

2022
ANNUAL
OIC HALAL
ECONOMY
REPORT

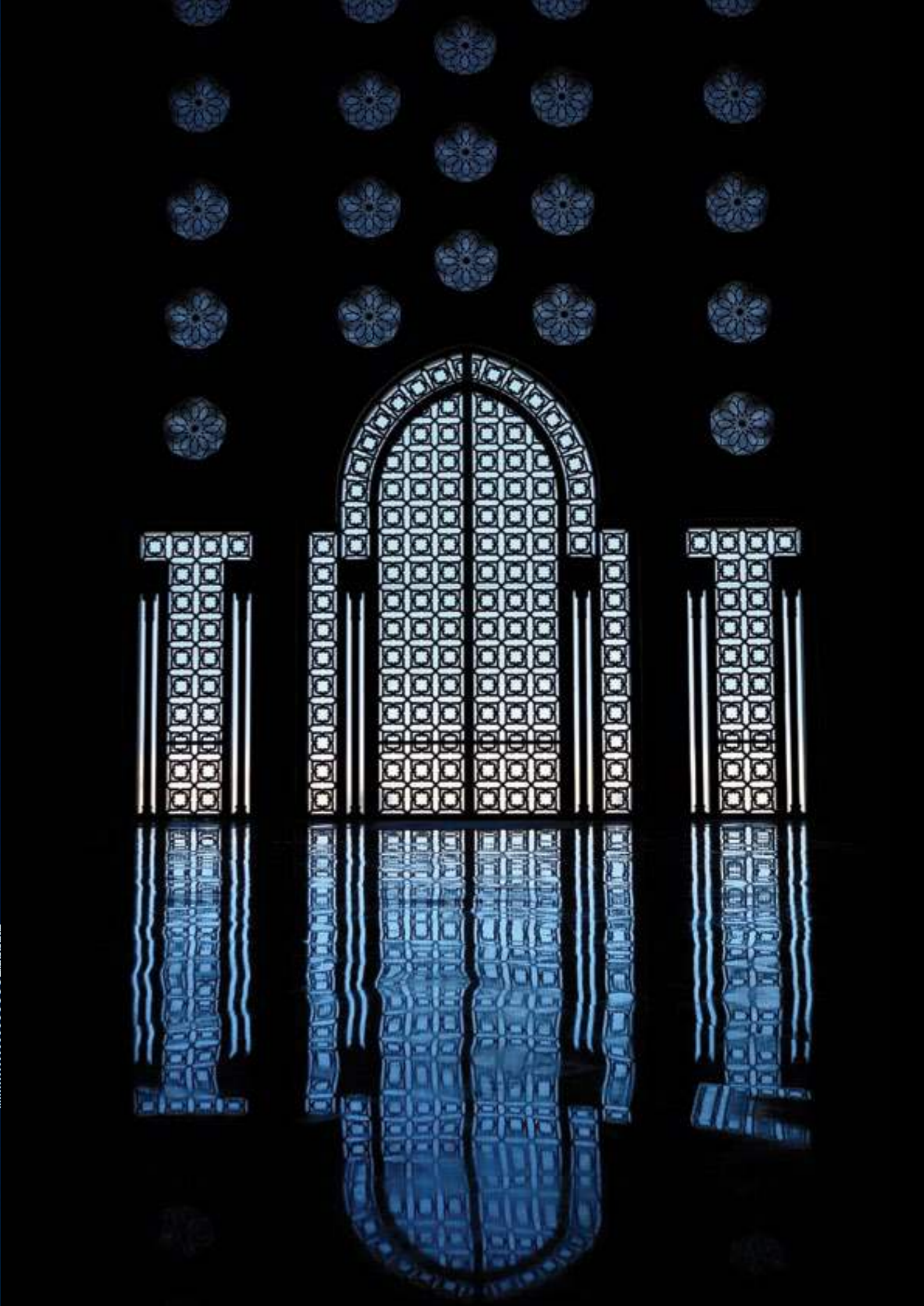
**ADVANCING TRADE AND
INVESTMENT INITIATIVES
ACROSS OIC COUNTRIES**

منظمة التعاون الإسلامي
Organisation of Islamic Cooperation



<https://icdt-cidc.org>

DinarStandard
Growth Strategy Research & Advisory



Contents

10

FOREWORD

12

EXECUTIVE SUMMARY

18

CHAPTER 01

Halal Economy Overview and OIC Drivers of Opportunity

36

CHAPTER 02

Halal Economy Trade and Investment Index

52

CHAPTER 03

OIC Halal Economy Trade and Investment Analysis

72

CHAPTER 04

Halal Food Sector

100

CHAPTER 05

Halal Pharmaceuticals Sector

130

CHAPTER 06

Halal Cosmetics Sector

154

CHAPTER 07

Modest Clothing Sector

178

CHAPTER 08

Islamic Finance Sector

206

CHAPTER 09

Islamic Higher Education Sector

230

CHAPTER 10

Halal Travel & Tourism Sector

250

CHAPTER 11

Halal Media & Recreation Sector

270

CHAPTER 12

Halal Economy Leaders Outlook

280

CHAPTER 13

Halal Economy Recommended Strategies

288

CHAPTER 14

Purpose, Methodology and Acknowledgements

314

APPENDIX



With this report, we aim to inspire and empower OIC countries to act cohesively, promote inclusive growth and increase the OIC's share in the halal trade and investments ecosystem with integrity and purpose.”

- HE Latifa El Bouabdellaoui
Director General, ICDT

FOREWORD

FOREWORD

The Organization of Islamic Cooperation (OIC) and its organs have undertaken numerous initiatives to promote cooperation among its Member States to achieve sustained economic development for greater integration within the global economy. However, a number of economic, geopolitical, health, and climate challenges in the recent past have called for a renewed commitment on several fronts by all stakeholders.

In challenges, we often find the greatest opportunity for transformation. Hence, amid evolving market dynamics, supply chain concerns, unprecedented technological adoption, and a transition toward a cleaner future lies the need to identify growth opportunities for self-reliance and economic viability.

For close to four decades, the Islamic Centre for Development of Trade (ICDT) has strived to facilitate trade and investments across OIC countries by promoting halal economy products and services, developing partnerships and strategic alliances between stakeholders of Member States, helping disseminate information on intra-OIC supply and demand and fostering best practices. However, in times of uncertainty, it is imperative to rise to the challenge to empower nations, promote further cooperation and strengthen the halal economy for greater and sustained good.

In our continued effort to facilitate strategic market intelligence and address a gap in the focused review of opportunities for the OIC member countries, the Islamic Centre for Development of Trade (ICDT) is pleased to introduce the *2022 Annual OIC Halal Economy Report* along with an interactive dashboard for the various OIC halal economy stakeholders.

