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International Markets Bureau

MARKET INDICATOR REPORT | APRIL 2011

Global Pathfinder Report

Halal Food Trends

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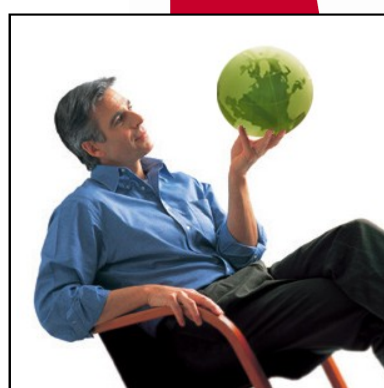

Growing Forward

Canada

EXECUTIVE SUMMARY

The international Muslim population is comprised of nearly 1.6 billion people who, as part of their Islamic religion, follow a Halal diet (Carnegie Endowment for International Peace). The sheer size and scope of this market presents a promising mosaic of consumers for food manufacturers.

There are two key drivers that make the Muslim population an increasingly important market. The first simply comes down to the numbers. It is estimated that Muslims account for about 25% of the global population, and the Muslim population is younger and growing faster as a whole, increasing at a rate of 1.8% per year (Carnegie Endowment for International Peace). The second is the changing nature of the world market. The Muslim population is gaining influence and economic clout, with the gross domestic product (GDP) of most Muslim countries growing faster than in the West.

Compounded by new immigration, there are large amounts of native Muslims around the world. These second and third generation Muslims show the same consumer inclination to opt for convenience rather than cooking from scratch. They are also looking to expand the range of cuisines traditionally favoured by their elders. These changing trends not only promise a growing demand for Halal foods, but also make a market ripe for new product developments.

Total Population and Muslim Population by Continent, in millions, 2008

Continent	Total Population	Muslim Population	Muslim Population as a % of Total
Africa	967	462.3	47.8
Asia	4,050.6	1,103.7	27.2
Europe	735.2	51.4	7.0
N. America	331.7	7.13	2.2
S. America	576.8	2.4	0.42
Oceania	33.54	0.5	1.5
Total	**6,694.8**	**1,627.6**	**24.3**

Source: *Carnegie Endowment for International Peace*

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Source: *Shutterstock*

HALAL AND HARAM

Halal Traditions

Within the Islamic religion, a strong emphasis is placed on cleanliness, both spiritually and in the context of food and drink. For a food and drink product to be approved for consumption it must conform to the Islamic dietary laws as specified in the Quran (Holy Book). Halal and Haram are universal terms that apply to all facets of Muslim life

Halal is an Arabic term meaning "permissible" or "lawful." The opposite of Halal is Haram, which means "prohibited" or "unlawful." Health is a key characteristic embedded in all the teachings and instructions of Islam; followers are taught that anything Halal will lead to good health, whereas anything Haram will lead to some form of disease and suffering.

In regards to food and drink, Islamic scholars have laid down three guidelines:

1. Consumption must include only Halal food and food products.
2. The food and food products must be obtained through Halal means.
3. The material in contact with the food or food products must not be harmful to health.

Halal products are determined based on their purity and cleanliness, and while the particular standards may have regional or other complexities, there are some primary instances of non-Halal, or Haram products, including:

- pork and all swine by-products,
- animals that are not slaughtered according to Halal requirements,
- animals that have been killed prior to slaughter,
- animals slaughtered in the name of anyone other than God,
- carnivorous animals or birds of prey,
- blood and blood by-products,
- alcohol and intoxicants, and
- otherwise Halal foods that have been contaminated by any of these Haram products.

Source: *Shutterstock*

While many things are clearly Halal or Haram, there are some items that are not so easy to classify, and these are often referred to as mashbooh, which means "doubtful" or "questionable."

