

7TH INTERNATIONAL CONFERENCE ON ISLAMIC ECONOMICS AND LAW



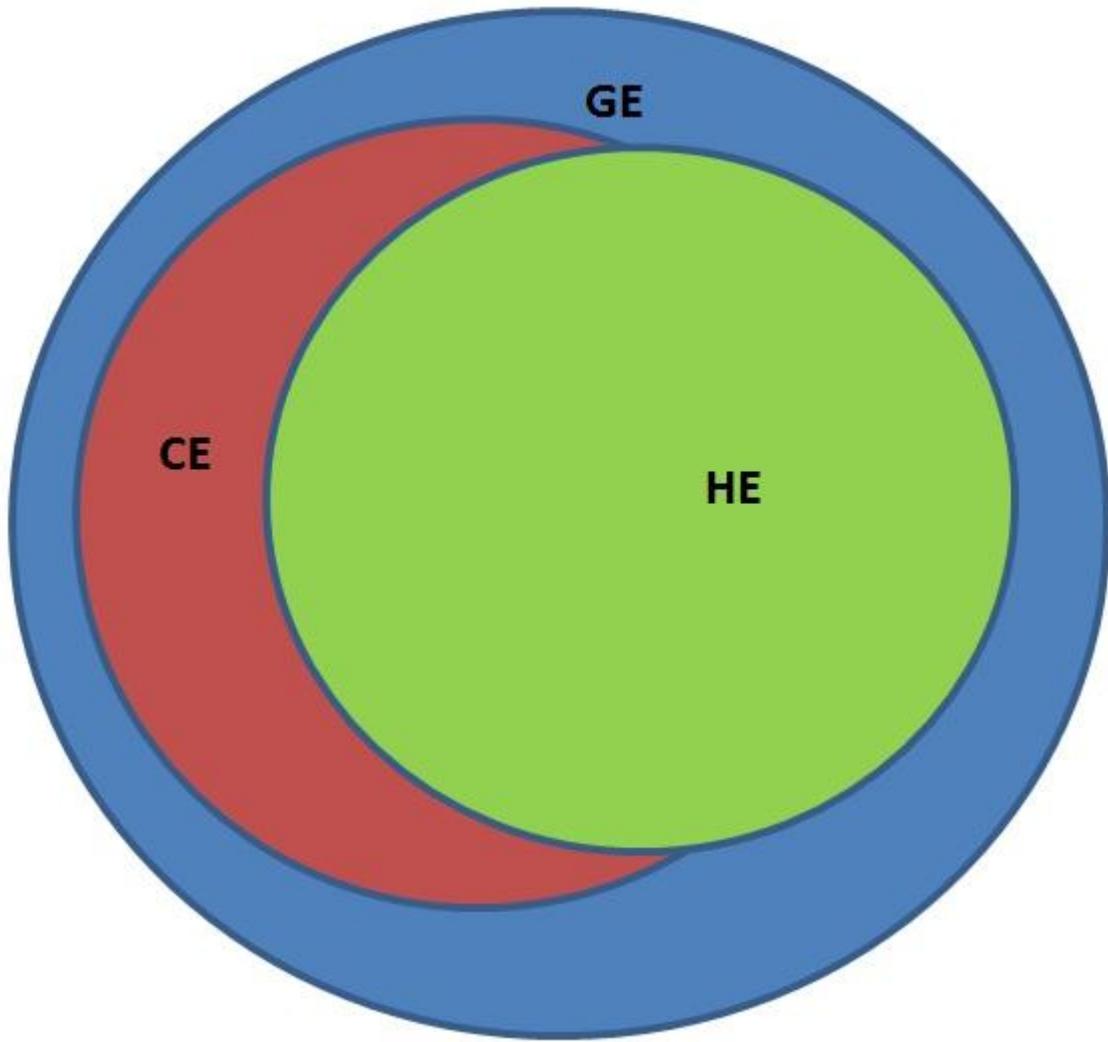
HALAL VALUE CHAIN INTEGRATION IN FOOD SEGMENT THROUGH WAQF

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OUTLINE

- ❖ Global, Traditional and Halal Economy
- ❖ Halal Food Economy
- ❖ Gaps in Halal Food Economy
- ❖ Waqf-Based Models of Agri-Finance
- ❖ Conclusion

