

Role of halal industry in the development of green economy

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Abstract. The scientific article is devoted to the interaction of two important areas of socially responsible business - the halal industry and the green economy. The purpose of the work is to identify the role of the influence of the growth of the halal industry in the world on the environmental sustainability of the development of any state. The research methodology includes statistical data analysis, as well as induction and synthesis. In the course of the study, the structure of the market for halal products and services in the world and Russia was determined, and key problems were identified, the solution of which will increase the market capacity in the near future. The catalysts for these changes can be an increase in the number of Muslims, an increase in the religiosity of the population and an increase in people's awareness of halal products and services. The results of the article provide an opportunity for entrepreneurs, researchers and all persons interested in developing a green economy and promoting the halal industry in the global market to identify the effect of such integration. At the same time, it has been proven that the halal market can become a catalyst for the development of a green economy if they interpenetrate, since it helps reduce harmful emissions into the air, water bodies and land, create a culture of consumption and save the benefits people use. Key words: halal market, green economy, Islamic law, Islamic economics

1 Introduction

The halal market and the green economy are two important areas of socially oriented business that determine the social sustainability of the analyzed systems. This article is devoted to the integration of the halal market and the green economy with their special requirements for products and services in the context of common goals. In the context of modern sustainability challenges, the halal market, distinguished by its fundamental requirements, as well as the green economy, focused on environmental sustainability, have every opportunity to reach a new level.

The halal market, based on the principles of Islam, is a niche segment that has found its place in the global economy, even in countries where Muslims are not the majority [1]. On the other hand, green economy, which focuses on environmental sustainability and the use

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of renewable resources, has become a key component of the sustainable development strategies of various countries. These systems have completely different methodological foundations, but it is the common goals that make their interaction possible within the regions where there are prospects for their development.

The modern halal market is valued at hundreds of billions of dollars and is experiencing steady growth, supported by the growing Muslim population and their religiosity. As you know, the halal market does not contain many well-known products and services, for example, alcohol, pork, binary options, etc. These prohibitions are subject to serious control by the manufacturers themselves, as well as the infrastructure in this market. In this regard, the certification of halal products has become relevant, becoming an important part of this market in order to ensure consumer confidence.

Among Islamic scholars, these issues have been discussed for a long time. Among them, Abu Marwan Ibn Zuhr, a prominent scientist and physician of the 11th and 12th centuries, left an indelible mark on the history of medicine and health care. His works, covering a wide range of medical and hygienic aspects, also include issues of air pollution. The work of this scientist 900 years ago not only served as a source of knowledge about the medicine and hygiene of his time, but also was a reminder of the importance of integrating a healthy lifestyle and proper nutrition in efforts to achieve longevity and well-being. Muhammad Ibn Said Al-Tamimi, who lived in the 10th century, left behind a book “Prolonging life through purifying the air from pollution and preventing the harmful effects of epidemics,” which deserves special attention. This work demonstrates his deep understanding of health and hygiene issues. He also wrote the book “A Guide to Basic Nutritional Principles and the Properties of Simple Medicines.” His books were of particular importance to botanists because they contained detailed descriptions of plants used in pharmaceuticals, as well as information about the best time to collect them. There are a huge number of other names in the history of Muslim heritage, but the examples given are sufficient to indicate the significance of the topic under discussion in the context of the development of green and Islamic economics, taking into account the many different studies.

In turn, the green economy is based on sustainable economic development, the principles of environmental sustainability and efficient use of resources while reducing harmful impacts on the environment. Its goal is to create an economic system in which production and consumption processes do not lead to environmental degradation. Its objectives also include reducing emissions of harmful substances, limiting the use of non-renewable energy sources, increasing energy efficiency, etc.

2 Materials and methods

In the modern world, the market for halal products and services is estimated in a very wide range from 1 to 2.1 trillion dollars. Some sources indicate that the average growth rate of the market under study is 9%, including due to the fact that more than 80 countries are developing the ecosystem Islamic economics. The leaders in the market of halal products and services are Malaysia [3], Saudi Arabia, the UAE and Indonesia [5]. Let's analyze the dynamics of the market for halal products and services by sector in 2020-2022 (table 1).

