



DUBAI SEIZES HALAL INITIATIVE

Farrelly & Mitchell Executive Report

**FARRELLY
& MITCHELL**



Food & Agri-Business Specialists

October, 2015



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I am pleased to introduce this Farrelly & Mitchell executive report, which focuses on the growing impact of Halal products in the UAE and the rest of the world. Our Middle East & Africa office has been working with several clients in this market and developed deep insights about the Halal phenomenon and how this trend is impacting local and global economies.

With an expected value of \$2.5 trillion by 2019, the Halal market cannot be overlooked with UAE now taking the lead to become a hub for Halal products and manufacturers. The country is leveraging its economic strength and impressive infrastructure to become a leader in this area, building on the success that it has achieved in other sectors.

At Farrelly & Mitchell, we believe that the growth of Halal products will be driven by the UAE along with expansion throughout the western world, resulting from the growth in muslim populations in these countries. This growth will also be supported by the ethical and healthy values, associated with Halal products.

We believe that Halal will be consumed by muslims and non-muslims alike, since such products and services are governed by what is called in the western world 'ethical products & services' - these will be very attractive new or additional markets for Halal products.

However, the Halal phenomenon doesn't come without challenges. There is already no unified authority on Halal requirements or standards and such products must be packaged and positioned to attract muslims and non-muslims alike. Essentially, Halal products must transition from being positioned as 'ethnic' to a more 'international taste' offering.

Finally, I would like to thank my colleagues, Dr. Jessy Mattar and Michael Sweeney for their research and contribution to this report and as always I would welcome your feedback.

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If you would like to discuss any of the ideas in this report or how they can be implemented, please contact us.
Our contact details are included at the end of this report.



Introduction

The United Arab Emirates is positioning itself as the centre of the global Halal food industry, taking advantage of its strategic location, while also taking a leadership role in defining international quality standards and processes for this growing food category.

What makes this truly exciting is the opportunity to move the Halal food category beyond its traditional and ethnic segment into new products, new markets and a whole new category of consumers.

Key Findings:

- ▶ The market share for Halal products and services will increase in line with the growth in muslim populations across the world
- ▶ Europe and the US will be a major attraction for the Halal products and services given their expanding muslim populations
- ▶ Dubai is a major hub for Halal and will capitalize on its well-developed infrastructure to attract more F&B businesses and related services to the region
- ▶ Different scholars have identified different regulations, however the recent adoption of the Halal guidelines by the Islamic Chamber of Commerce in UAE is a major step towards unifying standards



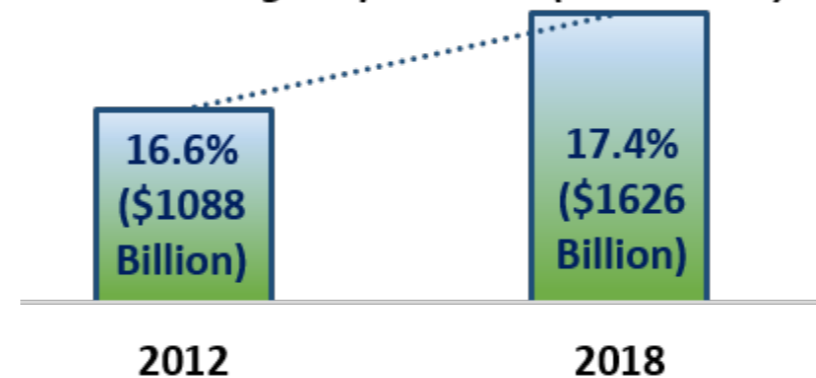


Halal Food Market

The Halal food market is one of the most attractive pillars of the Islamic economy. Not only does it account for 16 percent of global food and beverage expenditure, it is also growing rapidly. By 2019, it is estimated that the Halal market will be worth US\$2.5 trillion, with US\$4.8 billion of that being imported by the UAE.

In Europe, the Muslim population is expected to grow from 6% in 2010 to 8% in 2030 with a potential 15.4 million muslim consumers creating the critical mass for another thriving Halal market.

