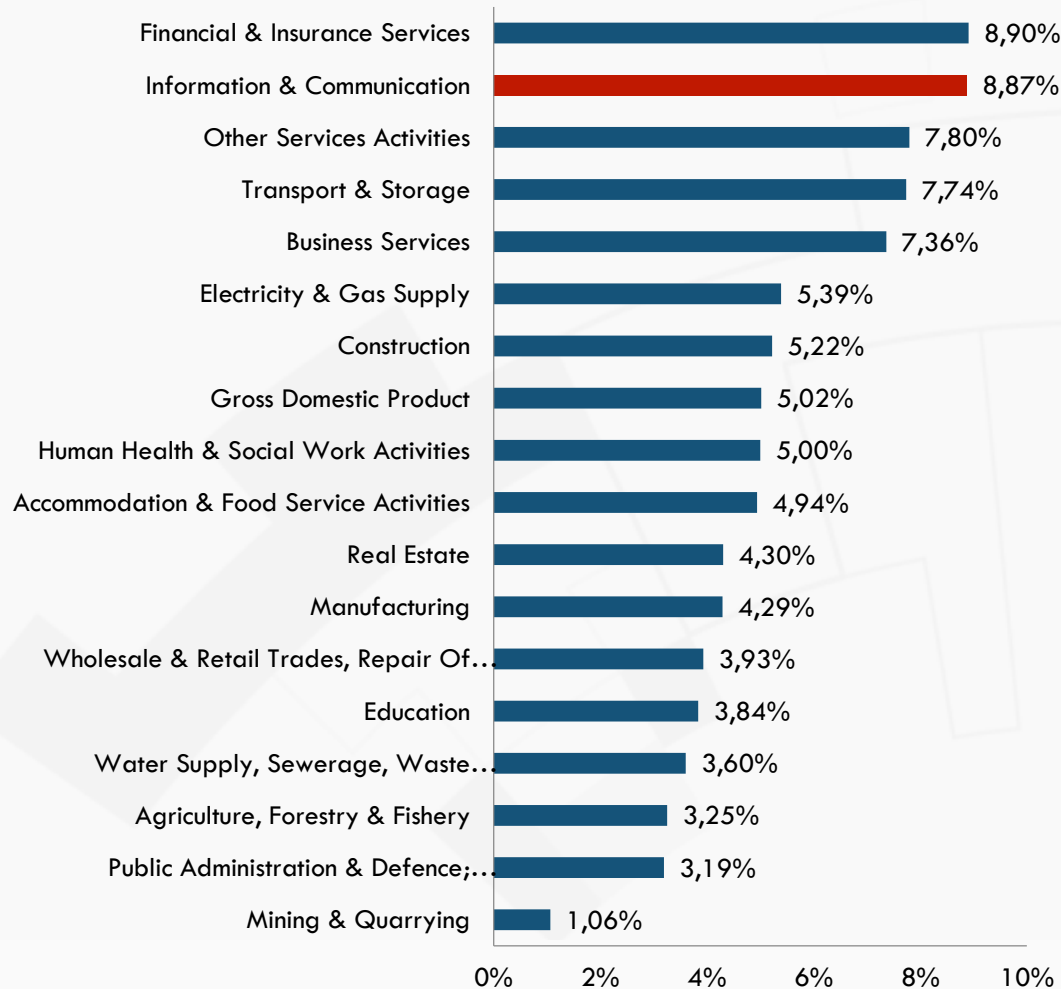
The Global Economy in This Year



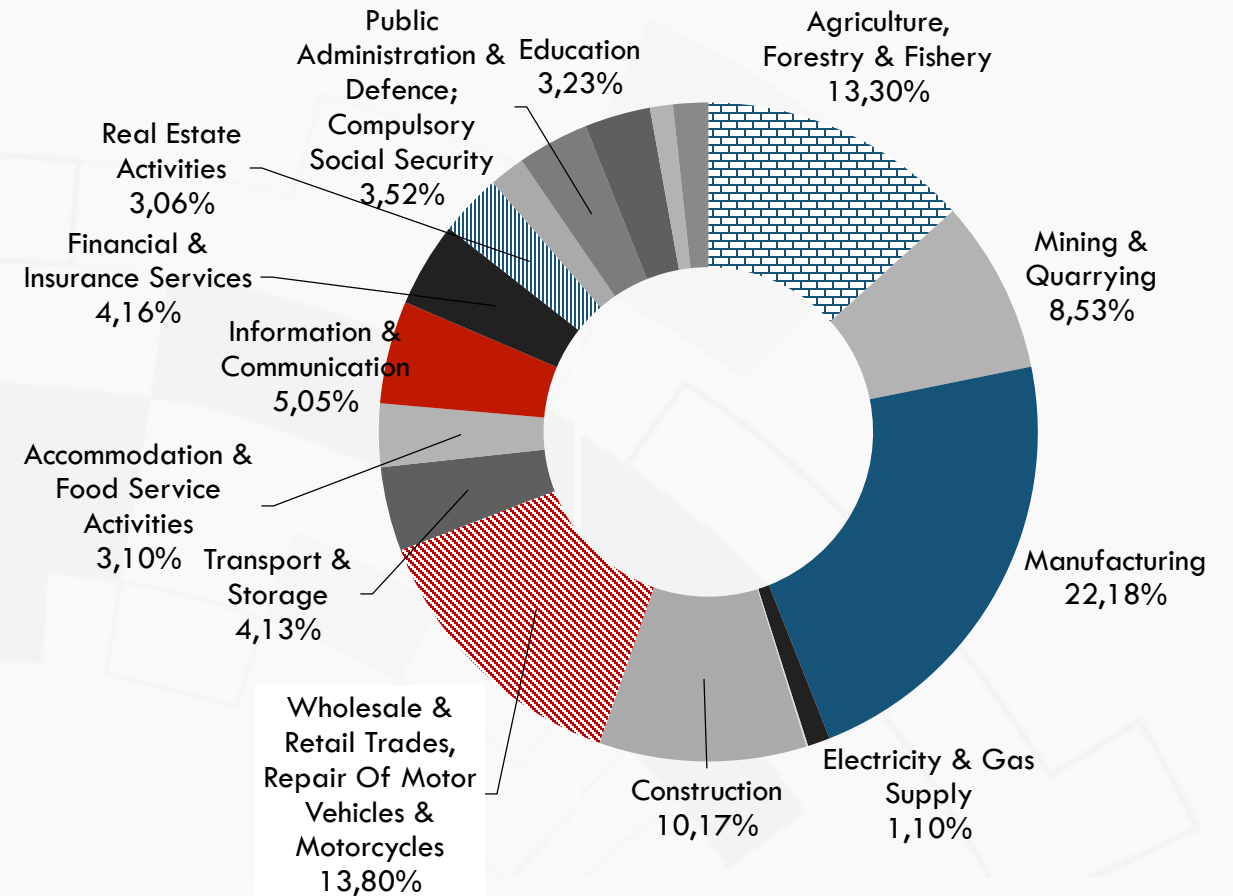
The Global Economy in This Year



Growth of Indonesia GDP, 2016



Share of GDP based on Sectoral, 2016



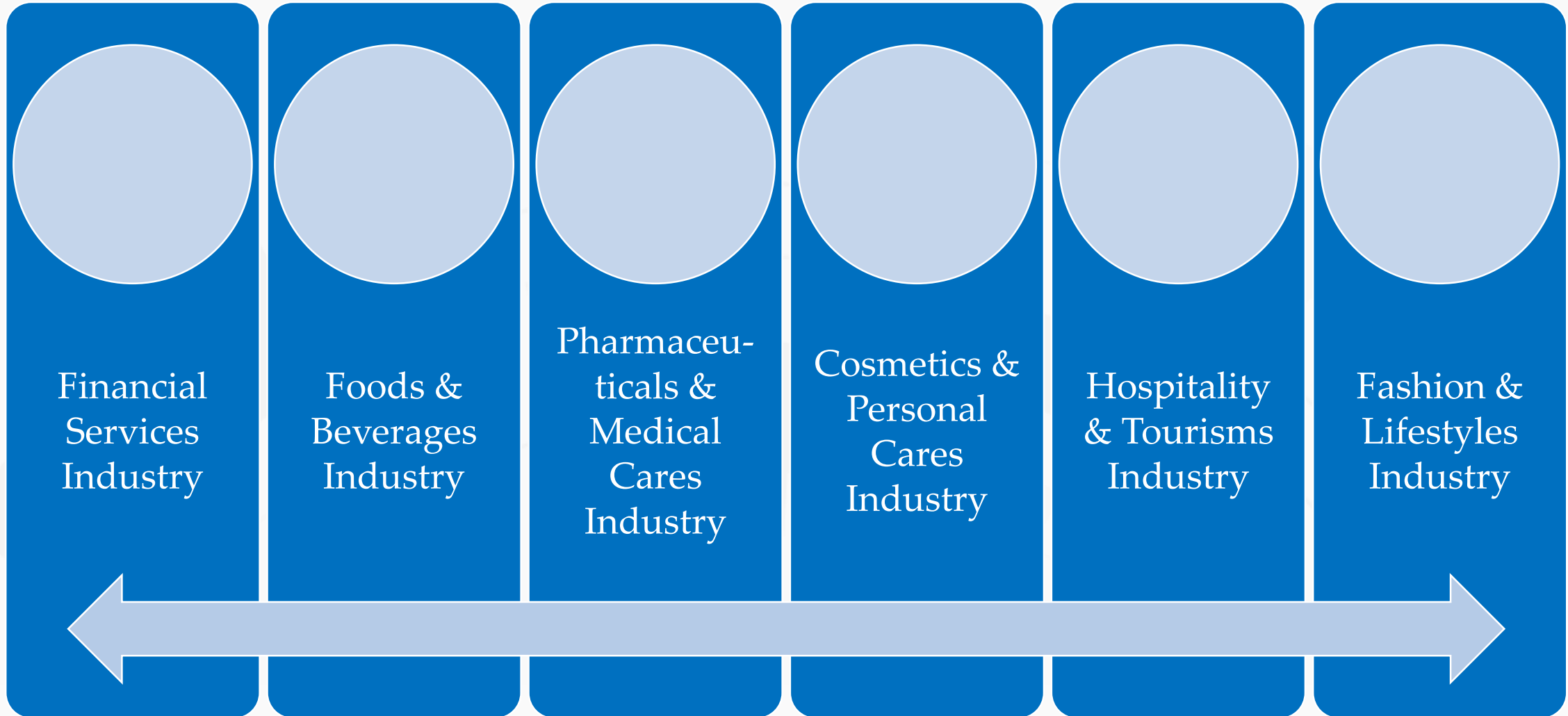


The Halal Industry at a Glance

Expanding Scope and Volume

The scope of halal industry is expanding over the time

#Halal industry is not simply about foods & beverages



The volume of halal market is also expanding

#Halal market is not simply a niche market



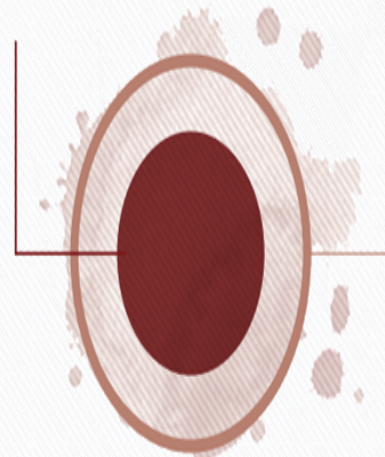
TOP 10

Global Islamic Economy Indicator Score

- | | |
|----------------|--------------|
| 1 MALAYSIA | 6 Pakistan |
| 2 UAE | 7 Kuwait |
| 3 Bahrain | 8 Qatar |
| 4 Saudi Arabia | 9 Jordan |
| 5 Oman | 10 Indonesia |

ISLAMIC ECONOMY OVERALL SIZE

2015	2021
\$1.9 Tn	\$3 Tn
Food & Lifestyle Sector Expenditure	Projected Market Size (8% CAGR Growth)