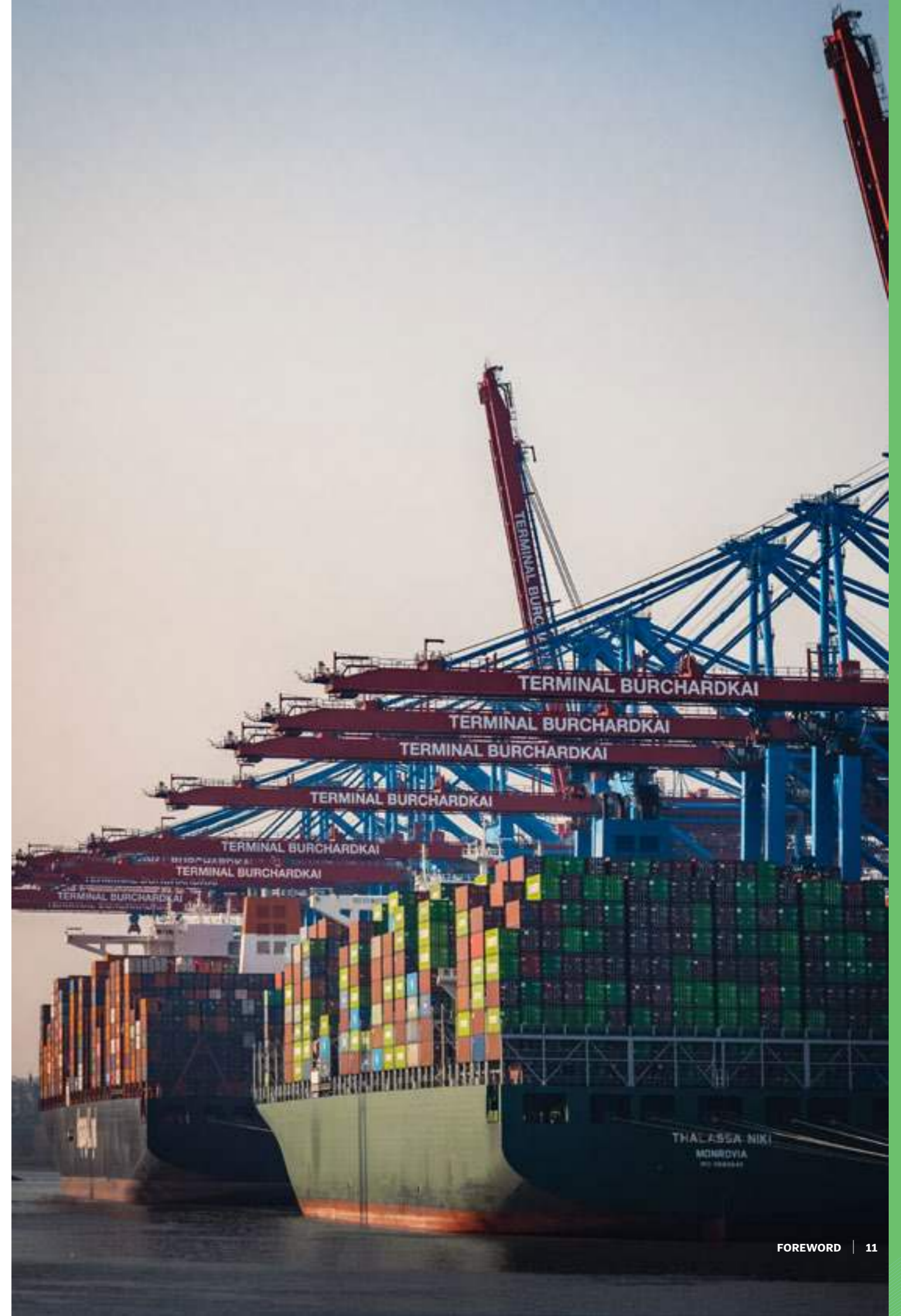
Muslims around the globe are a formidable economic force with significant purchasing power, which presents a massive opportunity for OIC countries. However, the increasing focus of young decision-makers on social, environmental, and ethical concerns indicates that halal standards will appeal to a wider audience beyond the Muslim consumer base.

With this report, we aim to inspire and empower OIC countries to act cohesively, promote inclusive growth and increase the OIC's share in the halal trade and investments ecosystem with integrity and purpose.

ICDT will continue organizing capacity building programs, expos, forums, dashboards and reports on the halal economy for the benefit of Member States, contributing to reinforce trade and investment flows in the halal sectors.

We believe economic growth is sustainable when it is inclusive.

- HE Latifa El Bouabdellaoui,
Director General, ICDT



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

The world has witnessed a diverse set of challenges in the last two years. The impact of the COVID-19 pandemic and a crisis in Russia and the Ukraine—which caused fluctuations in energy prices and impacted global supply chains—have left economies in the balance. Adding a potential global recession, inflation, and climatic changes to the mix suggests that the imminent future, at the very least, is uncertain.

Despite macroeconomic challenges, the global halal economy presents an area of unique opportunity for the Organization of Islamic Cooperation (OIC) member countries. This is underpinned by key factors, including an expanding Muslim consumer base, keenness among them to make choices aligned with Islamic values, and the growing popularity of halal products and services. However, opportunities presented by the halal economy ecosystem remain relatively untapped by OIC countries.