GLOBAL, TRADITIONAL AND HALAL ECONOMY



Global Economy – GE

Conventional Economy – CE

Halal Economy – HE

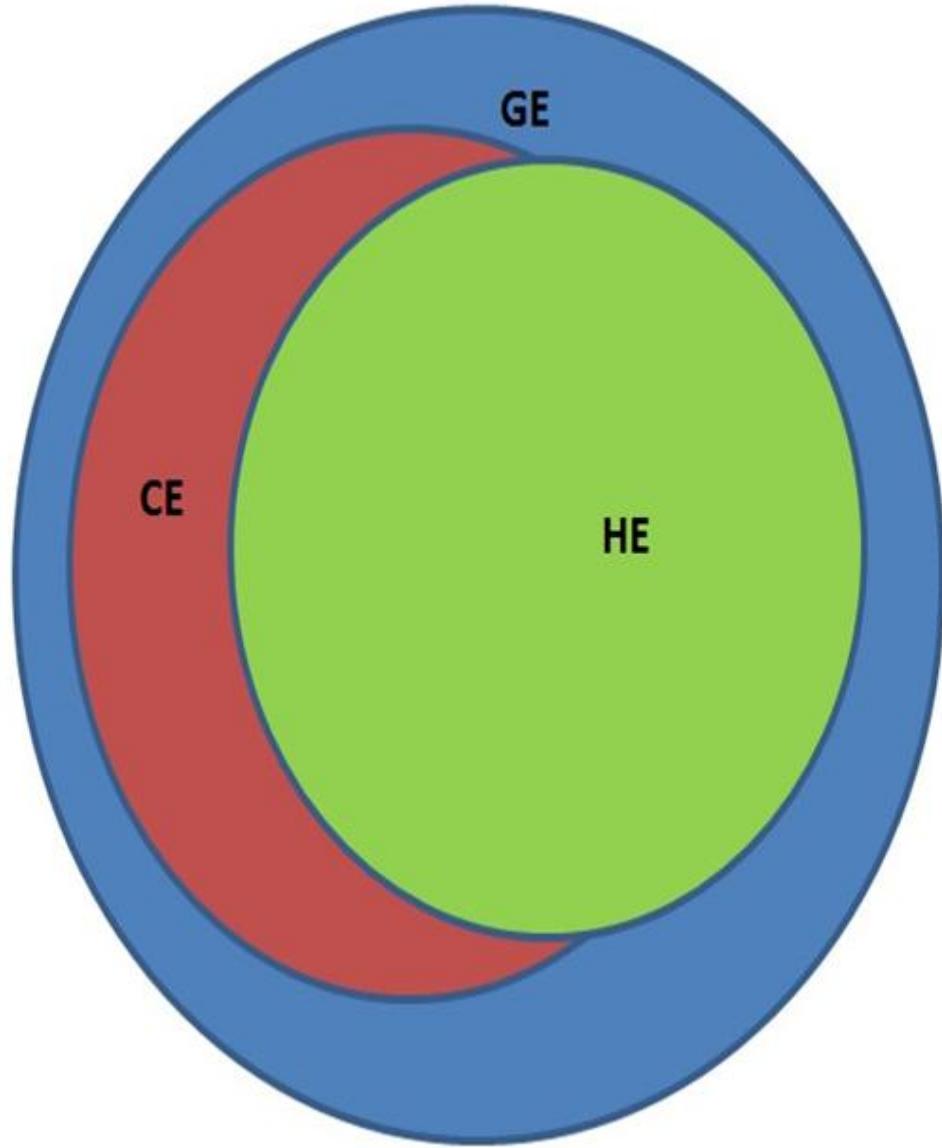
$$GE = CE + HE$$

CE and HE have much common area.

Part of CE not in HE is where there are prohibitions

HE adds to GE in distinct ways too.

GLOBAL, TRADITIONAL AND HALAL ECONOMY



Global Economy – GE

Conventional Economy – CE

Halal Economy – HE

HE adds to GE in distinct ways

- In Market Economy
- Beyond Markets

Beyond ME
Redistribution

Zakat

Ushr

Sadqa

Cash Waqf

Property Waqf

Inheritance Laws

HALAL FOOD ECONOMY

Halal Foods



- Red Meat, White Meat, Ingredients
- Others (Spices, Staple Food, Dairy, Dried, Seeds, Fruits, Vegetables, Processed etc.)
- No Alcohol, Pork Related Enzymes, Fat & Gelatin, Blood, Human Organ (Placenta)

Halal Banking



- Crop Finance, Fertilizer Finance, Tractor Finance, Land Lease
- Salam Financing