ISLAMIC FINANCE ASSETS MARKET SIZE

2015	2021
\$2 Tn	\$3.5 Tn
Total Islamic Finance Assets	Projected Market Size (9.5% CAGR Growth)



Source: Global Islamic Economy Report 2016

The volume of halal market is also expanding

#Halal market is not simply a niche market





Halal Industry and the Economy

Three Growth Channels

Halal Industry and the Economy

#1. Delivering considerable added values

- Value: The worth in monetary terms of the economic, technical, service, and social benefits a customer receives in exchange for the price it pays for a market offering.
- Halal industry provides muslim consumers with confidence that cannot be provided by other industries.
- This can be worthy in monetary terms, giving more value to consumers.
- Research (Shafie & Othman, 2006) found that, for Muslim consumers, halal logo is more important than the ISO (*International Organization for Standardization*) certification logo.



Halal Industry and the Economy

#2. Increasing demand for different products

- Halal industry produces various halal products.
- This attracts muslim consumers who would otherwise not be interested to consume the products due to halal related reasons.
- **Example:** Was it the case before the emergence of Islamic banking?



#3. Diversifying supplies and increasing competition

- The halal market is relatively young and vibrant, characterized by fluid, dynamic and complex arrangements between the producers and consumers involved.
- For producers that are new in the market, halal label is a good instrument to have access to previously established markets, either in their own country or abroad.
- For producers that are already in the market, halal label can be a good instrument to maintain their leadership in the previously established market.