The *2022 Annual OIC Halal Economy Report* aims to inspire and empower OIC government entities, industries, and investors to grow the OIC's share in halal trade and investments with integrity. Fostering capacity building, increasing production competitiveness, encouraging partnerships, and localizing halal production are some initiatives that will underpin economic resilience building and help achieve economic growth for all Member States across the OIC network.

The *2022 Annual OIC Halal Economy Report* has identified that the OIC Member States recorded a **trade deficit** of US\$63 billion for halal economy products in 2021, covering food, fashion, pharmaceuticals and cosmetics, with exports equaling US\$275 billion and imports totaling US\$338 billion. Only 18% of these imports were sourced from other OIC Member States, while only three OIC countries (Türkiye, Indonesia, and Malaysia) made it to the top 20 exporters of halal economy products.

Meanwhile, in terms of **investments**, OIC Member States received a total of 180 investments across the eight sectors of the halal economy, with 120 disclosed deals worth US\$7.9 billion.

OIC Member States imported US\$232.61 billion worth of **food** products in 2021, with exports equaling US\$163.57 billion, making them net importers with a negative trade balance of US\$69 billion. Meanwhile, Muslim spend on food by consumers in OIC countries was valued at US\$1.07 trillion in 2021, forecasted to equal US\$1.5 trillion by 2026. This presents a strong window of opportunity for OIC countries to ramp up production, leverage growing consumer demand for healthy and organic food products, and adopt digitalization across the industry.

OIC countries are fairly reliant on imports of **cosmetics** products to meet consumer demands, having imported US\$13.65 billion in

cosmetics in 2021, while exports stood at US\$4.4 billion, presenting a negative trade balance of US\$9.26 billion. OIC countries can increase their share of exports to other Member States and potentially source products from other OIC nations. For instance, Indonesia imports 12% of odoriferous substances from the US, which can be sourced from Egypt. In terms of market size, OIC-based Muslim consumers spent US\$47 billion on cosmetics in 2021, which is expected to reach US\$69 billion by 2026.

OIC countries were net importers of **pharmaceuticals** as well, with imports totaling US\$56.93 billion in 2021 and exports amounting to US\$5.31 billion, posting a negative trade balance of US\$51.62 billion, the highest net import in the last five years. However, OIC countries are improving their local manufacturing capabilities in vaccines and medicines to achieve self-reliance. Overall, Muslim consumers in OIC countries spent US\$66 billion on pharmaceuticals in 2021, which is forecasted to reach US\$96 billion by 2026.

However, in the case of the **fashion** sector, OIC countries are net exporters of fashion products (**apparel and footwear**), having exported products worth US\$101.94 billion in 2021, while imports equaled US\$34.96 billion, resulting in a positive trade balance of US\$66.98 billion. OIC Member States can source several products from other Member States. For instance, Saudi Arabia imports 12% of t-shirts from India, which can alternatively be sourced from Bangladesh. Meanwhile, OIC-based Muslim consumers spent US\$239 billion on fashion products in 2021, which is forecasted to reach US\$361 billion by 2026.

Islamic finance assets in OIC countries were worth US\$3.32 trillion in 2020 and are forecasted to reach US\$4.82 trillion by 2025, at a CAGR of 7.8%. In 2021, deals in finance constituted 23% of all transactions in OIC countries. However, key opportunities exist, with Member States standing to gain from the recent technological disruption.

Travel was one of the sectors most affected by the COVID-19 pandemic. However, disruptions caused by the health crisis not only encouraged travel companies to diversify into other services but propelled domestic and regional tourism. OIC governments also offered support to tourism companies to boost the industry. For example, the Moroccan government pledged US\$220 million to back tourism businesses affected by the pandemic. Meanwhile, Muslim travelers from OIC countries spent a total of US\$86 billion in 2021, forecasted to reach US\$211 billion by 2026.

OIC member countries made up six of the top 10 global markets for Muslim consumer spend on **media and recreation** in 2021. However, there is potential for further growth amid the demand for original content in native languages. Streaming platforms for motion pictures and music have also gained traction, with subscribers increasing steadily. Muslim consumers from OIC Member Countries spent an estimated US\$141 billion on media and recreation in 2021, forecasted to reach US\$231 billion by 2026.