GLOBAL MARKET SIZE

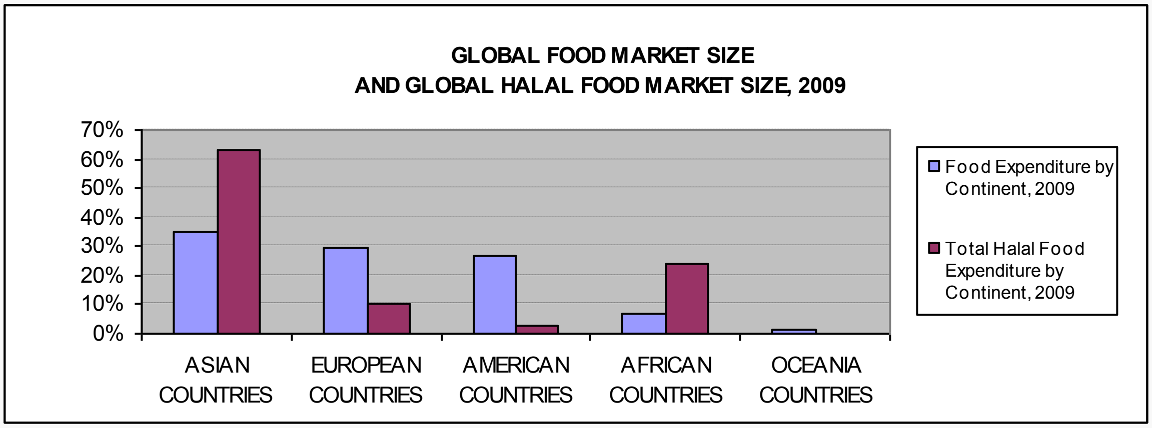
In 2009, the global food market was valued at US $3,992.2 billion (retail plus trade), and according to the latest research from the World Halal Forum, the global Halal food market is worth an estimated US $635 billion. The Halal market in Europe alone represents US $67 billion, highlighting that the Halal food market in non-Muslim countries is substantial. Non-Muslim countries offer huge opportunities for Halal food producers.

The 1.6 billion global Muslim population largely resides in countries where the economy is growing, enjoy higher income levels, and report higher expenditures on good-quality Halal food, creating substantial marketing opportunities for Halal food products. Also, while developed countries are seeing declining populations with shrinking families, Muslim nations are seeing rapid growth and larger families. Both of these trends are fuelling further growth amongst Halal products.

According to the Halal Industry Development Corporation of Malaysia, among all Halal products on a global scale, 10% is represented by meats, and 35% is processed food and non-alcoholic beverages. Value-added beef products and deli are classified within the processed food category, which also includes a wide variety of other products, such as cookies, candies, and so on. The remaining categories, such as dairy or fresh produce, are fragmented and proportionally small by comparison.

Global Halal Market Sizes by Region in US $ billions				
Region	2004	2005	2009	2010
Global Halal Food Market Size	587.2	596.1	634.5	651.5
1. Africa	**136.9**	**139.5**	**150.3**	**153.4**
2. Asian Countries	**369.6**	**375.8**	**400.1**	**416.1**
GCC Countries*	38.4	39.5	43.8	44.7
Indonesia	72.9	73.9	77.6	78.5
China	18.5	18.9	20.8	21.2
India	21.8	22.1	23.6	24.0
Malaysia	6.6	6.9	8.2	8.4
3. Europe	**64.3**	**64.4**	**66.6**	**67.0**
France	16.4	16.5	17.4	17.6
Russian Federation	20.7	20.8	21.7	21.9
United Kingdom	3.4	3.5	4.1	4.2
4. Australasia	**1.1**	**1.1**	**1.5**	**1.6**
5. American	**15.3**	**15.5**	**16.1**	**16.2**
United States	12.3	12.5	12.9	13.1
Canada	1.4	1.5	1.8	1.9

Source: *World Halal Forum*
***GCC:** Gulf Cooperation Council, which consists of Saudi Arabia, he United Arab Emirates, Bahrain, Kuwait, Oman and Qatar*



Source: *World Trade Organization*

The International Halal Food Market: Characteristics and Challenges

According to the World Halal Forum Chairman (for 2008-2007) Mr Khairy Jamaluddin, one of the things impeding growth in the Halal industry, despite rising consumer demand for Halal products, is the lack of international consensus in regards to Halal standards. There are several competing bodies offering Halal status certification, and certification fees differ substantially. Furthermore, in almost all countries Halal is a religious issue and thus the state will not intervene in its control or standardization. Halal certification, therefore, is conducted by many independent agencies, associations, councils, and federations, and is regulated under labelling law.