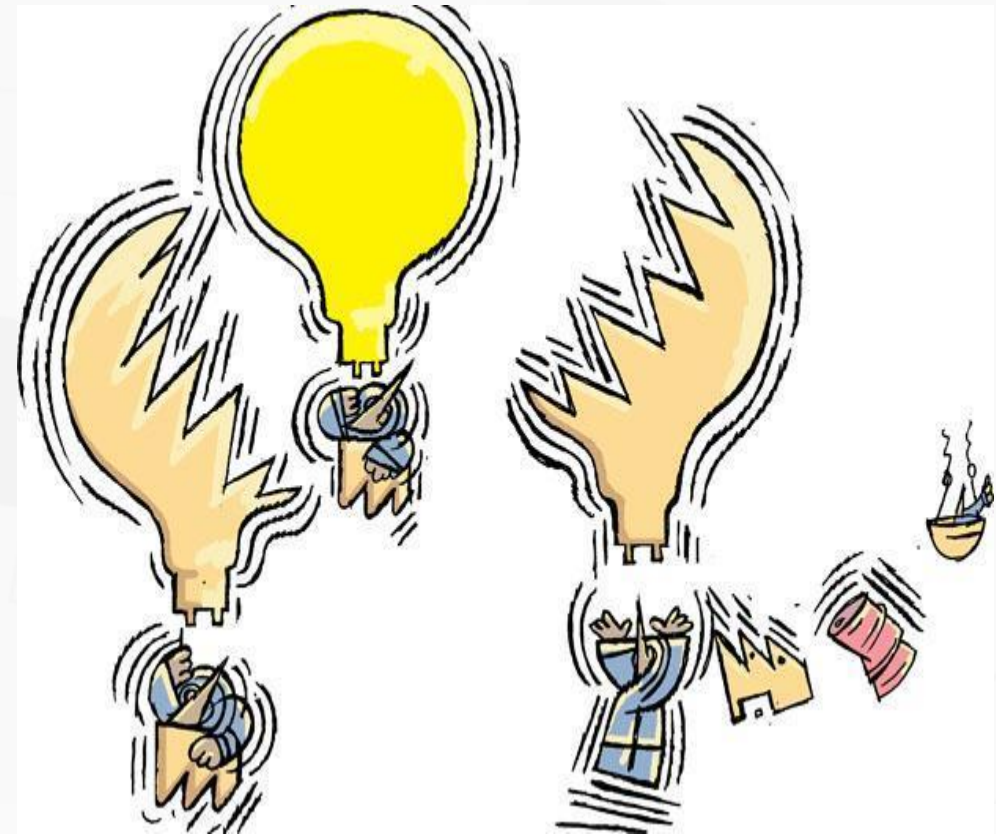
Halal Industry and the Economy

#4. Sparking innovation

- The dynamics of halal market pushes all producers in the halal industry to innovate, both in terms of products and processes.

- **Example:** Could there be halal driven creative destruction?

- The innovation sparked by the halal market can further be expanded by halal industry to serve other market.



Halal Industry and the Economy

#5. Improving the standards of quality

- The halal label has gone beyond being merely a certification associated with religion, but is gradually becoming a universal symbol of good quality and wholesomeness.
 - Products with halal label must have met the quality requirements with respect to among others safety, hygiene and sanitation, product handling.
- **Example:** Could it be that halal assurance equals quality assurance?
- Quality assurance refers to all the planned and systematic actions to be implemented, and demonstrated as needed, necessary to provide adequate confidence that an entity will satisfy given requirements for quality.
 - Halal assurance refers to all the planned and systematic actions to be implemented, and demonstrated as needed, necessary to provide confidence that an entity will satisfy given requirements for halal.



What Needs to be Done

Basic Concepts and Definition

What Needs to be Done

#1. Providing a conducive environment for the halal industry



- Proper and appropriate regulatory and institutional frameworks are key for the successful development of halal industry.



PRESIDEN
REPUBLIK INDONESIA

UNDANG-UNDANG REPUBLIK INDONESIA

NOMOR 33 TAHUN 2014

TENTANG

JAMINAN PRODUK HALAL

What Needs to be Done

#2. Keep increasing the awareness of people regarding halal industry



- It is certainly essential that people, muslim and nonmuslim, become more aware of the potential of halal industry as a new source of economic growth, at both national and international level.
- To borrow a saying, “Awareness is like the sun. When it shines on things, they are transformed”. It is unfortunate that many people are unaware.



THANK YOU

CONTACT

Facebook : Center of Reform on Economics - CORE Indonesia

Web : www.coreindonesia.org

Address : Jl. Tebet Barat Dalam Raya No. 76A, Jakarta Selatan 12810 Indonesia