Projection of the global Muslim Food & Beverage Expenditure (US BILLION)



Source: Farrelly & Mitchell Research

“The Halal Food Market is one of the most attractive pillars of the Islamic economy”

Halal Expo

The Halal expo, scheduled to take place in Dubai at the end of September, is running with the tagline 'The heart and hub of the Halal food and beverage market,' clearly signalling the UAE's strategic focus in this area. The event will be the largest and most comprehensive Halal expo in the Middle East, clearly setting out the UAE's stall.

There are also a number of initiatives going on in the background. The Dubai Municipality has announced that the Emirate is to be the host of an international centre for the testing and accreditation of Halal food.

Scheduled to be in operation by the end of 2015, the centre will carry out Halal assurance tests designed by the Emirates Authority for Standardization & Metrology (ESMA). The centre will be focused on increasing the range of Halal-certified raw materials, and ensuring the uniformity of the global guidelines for Halal produce.

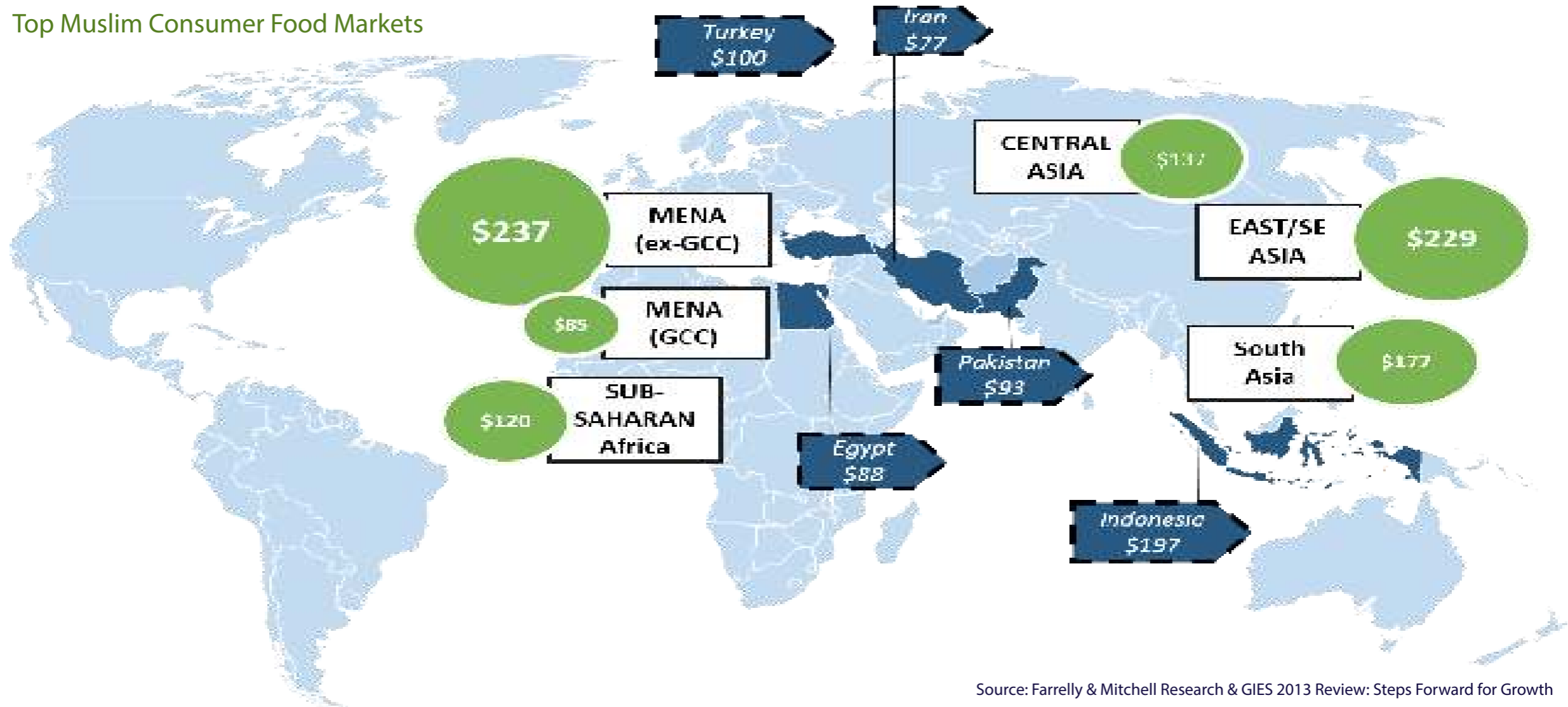
▶ *“The event will be the largest and most comprehensive Halal expo in the Middle East, clearly setting out the UAE's stall “*