However, Halal markets are not necessarily similar across different countries or regions - each market is fragmented by ethnicity, location, income, and various other determinants - posing further challenges to the idea of international standardization, as well as the producers and exporters of Halal products. Furthermore, most Muslim countries, especially those in Asia and Africa, still rely on basic and non-tradable food products which are largely supplied locally and not internationally exchanged.

The concept of Halal does hold a sort of universal meaning, and while Halal certification is a necessity, it is insufficient on its own to succeed in international trade due to the inconsistencies in terms of standards mentioned above. Halal products must also hold up to world-class standards of quality, safety, packaging and labelling. It has been observed, for example, that most imported Halal products in the Middle East have failed due to poor packaging, inconsistent supply and lack of sustained branding. Equally important, integrity within the Halal supply chain must be preserved. If consumers lose confidence in the status of Halal, sales and trade will be affected.

KEY MARKETS

Although we tend to think of Muslim countries as being centered in the Middle East, the largest Muslim nations are actually located in South and South-East Asia. Countries with a Muslim majority are the most obvious target markets for Halal products. However, Muslims living within Western countries also present strong demand for Halal products that suit a convenience-oriented lifestyle, thus creating many opportunities for Canadian suppliers of Halal products.

South-East Asia

- This is the region where Halal awareness is most obvious. Generally, Halal is associated with meat and meat products, but in this region, due to an increased awareness about Halal, non-meat products such as flour, butter, sauces and milk, have seen Halal certified variations.

- Malaysia and South-East Asia are home to almost 1 billion Muslim people. Malaysia is considered to be an established and successful leader in the Halal market among the Muslim countries. It aspires to eventually be an international hub for Halal, but is currently working to become a regional production and distribution hub for Halal products.

- Other large Muslim populations are found in Indonesia, Pakistan, India and Bangladesh, which have a combined Muslim population of approximately 640 million. Despite this sizable consumer segment, many Asian nations have modest per capita incomes and lower total food consumption rates than many other areas of the world, posing challenges for food exporters to those regions.

- There is also strong demand for Halal products in a number of non-Muslim countries. These markets include India (140 million Muslims), China (40 million Muslims), and the Philippines (6 million Muslims).

The Middle East and North Africa

- The Middle East and North Africa have a population of 475 million people, which are predominately Muslims. There is a high concentration of wealth in the area and in recent years, there has also been rapid infrastructure growth facilitating trade and a booming tourism industry.

- The Middle East is a strong market for Halal products. The Gulf Cooperation Council (GCC) member countries include the wealthy nations of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. Their annual food imports were estimated to be worth more than US $43 billion in 2009. Members of the GCC have higher incomes and consequently higher per capita rates of consumption. In addition, the region must import 80% of its food requirements. Saudi Arabia and the United Arab Emirates (UAE) are seen as the most important import markets in the region. However, key Halal markets also include Algeria, Iraq, Morocco, Iran, Egypt, Turkey, Tunisia, Jordan, Yemen, and Syria.

Europe

- The European Union is an important Halal market as a whole, with France as the largest Halal market outside of the key Muslim countries. Germany and the United Kingdom have major potential as Halal markets given their significant purchasing power. There are also substantial Muslim communities in Eastern Europe, specifically Albania (70% Muslim), Bosnia/Herzegovina (60% Muslim), Macedonia (30% Muslim), Russia (19% Muslim) and Yugoslavia (19% Muslim). However, non-Muslims in Europe are also purchasing Halal products due to the perception that they are safer.