Islamic higher education is transitioning beyond doctrinal and social sciences to include modern topics such as fintech and sustainability. Overall, Islamic education is a critical enabler of the halal economy and is essential to educate industry and halal supply chain players. Muslim consumers from OIC countries spent US\$15.9 billion on tertiary education in 2021, with the top three markets being Saudi Arabia, Türkiye, and Indonesia. This spend is forecasted to reach US\$21 billion by 2026.

This report **identifies 20 actionable strategies** for OIC organs and Member States to explore and implement, grouped **into five strategic categories**. These categories consist of *national economic resilience building*, which includes localizing halal production and launching accelerator programs; *intra-OIC/south-south cooperation*, which entails establishing economic partnerships and facilitating halal certifications; *research and innovation*, which focuses on emerging technologies and capacity building; *halal economy promotion and awareness*, which includes supporting SMEs and conducting trade shows; and *investment attraction and facilitation*, which comprises establishing investment promotion agencies and stakeholder collaboration. Additionally, sector-specific strategic and tactical recommendations for industry stakeholders and investors have been detailed within each chapter.

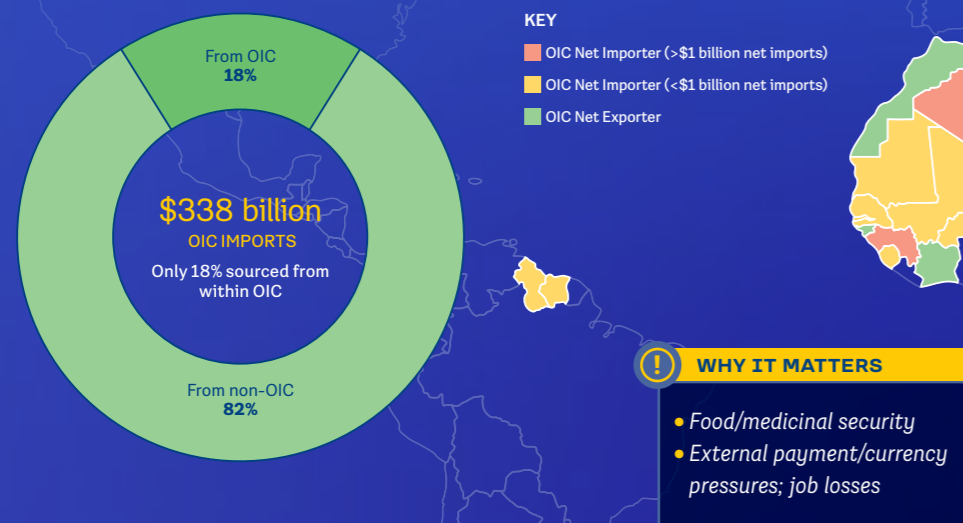
While Muslims are a vital consumer force, this report identifies key challenges to overcome and opportunities to leverage for OIC Member States to achieve economic resilience and growth.

The organization of capacity building, trade facilitation, investment promotion, forums, and expos in the halal domain will increase intra-OIC trade and investment by exploiting the opportunities in the various halal sectors under the auspices of OIC and implementation of ICDDT and other sister organ goals. While the operationalization of the OIC Halal Dashboard, the Annual OIC Halal Economy Reports, and the OIC Halal Expos of ICDDT will boost trade and investment flows among Member States.