Strategic Geographic Location

Top Muslim Consumer Food Markets



Source: Farrelly & Mitchell Research & GIES 2013 Review: Steps Forward for Growth

Dubai has also allocated millions of square feet of land in the Dubai Industrial City for the development of a 'Halal Cluster,' for manufacturing and logistics companies that deal in Halal food, cosmetics and personal care items.

These measures build upon the country's strategic geographical location, which give it the opportunity to act as the global gateway for Halal producers and consumers. The Emirates are only a few hours' plane-flight from some of the world's biggest Halal importing countries, such as Saudi Arabia; Egypt and Turkey.

Leadership Position

“We believe Dubai’s primary goal is to establish international leadership based on unified Halal food standards and procedures”

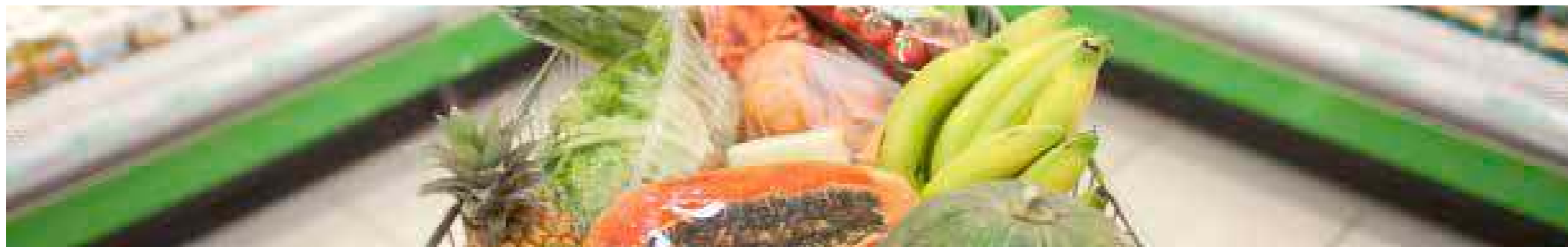
We believe Dubai’s primary goal is to establish international leadership based on unified Halal food standards and procedures.

This process involves updating existing standards; drafting new ones to fill any legislative gaps; and harmonising regulations across the globe.

According to research conducted by Farrelly & Mitchell, consumers do not associate Halal food with high-quality, due to the lack of accepted standards in the industry. This perception is exacerbated by the absence of effective marketing to communicate the importance of Halal procedures for human health.

Therefore we believe that Dubai must prioritise the creation of unified Halal standards, while improving the perception of Halal products and brands, through active modern marketing campaigns. If not, a sizeable gap will emerge between the offerings of Halal food suppliers and the demands of muslim consumers seeking quality Halal food products.





Global Standards

The merit of a global harmonisation of accreditation and certification standards has been widely debated in recent years and is finally leading to the development of world-wide standards.

Within two years, all Halal food products imported into the UAE will have to bear the Halal mark of quality, recognised by the Organisation of Islamic Cooperation (OIC). The OIC is one of the largest inter-governmental organisations, with 57 members spread across four continents.

The organisation - often referred to as the collective voice of the muslim world – is drafting global Halal guidelines with the backing of Dubai, Turkey and Saudi Arabia.