The U.S. and Canada

- In 2008, a report from the Agri-food Trade Service of Agriculture Canada on the Halal Food Market, indicated that the U.S. market for Halal products was estimated at US $12 billion. With this figure as a proxy, annual Halal food sales in Canada were deemed to exceed US $1 billion. This report also cites figures showing that since 1995, domestic sales of Halal food in the U.S. have increased by more than 70%.

TRENDS

Country	Number of Variants
Thailand	2115
Malaysia	1663
South Africa	1622
Singapore	1123
Indonesia	1114
China	655
Australia	605
Philippines	540
Vietnam	538
India	513
Egypt	223
Saudi Arabia	220
Hong Kong	191
UK	158
New Zealand	135
USA	114
Turkey	101
Taiwan	70
Netherlands	63
Canada	60
France	52
Germany	44
Finland	24
Austria	23
Brazil	22
Chile	21
Hungary	20
Mexico	17
Morocco	15
Israel	14
Spain	8
Ireland	8
Belgium	7
Switzerland	7
Czech Republic	6
Sweden	6
Ukraine	6
Greece	5
Italy	5
Portugal	5
Venezuela	5
Argentina	3
Colombia	2
Norway	2
Poland	2
Russia	2

Halal Food and Beverage Introductions from January 2009 to November 2010

Source: *Mintel, 2010*

There is no doubt that the Halal market is expanding. As the Muslim population grows at a rate of 1.8% annually, more products are becoming available to Halal consumers in all sectors of the market around the world. According to Mintel, on an international basis, there were 12,154 new food and beverage product introductions that used the Halal claim, between January 2009 and November 2010 (see table at left).

Retailers are seeing this as an important opportunity and are now carrying Halal food products. Restaurants, especially fast-food services outside Muslim countries, are also offering Halal options. Manufacturers of ingredients, additives and colours are increasingly producing to Halal specifications for sauces, marinades, additives and fats in the catering trade. Halal food accreditation is increasingly sought for Western-influenced meat products such as sausages, luncheon meats, canned, chilled and frozen chicken, turkey and beef products and ready meals.

Further expanding the market, the concept of Halal has extended far beyond a religious choice, also attracting consumers who are environmentally conscious, health conscious and vegetarian. Halal is perceived to be a more humane and ecological way of processing meat, thus resulting in a perception that the product is also of higher quality, safer and cleaner. In the U.K. for example, Halal meat makes up 11% of all meat sales, however, Muslims only account for 3% of the entire U.K. population. Driven by perceptions of freshness, hygiene, and lessened toxins or bacteria, the consumption of Halal products is becoming more commonplace amongst non-Islamic demographics.

Countries with larger Muslim populations have already made provisions for these shifting consumer requirements. In England, products such as meat and sausages that are manufactured according to Halal standards, are available at Tesco and Sainsbury's. The British drugstore chain Boots sells Halal baby food, and encouraged by the success of its Halal fast-food in London, McDonald’s plans to serve Halal chicken in other European locations in the near future.

The U.K. is Europe's largest market for Halal chicken fast-food, with sales of US $2.48 billion in 2008, according to Euromonitor International. This industry is already a competitive one, with brands including Chicken Cottage and Perfect Fried Chicken serving only Halal chicken.

France’s second most popular fast-food establishment, Quick, has announced that it will only be selling Halal meat in 22 of its stores. According to the BBC, France has the largest Muslim population in Europe at roughly six million. Its Halal market is estimated to be worth US $17 billion, which is double the market size of organic products. Supermarkets run by the Casino chain offer meat and meat products manufactured according to Halal standards, and French delis stock Halal foie gras.

Although not nearly as many Halal-certified products are launched in North America, there is still a small, but blossoming market. In the United States and Canada, food and beverages marked as Halal-certified also commonly have other generally “healthy” markings. This makes them seem more familiar, healthy and acceptable to consumers who may not know what Halal certification means.