Halal Insurance



- Crop Insurance from Pests, Floods, Natural Disasters etc.
- Insurance in Transit

Halal Logistics and Packaging



- Transportation, Labeling and Packaging of Halal Products
- Separate Warehousing of Halal Products

Halal Regulation, Testing and Certifications



- Halal Regulation, Shariah Consultancy, and Screening and Audit
- Halal Testing and Certifications of Halal Products

SIZE OF HALAL MARKET & PROJECTIONS

Market Segment	2022	2027F	CAGR
Islamic Finance	3,958	5,955	8.51%
Food	1,403	1,887	6.11%
Fashion	318	428	6.12%
Cosmetics	84	129	8.96%
Travel	133	174	5.52%
Media & Recreation	247	344	6.85%
Pharmaceutical	108	142	5.63%

TRADE OPPORTUNITY

OIC imports are set to grow at 7.6% CAGR in 5 years, reaching \$492 billion in 2027.

US\$ BILLION (2022)

Top 5 OIC Importers

UAE 32.2

Saudi Arabia 31.7

Türkiye 31.5

Indonesia 30.3

Malaysia 29

Top 5 Exporters to OIC

China 31.8

India 26.4

Brazil 20.9

US 20.8

Türkiye 16.3

\$359 billion OIC imports

Top 5 represents 34% of exports to OIC

GAPS IN HALAL FOOD ECONOMY

Country	1	Top 5 Export Destinations in 2023 of Top 10 OIC Countries by GDP (PPP)									
		2	3	4	5	Value (bln \$)					
Indonesia	China	10.71	India	6.27	USA	4.86	Malaysia	3.71	Pakistan	2.45	
Turkiye	Iraq	4.44	Germany	1.98	Russia	1.92	USA	1.83	Italy	1.35	
Saudi Arabia	UAE	1.84	Oman	1.01	Bahrain	0.79	Kuwait	0.77	Jordan	0.50	
Egypt	Saudi Arabia	0.96	Holland	0.41	UAE	0.39	Libya	0.36	Russia	0.36	
Iran	Iraq	9.20	Russia	1.50	Afghanistan	0.86	China	0.86	UAE	0.68	
Bangladesh	India	0.30	UAE	0.14	UK	0.14	Holland	0.11	Saudi Arabia	0.11	
Pakistan	China	0.66	UAE	0.65	Afghanistan	0.55	Saudi Arabia	0.35	Malaysia	0.35	
Nigeria	Holland	0.33	Vietnam	0.27	Malaysia	0.20	India	0.19	Indonesia	0.11	
Malaysia	Singapore	3.40	China	3.22	India	2.77	Holland	1.46	Turkiye	1.12	
UAE	Iran	4.11	Iraq	2.84	Oman	2.23	Saudi Arabia	1.85	Libya	1.06	

Intra OIC export trade in food segment is much well integrated.

Saudi Arabia and UAE trade among GCC countries.

Reasons: Low geography and cultural distance. OIC countries prefer Halal food from nearby countries.

