

**Chief Guest address at the Launch of
Global Islamic Economy Report – 2020-21⁽¹⁾**

Let me first of all thank the organizers of this Conference for inviting me to participate in this launch ceremony. Am glad that this Report takes stock of the current status of Islamic Economy and has thematic focus on the state of halal products market.

2. May I suggest that the report should not be complacent and self-congratulatory but position the Muslim countries against established international benchmarks. For example, what is the share of these countries in global halal products market? What percentage of global financial assets belong to Islamic financial assets? Are we capturing or losing market shares? The analysis should identify the reasons responsible for progress or regression.

3. Coming to the topic of today's ceremony let me share the findings of the review of Pakistan Halal Authority which I carried out on behalf of the Economic Coordination Committee (ECC) of the Cabinet. Our findings revealed that Pakistan's share in fast growing halal products market is negligible i.e. less than 0.3%. 80% of the market share is held by Australia, New Zealand, India, Brazil, USA, Thailand, China and Europe. We should ask ourselves; why are the Islamic countries lagging behind in this market in which they have comparative advantage given the preferences of the Muslim population.

4. My analysis of the factors responsible for this dismal performance indicates;

- (a). Absence of a robust regulatory framework for hygiene, sanitation, food and health safety for halal products in meat, milk and allied Industries, confectionary

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pharmaceuticals etc. Halal quality standard acceptable to the main importing countries have not yet been developed.

- (b). lack of acceptable international standards on identification and traceability, validation and verification, system of certification, quality control logos and labeling although slaughtering, processing packaging, conform to Halal practices.
- (c). Shyness or reluctance on the part of industry players to expand into processing and attain economies of scale with distinct branding that would make Pakistani Halal products in world markets competitive.
- (d). The yields from Pakistanis livestock animals are only a fraction of the leading international producers of meat, milk etc. while the raw materials for pharmaceutical products are largely imported from India or China. Pakistan doesn't have a single FDA certified drug company.
- (e). Inadequate supply chain infrastructure that consists of contamination free cold chains, refrigerated trucks, storages at the airports etc. In absence of this infrastructure the reluctance to accept products from Pakistan is pervasive.
- (f). The rising purchasing power is shifting the nutrition mix of the growing middle class from cereals and grains towards proteins mainly in form of meat, poultry and fish. Domestic supply is therefore catering to this demand without going through the hassle of conforming to international standards, certification and packaging which add to the costs of sales if they export these products. Poultry industry for example is growing 10 to 15 percent annually. The relative profit margins from domestic market sales are quite attractive.
- (g). E-commerce and on-line trading haven't reached the level where the consumers and suppliers find it convenient and cost effective to shift towards this mode. We have witnessed some spurt during the Covid period but have to nurture and develop this mode with active collaboration of the Government, regulators and private business
- (h). Skilled, trained, qualified manpower to operate and manage world class Halal products industry are hard to find.

- (i). Marketing efforts needed to introduce and penetrate their products by the entrepreneurs have been highly sporadic.

5. It is my hypotheses that these factors, in varying degrees do impede the growth in the share of Muslim countries in this fast expanding market. Let me request the authors of this Global Report for being more analytical rather than descriptive in their approach. They would do a great service by highlighting the constraints and challenges and the practical ways and means to go about overcoming them. There is no reason as to why Indonesia, Pakistan, Bangladesh and Nigeria – the four most populous Muslim countries cannot capture growing shares of the World Halal product markets as well as global financial assets market. I once again thank the Organizers for permitting me to share my candid and blunt remarks this morning.

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