ROLE OF GLOBALIZATION IN THE EXPANSION OF MUSLIM AND NON-MUSLIM HALAL FOOD MARKET ECONOMY

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Abstract: This paper examines the role of globalization in the expansion of supply and demand of halal food and non-food products market economy. In this paper, the term "halal" denotes any food and beverages that are permissible for consumption by Muslimsaccording to Islamic dietary regulations. Over the last two decades, global halal food and non-food industries have been experiencing significant growth in production, trade volume, and consumption by both Muslims and non-Muslim consumers. As a certifiable global high-quality brand, halal food trade has been able to break through beyondreligious,cultural, and geographicparameters. Halal food products, especially meat, chicken, and seafood are the driving engines behind this growth. One of the major contributors to the increased consumption of halal food products has been fueled by the rapidly growing global Muslim populations in the Middle Eastern counties, Southwest and Southeast Asia, and Asia-Pacific Regions. Chiefly among them are Indonesia 209.1 million, Pakistan 176.2 million, India 167.4 million, Bangladesh 134.4 million, and the Arab Middle Eastern Countries combined with 400 million. Because of this rapid expansion of the global Muslim population, the demand for halal products has not been only for foodstuffs, but also for nonfood goods and services that has been propelled by the increasing purchasing power of the current global Muslim population of nearly1.6 billion with an estimated $2.1 trillion annually. Notability, there has been a growing global halal food consumption by non-Muslims particularlyin the U.S. One of the explanations for this relatively recent but burgeoning phenomenon is that halal food market has been exceedingly attracting and gaining a greater acceptance among the global non-Muslim consumers, especially the young American millennials who have embraced halal food as a healthier dietary alternative to fast food and processed food products. Further, none-Muslim consumers are likely to associate halal food and non-food products with being hygienic, ethical, natural, and pure. Non-Muslim consumers often identify the word "halal" as a representation of a positive and wholesome food brand.

Index Terms: Halal food economy, Globalization, Food culture, Muslim and non-Muslim consumers.

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Since the 1990s,the diffusion of globalization has played a significant impacton the halal food market economy not only in the U.S. but also worldwide. Over the last three decades, the halal food industry has become one of the fastest growing global consumer markets in the world. Excluding the banking and financing sectors, currently, the aggregate global halal industry productivity, including halal food;beverages; non-food products; and other related lifestyle services such as tourism and hospitality are valued at about $2.3 trillion[1], [2], [18], [20]. Several studies have examined the trends of the future global population growth forecast that by 2030, the global Muslim population is expected to constitute nearly 26% of the total world's population with a projected total population of nearly 2.2 billion Muslims [10], [15], [21]. Reference [10] estimates that the world's Muslim population is expected to grow by 32% in the forthcoming decades. In 2015, there were close to 1.8 billion Muslims, and by 2060 this number is forecast to increase up to 3 billion. Reference [10] further explains that, in 2015, Muslims comprised nearly 24.1% of the total global population, and 45 years later, Muslims are expected to comprise more than 31.1%. A relevant projection by [3]predicts that the current global Muslim population is expected to increase by more than two-fold in a span of few decades compared with their non-Muslim counterparts. Several recent global Muslim population growth analyses suggest that four in ten (40%) of the most populous Muslim countries in the world that are the leaders in contributing to the rapid population growth are in the Southwest and Southeast Asia, and Asia-Pacific Regions. Chiefly among them are Indonesia (209.1 million) (one in every eight Muslims in the world lives in Indonesia), Pakistan (176.2 million), India (167.4 million), and Bangladesh (134.4 million) [14], [21]. Because of this rapid expansion of the global Muslim population, the demand for halal products has not been only for foodstuffs, but also for other non-food goods and services. This rising demand has been fueled by the increasing purchasing power of the current global Muslim population that is on the threshold of reaching nearly 2 billion Subsequently, the halal food and non-food industries havebeen estimated to grow at an annual rate of nearly 20%. One of the major drivers for the halal market expansion is that the purchases of halal products are not exclusive to the Muslim consumers only. One of the explanations for this relatively recent phenomenon is that halal food and non-food markets have been increasingly attracting and gaining a greater acceptance