His Excellency Iyad Ameen Madani, the secretary general of the OIC, recently stated that a top priority for the organisation is the streamlining of activities in the certification centres in respect of Halal food and products.

Unified Halal standards will also help to expand production of Halal products among major food multi-national corporations, such as Mondelez International, Nestle and Unilever PLC.

However, the question remains as to whether Dubai will be the ultimate beneficiary from this process. The city-state still ranks after Malaysia, which is a pioneer in the certification, production and distribution of Halal food.

Malaysia is currently the only country whose Halal certification is issued by the government. In other countries, certifications are endorsed by their respective Islamic associations. Significantly, Mohammed Al Gargawi, the UAE Minister of Cabinet Affairs, has called for common Halal food standards between Malaysia and the UAE and discussions are still on-going in this regard.

Additionally, a series of memoranda of understanding (MoU's) and agreements have been signed by Dubai Exports, the export promotion agency of the Department of Economic Development (DED) in Dubai, in partnership with the Halal Development Corporation (HDC) of Malaysia and the Dubai Islamic Economy Development Centre (DIEDC).



Expanding Demand

A bolder vision would be to move the Halal concept beyond the demand it generates as a traditional or ethnic food item. Demand should expand into new products - specifically those catering to the younger generation - in order to build a culture of Halal food consumption.

Additionally, the Halal concept should be positioned as a healthy option to attract non-muslim people. In this way, the strict ethical regulations to produce food without impurities can be a strategic advantage for Halal food producers.

Dubai's goal, to serve the entire world, as an authorised centre to issue Halal Food compliance certificates and accreditation, is an important stepping stone in a long journey to make the Halal concept truly global.

Estimated Halal Market Size (US\$ Billion) in 2010:

2010	Estimated Muslim Population (2010)	Estimated % of global Muslim population	Global HALAL Market size in US\$ Billions (2010)	Estimated % of global Halal consumption
World	1,619,314,000	100%	651.5	100%
Asian countries	1,227,376,000	75.8%	416.1	64%
Africa	342,544,000	21.2%	153.4	24%
Europe	44,138,000	2.7%	67	10%
Americas	5,256,000	0.3%	16.2	2%

Population estimates are rounded to thousands.

Source: Farrelly & Mitchell Research; Pew Research Centre & World Halal Forum

"A bolder vision would be to move the Halal concept beyond the demand it generates as a traditional or ethnic food item."





About us

Farrelly & Mitchell empower some of the world's most ambitious companies and agencies to make the right decisions. With expert insight, local market intelligence and airtight recommendations, we build and implement sustainable strategies that allow our clients to restructure, transform and grow.

We have the hands-on industry experience and expertise, which we combine with local market insight and contacts to help our agribusiness, food and beverage clients to increase profits and improve efficiencies.

What makes us different?

We go above and beyond traditional consultants. As an international management consultancy, we specialise in the global food and agribusiness industry, with a particular focus on the implementation or execution of our recommendations. So we are committed to working with our clients, not just in the development or planning phase of a project, but importantly in its full implementation.

Food an agribusiness specialists

We understand food and agribusiness; we built our experience in this sector, and we employ the best global talent to provide in-depth solutions by addressing real problems sustainably and creating new opportunities for clients.

For the past decade, we have worked with clients across the globe and generated measurable results. We have worked on mandates across every link of the food and agribusiness value chain from large-scale farming operations to food or beverage manufacturing, distribution, retail and hospitality.

Each member of our team of over 200 experienced consultants has worked in industry at an operational and executive level.

We work globally with significant experience in Europe, Middle East and African markets.

Why partner with Farrelly & Mitchell?

Our team has worked at operational and strategic levels all over the European, Middle Eastern, and broader international food, beverage and agribusiness sectors. We have seen projects through from paddock to plate.

We understand the opportunities presented by the growth of the food, beverage and agribusiness sectors, in the Gulf region and across the globe. We work with primary producers, manufacturers, distributors and retailers.

If you are you looking to grow or expand your business, improve efficiency or quality control, or are buying or selling a business, get in touch, and let Farrelly & Mitchell become your project partners.

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