Table 1. Analysis of the dynamics of the market for halal products and services by sector in the world in 2020-2022, billion dollars (compiled by the author based on data [2])

Market sectors	Years			Growth rate, %	
	2020	2021	2022	chain	basic
1. Food products	1 190	1 270	1 542	121.4	129.6
2. Clothes	279	295	293	99.3	105.0
3. Media	216	231	234	101.3	108.3

4. Pharmaceuticals	142	100	102	102.0	71.8
5. Cosmetics	75	70	70	100.0	93.3
6. Tourism	58	102	113	110.8	194.8
TOTAL	1 960	2 068	2 354	113.8	120.1

The analysis showed that the market capacity by 2022 amounted to \$2,354 billion, while over the past 3 years the market for halal products and services has increased by 20.1%, and the chain growth rate was 113.8%. This dynamics was positively influenced by the following market sectors: food products, clothing, media and tourism. Accordingly, the pharmaceutical and cosmetics markets showed negative dynamics. It is worth noting that compared to 2021, all sectors showed an increase, except for the Muslim clothing market, whose capacity decreased by 0.7%. It is these trends that have updated scientific research on this topic for many years [4].

Let's study the structure of sectors of the market for halal products and services in 2020-2022 (table 2).

Table 2. Analysis of the structure of sectors of the market for halal products and services in the world in 2020-2022, % (compiled by the author based on data [2])

Market sectors	Years			Years	
	2020	2020	2020	chain	basic
1. Food products	60.71	61.41	65.51	+4.09	+4.79
2. Clothes	14.23	14.26	12.45	-1.82	-1.79
3. Media	11.02	11.17	9.94	-1.23	-1.08
4. Pharmaceuticals	7.24	4.84	4.33	-0.50	-2.91
5. Cosmetics	3.83	3.38	2.97	-0.41	-0.85
6. Tourism	2.96	4.93	4.80	-0.13	+1.84
TOTAL	100	100	100	-	-

An analysis of the structure of sectors of the market for halal products and services in 2020-2022. showed that the largest share in the market under study for all periods was occupied by food products, then the places were distributed as follows: clothing, media, tourism, pharmaceuticals and cosmetics. At the same time, over 3 years, only the share of food products and tourism showed growth in the market structure, and the largest decrease was observed in the pharmaceutical market, namely, by 2.91%. If we talk about changes compared to 2021, then only the share of food products increased by 4.09%.

In some studies, the authors provide data on the market for halal products and services together with the Islamic finance market, which, of course, has every reason, since this sector is actively developing. Let us study the market structure in this ratio in 2022 in Figure 1.

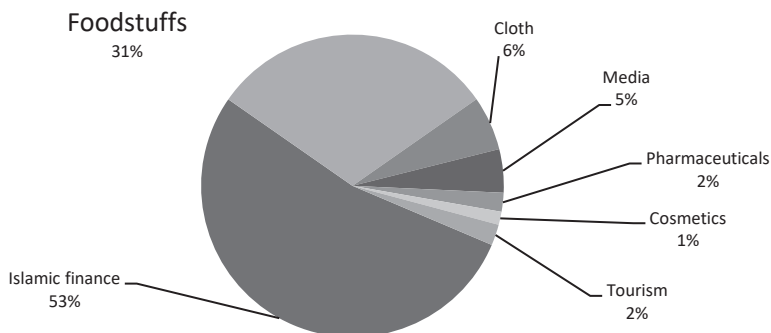


Fig. 1. Structure of sectors of the market for halal products and services in the world in 2022 (compiled by the author based on data [2])

As can be seen from the figure, Islamic finance in total exceeds other sectors of the market for halal products and services, and this trend has persisted for a long time. Thus, the Islamic finance market occupied 53% in 2022, which in absolute terms is \$2,678 billion. There is no doubt that there are other data on the Islamic finance market, but adherence to the calculation methodology is important when comparing different markets.