GAPS IN HALAL FOOD ECONOMY

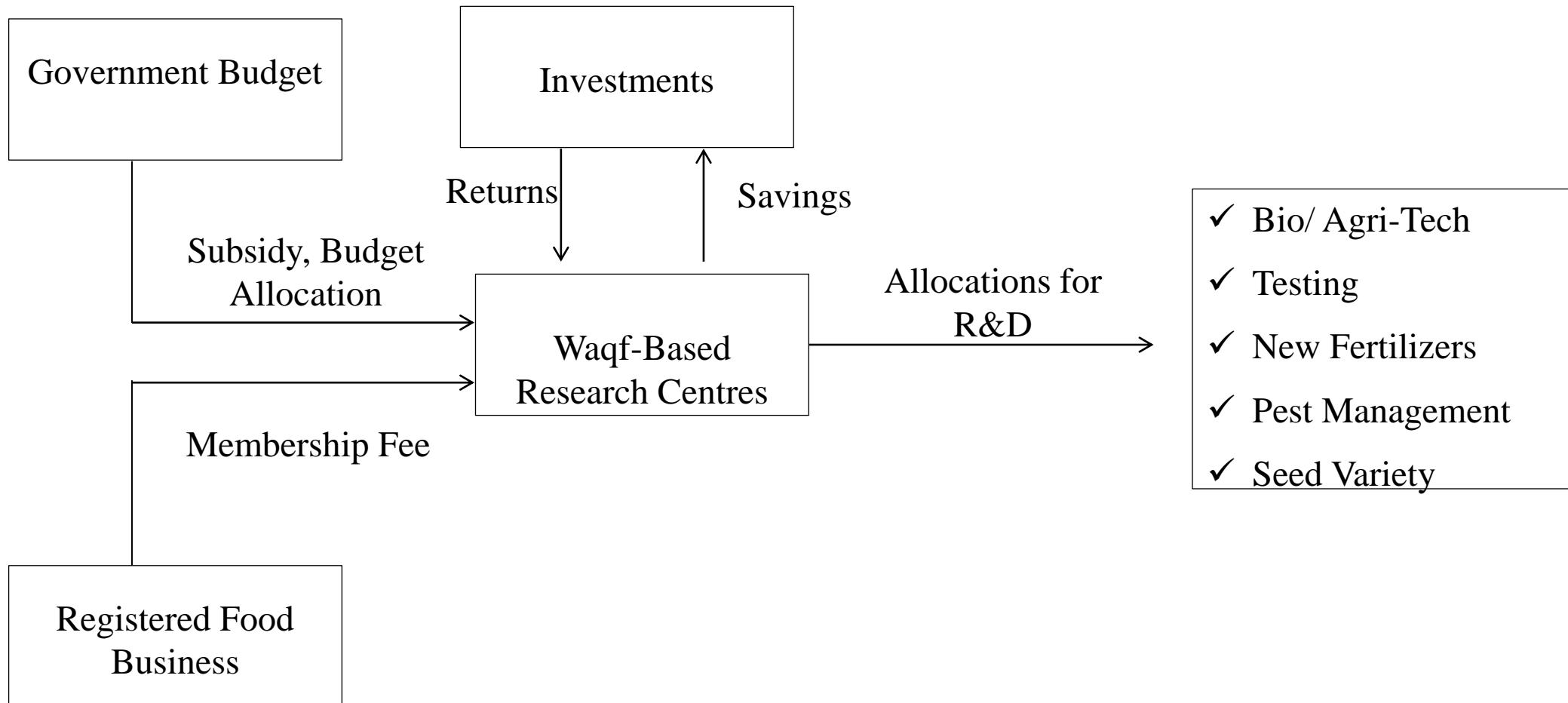
Country		Top 5 Import Sources in 2023 of Top 10 OIC Countries by GDP (PPP)									
	1	Value (bln \$)	2	Value (bln \$)	3	Value (bln \$)	4	Value (bln \$)	5	Value (bln \$)	
Indonesia	Australia	3.74	USA	3.68	China	3.47	Brazil	2.83	Argentina	2.08	
Turkiye	Russia	5.19	Ukraine	3.08	Brazil	2.26	Malaysia	1.13	USA	1.03	
Saudi Arabia	Brazil	2.92	India	2.56	USA	1.91	Sudan	1.59	UAE	1.56	
Egypt	Russia	3.09	Brazil	1.74	Ukraine	1.63	Indonesia	0.98	USA	0.94	
Iran	UAE	4.66	Pakistan	2.72	Turkiye	2.21	Brazil	2.07	India	1.35	
Bangladesh	Indonesia	2.49	Brazil	2.47	India	1.71	USA	0.91	Canada	0.83	
Pakistan	Indonesia	2.69	Australia	0.83	Russia	0.82	Kenya	0.49	Malaysia	0.43	
Nigeria	Brazil	0.75	Poland	0.37	China	0.30	Canada	0.27	Latvia	0.26	
Malaysia	Indonesia	3.40	China	2.17	Thailand	2.07	India	1.61	Argentina	1.53	
UAE	India	3.71	Brazil	2.88	Saudi Arabia	2.25	Australia	1.96	USA	1.72	

Intra OIC import trade in food segment is much less well integrated.