among the non-Muslim consumers who often associate the word "halal" with a positive and healthful representation. Consumers associate halal food and non-food products with beingpure, ethical, natural, and hygienic [2]. In the U.S., research by [6] suggests that halal food sales are rising not only among the fast-growing U.S. Muslim population but also among the young non-Muslim American millennials who have embraced halal food as a healthier dietary alternative to fast food. For that reason, since 2010, the sales of halal food have increased by 30%. Currently, halal food business in the U.S. has reached a tradingvolume worth$20 billion. This tradevolume represents nearly 70% expansion compared with the 1999 halal food business productivity. Similarly, the number of halal food restaurants and related stores has been growing at a fast pace. Presently, many U.S.-based businesses either produce or distribute halal food and non-food products. Because of the expansion and increasing public demand, some U.S. states have passed state laws to regulate the use of halal labels and issuance of halal certifications to ensure both safety and compliance with the halal food rules and standards [4], [12]. Because of the increasing U.S. and global interest in halal food, the halal food trade certification logos have been used in the U.S. and worldwide as a symbol for authenticity, safety, and quality assurance that represents a high-value food preference (Figures 1 & 2).Reference [7] suggests that consumers' awareness of the quality of halal food product safety and certification have been some of the main reasons for deciding to purchase halal food products by the non-Muslims consumers living in Malaysia.

Halal food market research results indicate there is a trend of steadily growing global demand for halal products. In 1999, the total expenditure of Muslims in the U.S. on halal food products was valued at $12 billion, of which nearly $3 billion was spent on meat and poultry alone [17]. A report by [9] indicates that since 2005, the halal-certified ingredients and food products increased by 80%. The report further maintains that this increased interest of the U.S. consumer in the halal products in the last 10 years is anindicator of the overall projected $170 billion purchasing power of the American-Muslim and non-Muslim consumers. The American-Muslim purchasing robustness for halal food items alone is expected to exceed $20 billion annually. A similar halal food market research analysis by [16] purports that in 2010, the U.S. halal food market was valued at $17.6 billion annually, which represents $5 billion increase in nearly one decade. Further, Global halal market research suggests that the greatest share of halal food production and distribution is dominated by non-Muslim countries with small Muslim minorities. Global trade data of halal meat show that Brazil is the largest producer and exporter of halal meat products netting $4.73 billion yearly, followed by India (a Hindu-majority country) with $2.11 billion, and Australia reaching $1.63 billion. With lesser market shares, Argentina, New Zealand, and the U.S. are other non-Muslim countries that produce and export halal meat globally. Those non-Muslim countries dominate close to 90% of the global halal meat trade. In contrast, the major halal meat, both beef, and poultry importers are Muslim-majority countries, including Saudi Arabia, Malaysia, Indonesia, Algeria, and Egypt. A case in point, the Muslims consumers in Malaysia spend an average of 14% of their annual household food budget on halal meat alone. Malaysia imports nearly 60% of its halal meat needs from non-Muslim countries such as India, Australia, and New Zealand[1], [18].

Globally, China, which is a non-Muslim country with a small Muslim minority of nearly 1.6 % of the total Chinese populationhas the most ambitious halal food production and exportation strategy[8]. By the time the "One Belt, One Road Initiative (BRI)" has been fully implemented, China will be positioned to become the dominant producer and exporter of global halal products to the international markets. In September 2013, China launched a large-scale economic initiative called "One Belt, One Road". This initiative is aimed at reviving the ancient maritime Silk Road trade routes. One of the economic aims of this initiative by China is to seize this opportunity to improve the logistical infrastructure between the east and the west to expand on the halal industry, especially halal food products to be utilized for bilateral trade and exports to other countries, especially the Muslim Middle Eastern countries with a growing robust purchasing power of nearly 400 million people.