Faith-based marketing has tapped the power of Christian and Jewish consumers, but many marketers have yet to fully recognize the potential of Muslim consumers and the growing demand for Halal products. There is, however, a small, but growing number of companies that are beginning to recognize the potential of this distinct market segment.

AGRICULTURE TRADE

The Islamic Food and Nutrition Council of America (IFANCA), has a Halal-certification program that is recognized around the world. Therefore, if product manufacturers attain this Halal certificate, it can open up markets in Europe, North and South America, Indonesia, Malaysia, Singapore, Saudi Arabia, the U.A.E. and the rest of the Middle East. As the world Muslim population is expected to reach the 30% mark in the next decade, it represents a potentially lucrative segment of the marketplace.

On the domestic front, in June 2008, the Agri-Food Trade Service of Agriculture and Agri-Food Canada (AAFC), published a Global Halal Food Market Brief to highlight and publicize the significant opportunities in the Halal market. AAFC projected that the population of Canadian Muslims will double between 2000 and 2010 from 600,000 to 1.2 million. In addition to the growing customer base, the lack of convenient access to Halal foods gives this market strong growth potential, once these isues are resolved.

Canadian agri-food exports to key Halal markets reached CAD $2.9 billion in 2009. Grains dominated Canadian agri-food exports to these countries.

Key Halal Markets - Canadian Agri-food Exports by Country (2009) in $ CAD	
Saudi Arabia	467,529,734
Iraq	435,701,930
United Arab Emirates	415,793,271
Iran	292,642,043
Indonesia	281,115,790
Morocco	267,701,430
Algeria	207,170,605
Turkey	160,747,371
Egypt	125,887,154
Malaysia	119,406,944
Tunisia	75,743,427
Kuwait	15,586,064
Lebanon	13,530,286
Jordan	11,050,678
Bahrain	4,394,513
Qatar	4,248,892
Yemen	3,843,234
Syria	3,628,785
Oman	569,282
Total	**2,906,291,433**

Source: *AAFC-CATSNET Analytics, Statistics Canada, September 2010.*

Canadian Agri-food Exports to Key Halal Markets in 2009 by Product in $ CAD	
10 - Grains, bulk or cereals	1,972,385,100
07 - Edible vegetables and certain roots and tubers, pulses	431,864,453
12 - Oilseeds, seeds for sowing, fodder	276,991,743
21 - Miscellaneous edible preparations	67,606,559
20 - Preparations of vegetables, fruit & nuts	36,344,327
04 - Dairy products, eggs & honey	34,713,029
23 - Food industry residues & waste, prepared fodder	17,232,843
03 - Fish and crustaceans	12,427,169
19 - Preparations of grains, pasta	11,941,685
02 - Meat and edible meat offal	10,801,386
15 - Animal/veg fats & oils, margarine	9,889,530
22 - Beverages, spirits and vinegar	5,026,038
11 - Grains products, malt, starches	4,543,186
05 - Products of animal origin	4,022,846
16 - Preparations of meat (*excludes fish)	2,193,095
01 - Live animals	2,105,559
17 - Sugars and sugar confectionery	1,485,803
08 - Fruit & nuts	1,379,510
09 - Coffee, tea, maté and spices	941,856
13 - Lac; gums, resins & other vegetable saps & extracts	740,581
24 - Tobacco and manufactured tobacco substitutes	604,230
18 - Cocoa and cocoa preparations	416,963
41 - Raw hides, skins (*excludes mfg. leather)	236,019
35 - Caseins & albumins	105,580
43 - Furskins (*excludes finished furs)	96,098
06 - Live tree, plant, flowers floriculture	91,026
33 - Essential Oils	76,095
53 - Other textile fibres	14,124
52 - Cotton, raw (*excludes yarn, fabric)	9,000
50 - Silk, raw (*excludes textiles)	6,000
Total Products	**2,906,291,433**

Source: *AAFC-CATSNET Analytics, Statistics Canada, September 2010.*

GLOBAL COMPETITORS

According to the Global Trade Atlas (2010), the United States and the European Union, have been in the market for many years. Brazil has also become a major supplier of Halal meat products and has dominated the Halal poultry market in the past few years. Australia and New Zealand are major suppliers of Halal food products in South-East Asia, mainly for geographical reasons. Canada has yet to capitalize on its image as high quality, safe and reliable food supplier to the promising Halal market.