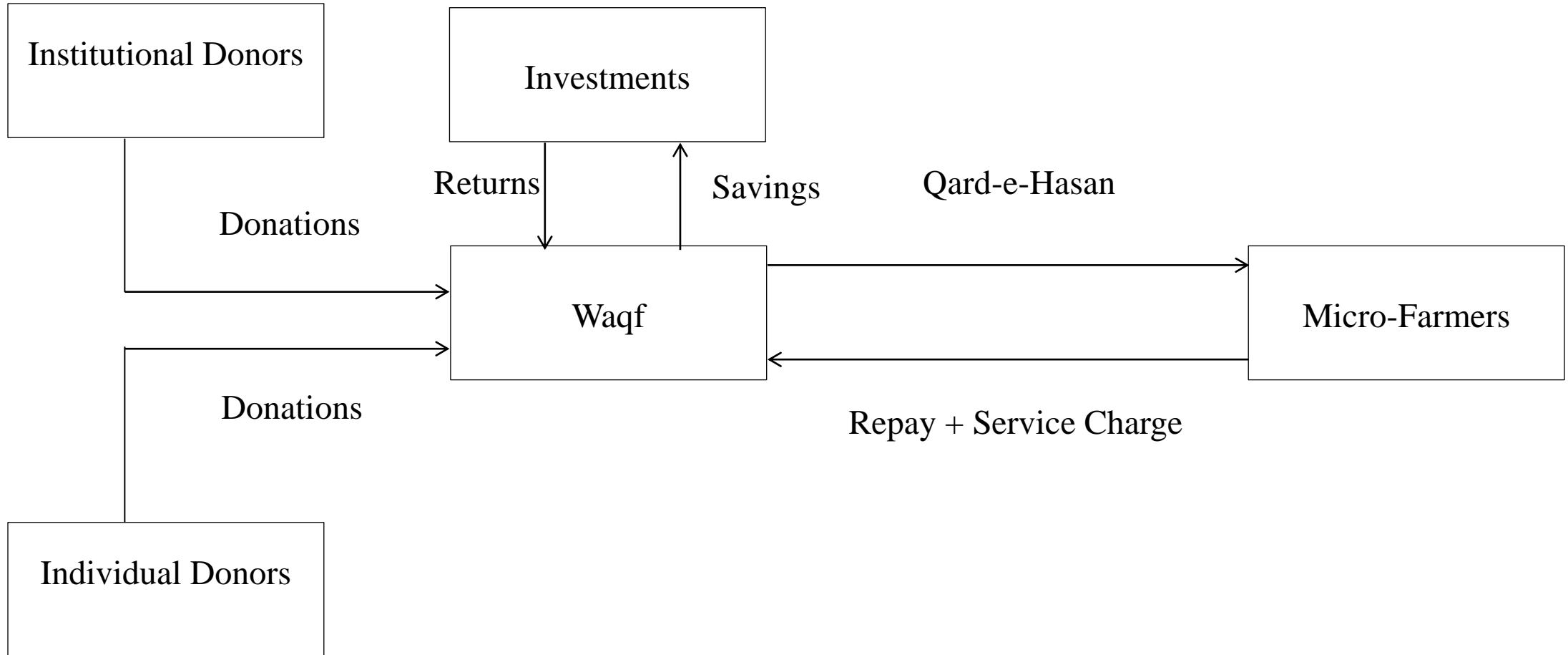
UAE maybe re-exporting from India and Pakistan.

Reasons: Comparative advantage, tastes, processed value-added food imports from non-OIC.