China's export strategy further includes South and Southeast Asian nations with Muslim populations of about 700 million consumers. In 2015, China reached a bilateral trade agreement called the Sino-Malaysian Halal Food and Muslim Supplies Certification and Industry Cooperation to trade in halal food products, especially halal meat. To accommodate the expansion in global halal food production and trade exchange, China has created a new massive infrastructure to support its global halal food trade strategy, including halal food and non-food supplies, manufacturing, and logistic centers such as the Wuzhong Halal Industrial Park located in the Hui and Uyghur Muslim Autonomous Region of Ningxia, which hitherto has attracted 218 national halal food manufacturing and trading corporations. Globally, China is projected to invest nearly $150 billion a year in the 68 countries that have signed up to join the BRI trading consortium of

the Silk Road Economic Belt and the 21st-century Maritime Silk Road. Most of these 68 countries are Muslim-majority countries in South Asia, Central Asia, and the Middle East were once major trading partners with China when the ancient Silk Road was operational between the 130 BCE-1453 CE periods (Figure 3) [5], [13], [11], [19].

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Figure 1. Halal food certificate logo used by the Islamic Food and Nutrition Council of America as an accreditation to restaurants, halal meat butcher markets, and other halal food products. Source: Reprinted from the Islamic Food and Nutrition Council of America (IFANCA) (2015).



Figure 2. Halal food certificate logo used in the U.S. by the Halal Advisory Group an accreditation to restaurants, halal meat butcher markets, and other halal food products. Source:Reprinted from Halal Advisory Group (2014).

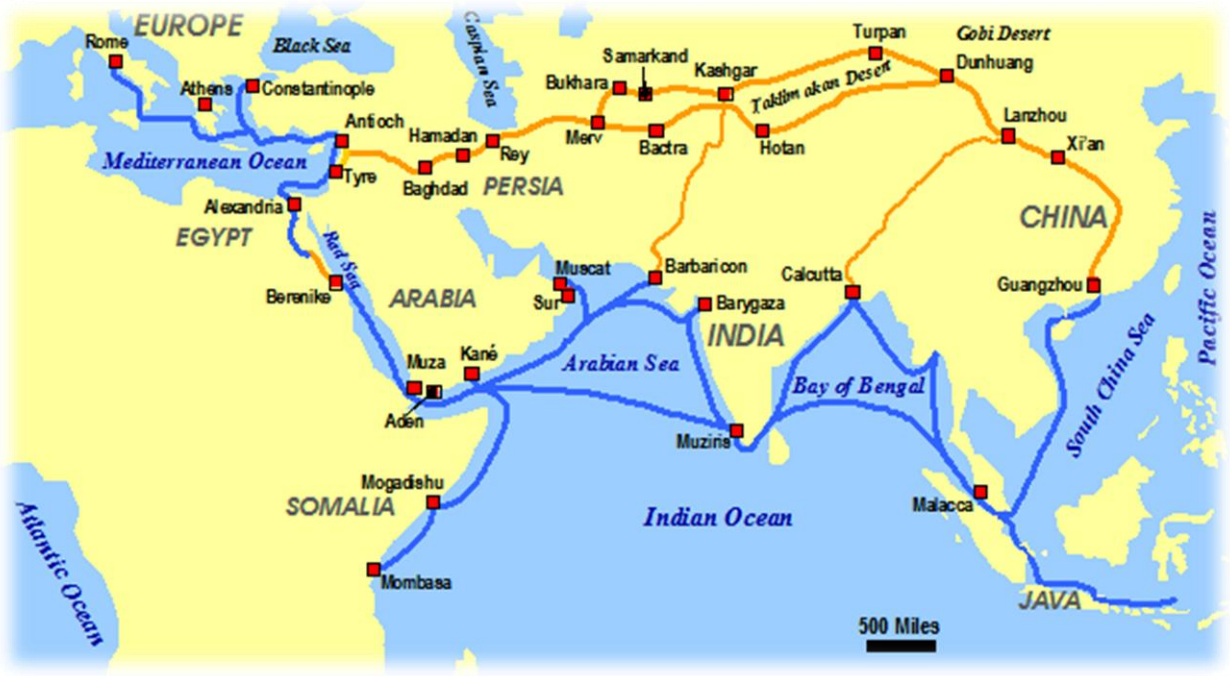


Figure 3. Ancient Silk Road map showing the overland and maritime trade routes that China is revitalizing into a modem version to export halal products westward. The overland trade routes are depicted in orange lines, whereas the maritime trade routesdepicted in blue lines. Source: Reprinted from Ancient World History (2012).

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