Global Competitors to Canada in Key Agri-food and Seafood Halal Markets

Key Halal Market	Primary Competitor	Value in $ US	Year
Saudi Arabia	The United States	1,051,560,581	2007
Iraq	*No data available*	—	—
United Arab Emirates	India	1,700,597,583	2009
Iran	The Netherlands	142,750,315	2006
Indonesia	Australia	1,854,653,737	2009
Morocco	The United States	626,461,588	2009
Algeria	France	1,634,000,091	2009
Turkey	The United States	1,476,382,664	2009
Egypt	The United States	1,480,351,833	2009
Malaysia	Indonesia	2,048,984,556	2009
Tunisia	Ukraine	216,503,220	2009
Kuwait	India	476,836,053	2008
Lebanon	Brazil	306,059,151	2009
Jordan	The United States	232,984,089	2009
Bahrain	Saudi Arabia	120,013,031	2007
Qatar	Saudi Arabia	232,054,231	2008
Yemen	Brazil	331,506,743	2009
Syria	The United States	278,773,714	2007
Oman	United Arab Emirates	544,682,656	2009

Source: *Global Trade Atlas, 2010*

CONCLUSION

The international Muslim population is expanding in terms of size and geography, resulting in increased demand for Halal food and beverage products. Furthermore, increased globalization is leading to changes in the social behaviours and attitudes of the younger Muslim generation, creating unique product needs. While they remain Halal-conscious, they still want to eat Thai food, Chinese food, pizza and burgers. This is coupled with a growing segment of non-Muslim populations that are seeking out Halal products for health or environmental reasons.

Source: *Shutterstock*

Certification is key to tapping this consumer market, and while Halal certification is not yet standardized on a global scale, the concept is internationally recognized. Certification also provides reliable, independent authentication to support a food manufacturer's claim that their products meet the necessary religious requirements. In addition to its religious significance, consumers consider this certification as a seal of quality. A large number of consumers perceive Halal foods as being specially selected and supervised at all stages of preparation and processing to achieve the highest standards of wholesomeness and hygiene. Thus Halal certification means more opportunities for manufacturers of diverse food products.

RESOURCES

For more information on Halal products as well as certification bodies and processes, please consult the following resources:

Government of Alberta. Agriculture and Rural Development. (2009). *Canadian Halal Meat Market Study.* [http://www1.agric.gov.ab.ca/$department/deptdocs.nsf/all/afu9886].

Henson, S. (2006) The Role of Public and Private Standards in Regulating International Food Markets, paper prepared for the IATRC Summer Symposium 'Food Regulation and Trade: Institutional Framework, Concepts of Analysis and Empirical Evidence', Bonn, Germany, 28-30 May.

Survey on the Halal Certification Agencies – December 2009. http://www.asidcom.org – ASIDCOM : French Association of Muslim Consumers

World Halal Forum (2007) World Halal Forum: the Executive Review 2007, KasehDia Sdn Bhd; Kuala Lumpur.

Websites

Canada Halal
http://www.canada-halal.ca/

Canadian Halal Food
http://www.canadianhalalfoods.com/

Halal Monitoring Authority Canada
http://www.hmacanada.org

Islamic Food and Nutrition Council of America
http://www.ifanca.org/index.php

Islamic Society of North America
http://www.isnacanada.com/index.htm

Halal Expo
http://www.parishalalexpo.com/

Global Pathfinder Report: Halal Food Trends

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