Chapter 5
Halal Industry in ASEAN: Issues and Challenges

Moha Asri Abdullah
https://orcid.org/0000-0002-5178-2300
International Islamic University Malaysia, Malaysia

Md Siddique E Azam
International Islamic University Malaysia, Malaysia

ABSTRACT

Amongst three Muslim majority countries (Indonesia, Malaysia, and Brunei) of ASEAN, Malaysia leads the halal industry globally and considered to be the global halal hub. Simultaneously, the market is growing tremendously in other member countries as well. It has been realized that a number of driving forces are responsible for boosting the expansion of Halal industry globally as well as in ASEAN. While there are a number of factors accelerating the growth of the Halal industry, there are many limitations and challenges that are hindering the market expansion. Therefore, this chapter introduces the overview of Halal industry globally as well as in ASEAN counties. The chapter explores the opportunities of the Halal industry for ASEAN counties followed by identifying the issues and challenges confronted by industry players. Finally, it concludes by providing some recommendations in the ASEAN context based on the current global situation and findings of the Halal industry. The chapter adopts methodology of analyzing secondary data.

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INTRODUCTION

ASEAN is an association of free trade agreement amongst ten South-East Asian countries where the Halal industry has potential opportunities because of the integration of non-tariff protection in international trade. The halal market is no more limited to the boundary of the food sector. While spreading its territory to other sectors it is being encountered by a number of issues and challenges also. Researchers have already addressed some of these issues and challenges in their studies and drawn the attention of industry players and policymakers. The global halal industry as a whole is estimated to worth around USD2.3 trillion (excluding Islamic finance) a year (Global halal market - Statistics &amp; Facts, (Shahbandeh, 2019)). The integration of ethical values along with religious values opens up the boundary of the halal industry from 2.8 billion Muslim consumers to non-Muslim consumer as well around the world. For example, Brazil, Australia, and Singapore are in the list of top ten countries with highest GIEI (Global Islamic Economy Indicator) score in the halal food market in 2017-2018, although they are non-Muslim countries (Thomson Reuters and Dinar Standard, 2017). In the halal food industry, the largest market is meat and poultry which is, surprisingly, led by non-Muslim countries. New Zealand and Australia are leading worldwide in exporting halal meat. Brazil and Argentina, at the same time, are the biggest poultry producer (Nor Ai’han Mujar, 2015). The current Muslim population is 2.18 billion which is 28.26% of the total population is increasing at 1.84% a year (“Muslim Population in the World,” n.d.). As the consumer size is increasing, the market size of the halal industry is also increasing at an annual rate of 20% with a value of US$560 billion a year (Pacific, 2010). Such growth is also noticeable in ASEAN counties like Malaysia, Indonesia, Thailand, Brunei and so on. Moreover, the GDP in terms of purchasing power of ASEAN has also increased significantly since 1990. All these driving forces like the Muslim population seize, GDP (PPT), emerging industry players and market, and free trade agreement are the indicators of Halal industry growth globally as well as in ASEAN. However, to utilize all the driving forces effectively and efficiently, issues and challenges faced by the halal industry should also be identified and addressed by policymakers, researchers, academics, governments, and respective authorities in ASEAN.

Thus, this chapter starts with an overview of the current situation and prospects of the global halal industry followed by the Halal market in some counties of ASEAN. It continues by identifying the driving forces that determine the rapid growth of the global halal market in ASEAN. As the main objective of this chapter, it investigates issues and challenges in ASEAN halal market regarding the identified driving forces. Finally, the chapter draws the conclusion by providing recommendations based on the findings.
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