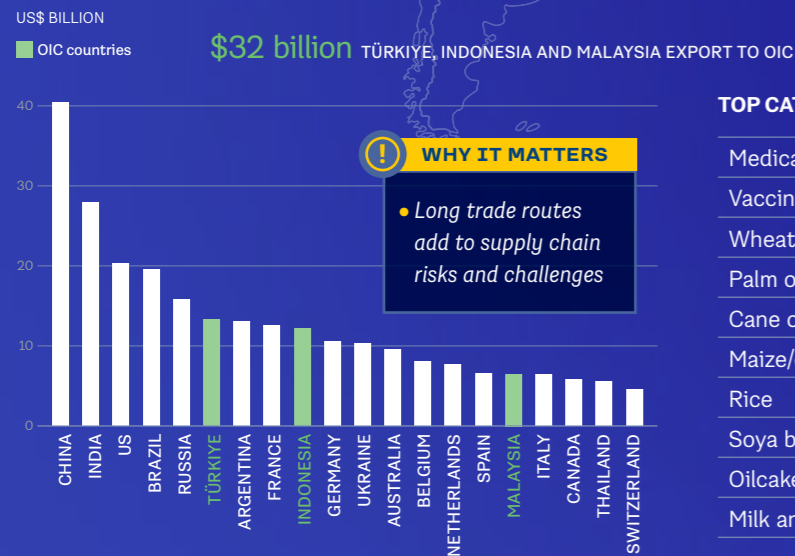
OIC countries to address US\$63 billion trade deficit

Where do OIC countries stand in the global halal trade?

1. OIC countries have a halal economy products trade deficit of US\$63 billion in 2021



2. Only 3 OIC countries are among the top 20 exporters of halal economy products in 2021



TOP CATEGORIES IMPORTED BY OIC

Medicaments (for retail use)	(HS 3004)
Vaccines; Human and animal blood	(HS 3002)
Wheat and meslin	(HS 1001)
Palm oil	(HS 1511)
Cane or beet sugar	(HS 1701)
Maize/corn	(HS 1005)
Rice	(HS 1006)
Soya beans	(HS 1201)
Oilcake	(HS 2304)
Milk and cream	(HS 0402)

What are OIC countries' strengths?

1. OIC halal lifestyle consumer demand (\$1.7 trillion) in 2021 is 79% of the global spend (\$2.1 trillion)



2. \$7.9 billion in OIC halal product investments anchoring growth

TOP 5 COUNTRIES BY NUMBER OF RECORDED M&A, VC AND PE DEALS IN 2021



3. Major OIC-based brands poised to champion growth

Food	Almarai, Indofood
Pharma	DuoPharma Biotech, Abdi Ibrahim
Cosmetics	Mikyajy, Iba Halal Care
Fashion	Hijup, Modanisa
Education	INCEIF University, Al-Azhar University
Travel	Emirates Group, Traveloka
Media	Durioo+, Muslim Kids TV
Finance	Lotus Capital, CIMB Islamic

4. Malaysia, UAE and Saudi Arabia leading the OIC Halal Economy Trade and Investment Index

	ISLAMIC FINANCE	FOOD	TRAVEL	FASHION	MEDIA	PHARMA	COSMETICS	EDUCATION
1. MALAYSIA	1	1	5	6	3	3	5	4
2. UAE	4	5	2	4	5	2	1	1
3. SAUDI ARABIA	2	4	6	3	7	5	2	5
4. TÜRKIYE	9	3	3	1	4	1	3	3
5. BAHRAIN	5	16	1	27	2	18	15	15
6. INDONESIA	10	2	18	5	8	6	6	12
7. EGYPT	16	7	12	9	1	7	4	10
8. IRAN	3	40	15	55	25	11	22	32
9. MOROCCO	8	8	10	8	11	14	7	16
10. KAZAKHSTAN	12	11	11	7	16	9	12	6

How can OIC countries achieve the opportunity?



All estimates by DinarStandard Research & Advisory except for Islamic Finance sector provided by Refinitiv Islamic Finance Development Indicator 2021 data. Muslim consumer spend estimates & analysis by DinarStandard leveraging World Bank's ICP 2017 consumer data as baseline reference. Halal economy products trade include food, fashion, pharma and cosmetics products, based on ITC Trademap 2021 data. Projections are baselined on data from IMF Outlook from April 2021. Investments (figures and individual deals) are based on a detailed scan of databases from CapitalIQ, Crunchbase and DinarStandard analysis from 1st January 2021 to 31st December 2021. See appendix for detailed methodology. OIC Organization of Islamic Cooperation, 57 mostly Muslim-majority member countries.