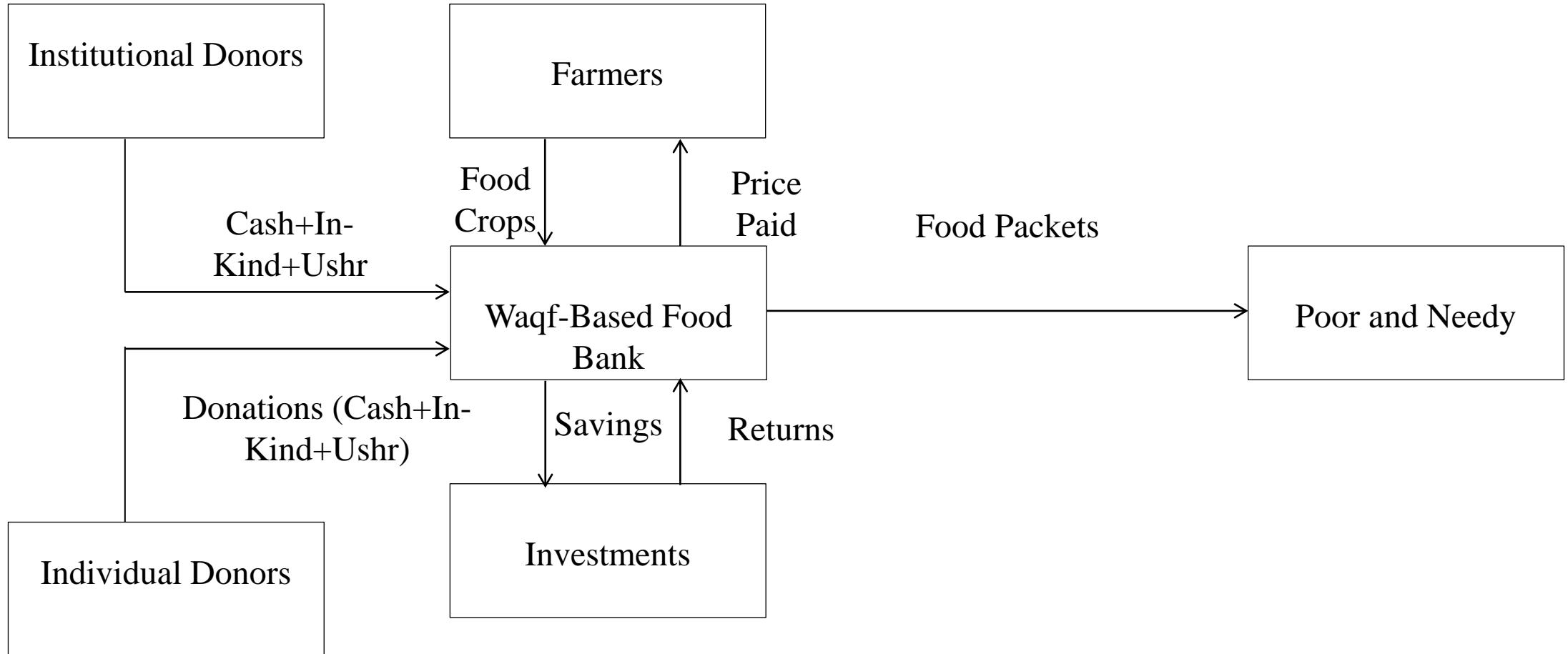
WAQF-BASED RESEARCH CENTRES



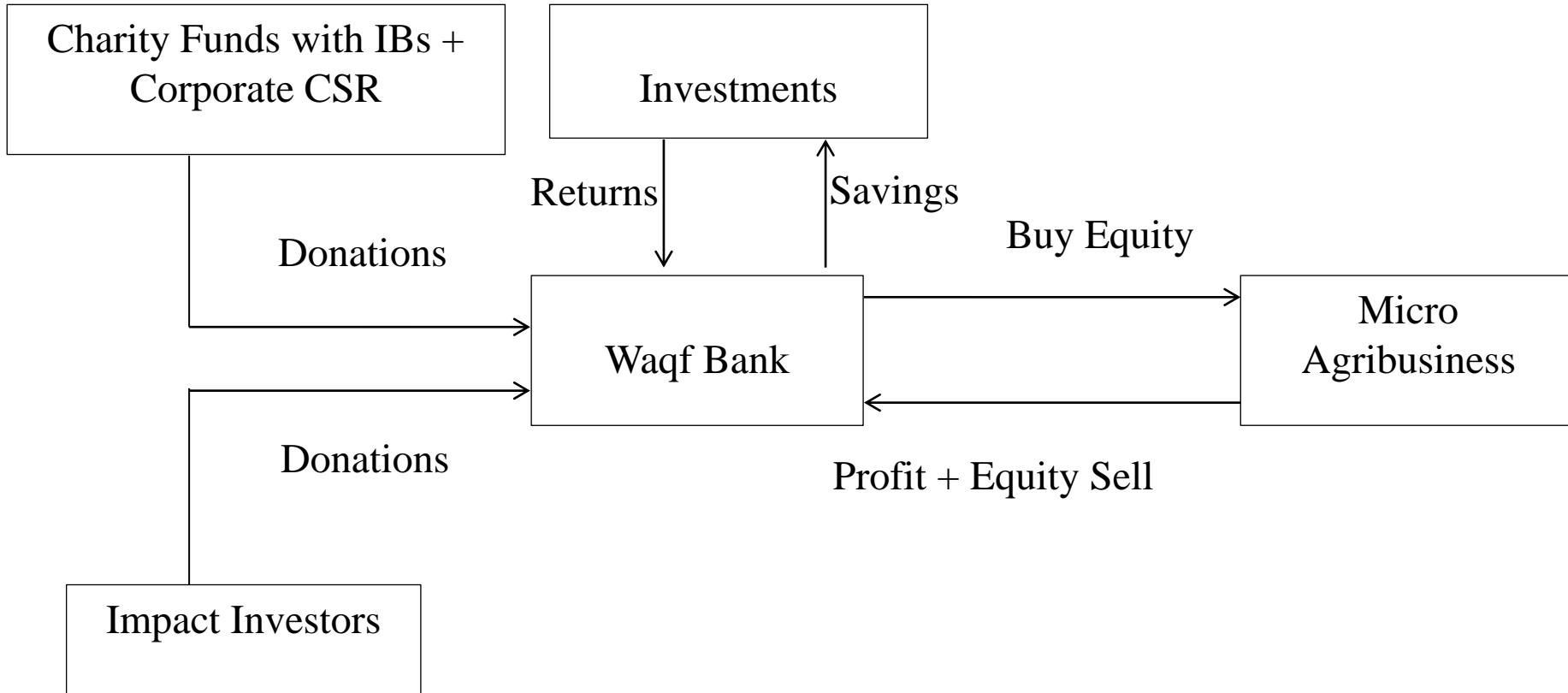
WAQF-BASED SEED FUNDING MODEL



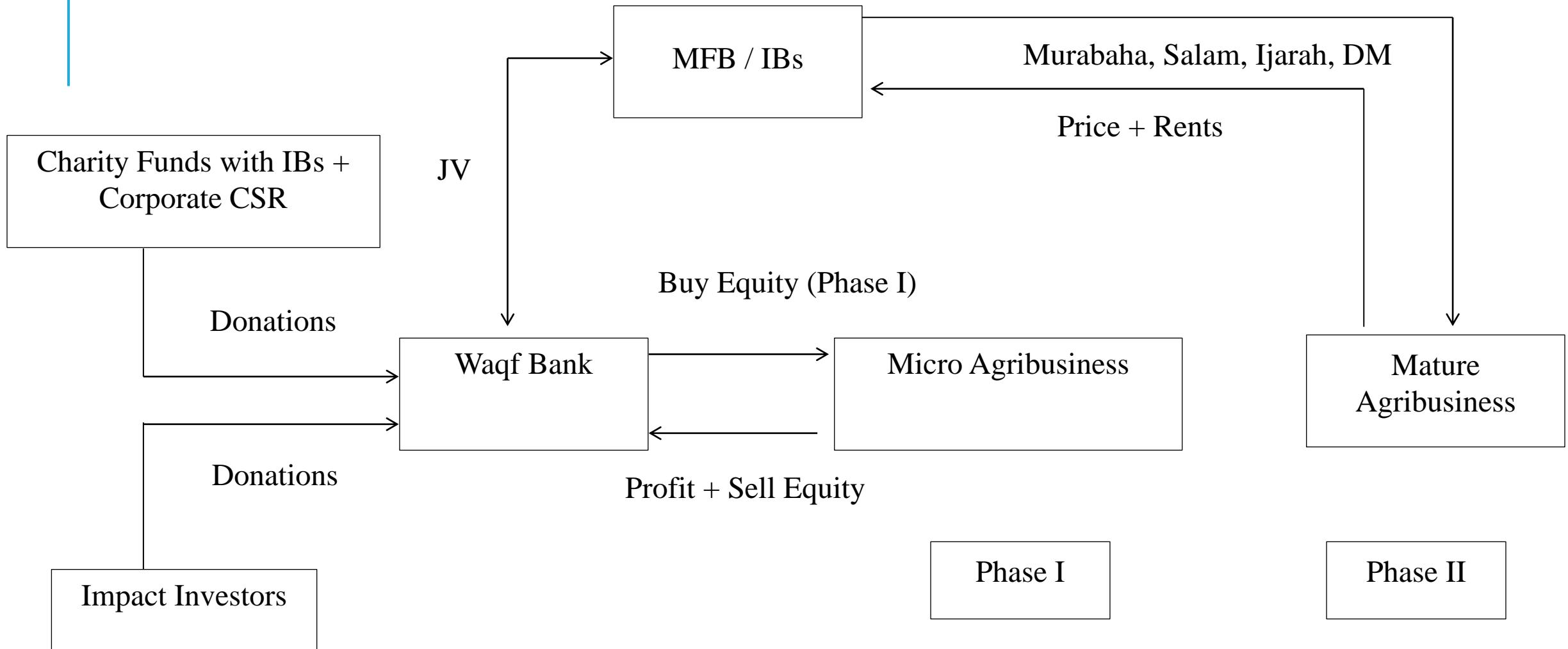
WAQF-BASED FOOD BANKS



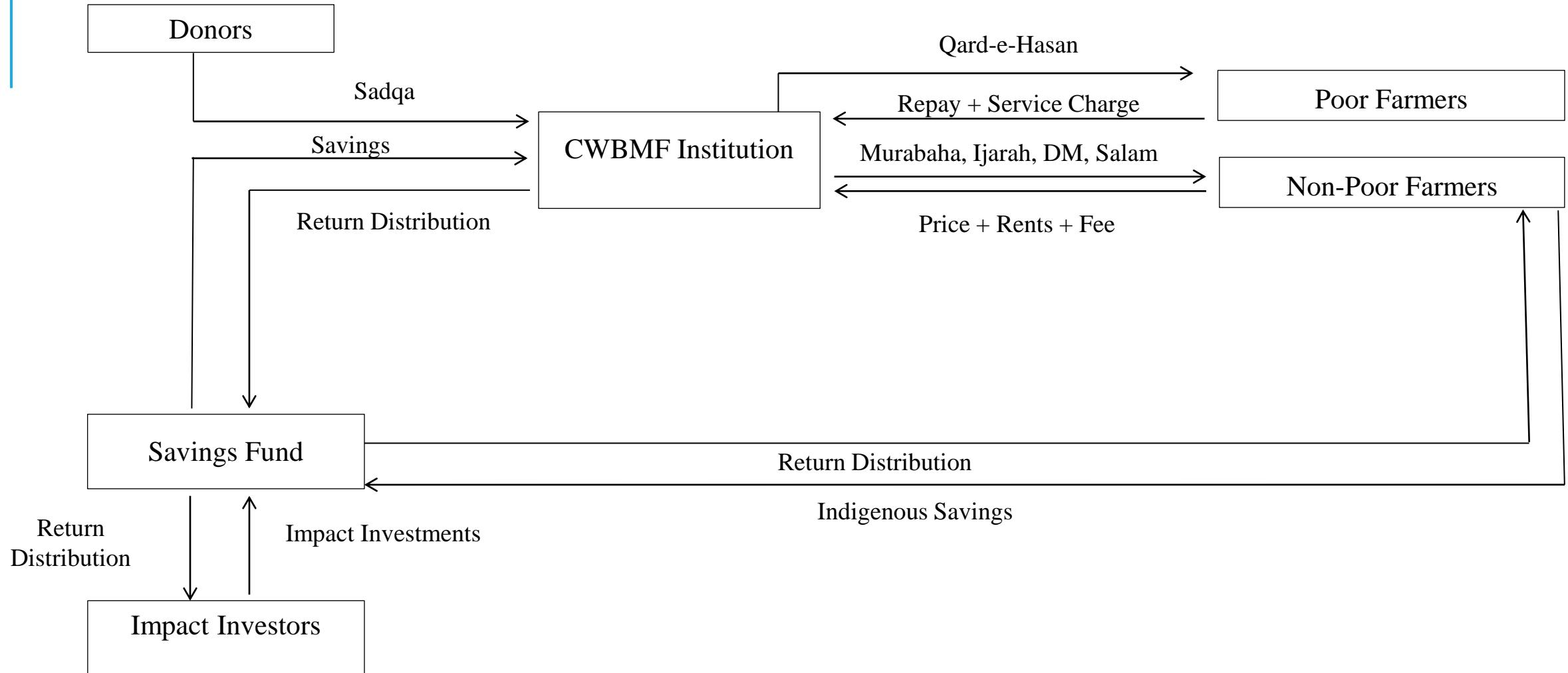
WAQF BASED CROP SHARING MODEL



WAQF BASED ACCELERATED CROP SHARING MODEL



CASH WAQF BASED MICRO FINANCE (CWBMF) MODEL



CONCLUSIONS

- ❖ Food security requires stable supply, productivity and efficient distribution and waste management.
- ❖ Government can establish Waqf for agri-research in seed variety, bio-technology, fertilizers, pesticides and innovation for productivity.
- ❖ Waqf can be utilized to provide seed capital and crop-sharing based financing to micro-agripreneurs.
- ❖ By sourcing funds through impact investors in a non-commercial banking Waqf-based setup, there can be more flexible flow of 'impact funds' beyond BASEL.
- ❖ Mature agri-businesses can be provided with subsequent financing by Islamic banks.

JAZAK ALLAH KHAIR

For Questions, Comments and Suggestions

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