When studying Russian realities, it is important to emphasize that scientifically based data on the market for halal products and services are found only in my works, which, however, do not cover all sectors of the Islamic economy. For example, in the meat products market, the halal market in 2016 was estimated at 4% or 86,085 million rubles, and Muslim clothing - 5.5% or 118,366 million rubles. Today we can confidently say that the share of halal products and services has increased in the structure of the Russian economy, but in order to understand the composition and structure of the modern market, at the first stage we will conduct an assessment using the example of the Republic of Tatarstan, which is a locomotive in the development of the Islamic economy.

By the end of 2023, the Committee for the Halal Standard under the Muslim Spiritual Directorate of the Republic of Tatarstan had 202 valid halal certificates. Let's study the market structure segmentally based on issued certificates (Figure 2).

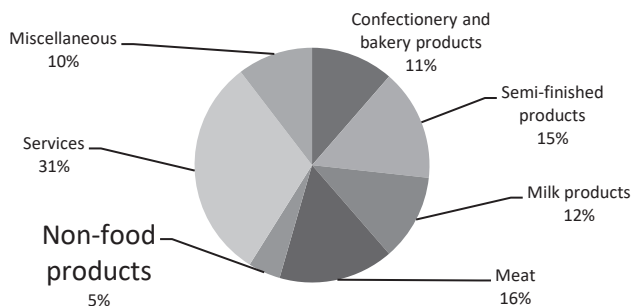


Fig. 2. Structure of sectors of the market for halal products and services of the committee for the Halal standard at the Muslim Spiritual Directorate of the Republic of Tatarstan in 2023 (compiled by the author based on data from the committee for the Halal standard)

The results of the study show that the largest share among the certificates received by enterprises from the main body in the Republic of Tatarstan in the analyzed market of religious products and services is occupied by food products (54%): meat (16%), semi-finished products (15%), dairy products (12%), confectionery and bakery products (11%). Services are in second place (31%), and non-food products occupy only 3%. In general, one can note the similarity of this composition with world proportions with some reservations [7; 9].

Next, as a comparison, we will analyze the activities of the international center for standardization and certification “Halal” at the Muslim Spiritual Directorate of the Russian Federation (Figure 3) in terms of segments.

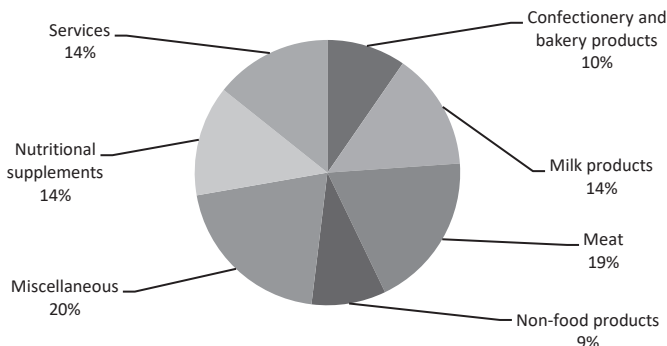


Fig. 3. Structure of sectors of the market for halal products and services of the international center for standardization and certification “Halal” at the Spiritual Directorate of Muslims of the Russian Federation in 2023 (compiled by the author based on data from the ICSS “Halal”)

The results of the study show that the largest share among the certificates received by enterprises by the most important certifying body in Moscow in the market of religious products and services is occupied by food products (57%): meat (19%), food additives (14%), dairy products (14%). %, confectionery and bakery products (10%). Various goods are in second place (20%), services are in third (14%), and non-food products occupy 9%. Again, one can observe a fairly similar structure to the results of the work of the committee at the Muslim Spiritual Directorate of the Republic of Tatarstan, which gives reason to talk about a possible permanent correlation of the market itself in Russia.

It is interesting that in the Islamic financial sector throughout Russia, no more than 10 halal certificates have been issued, although more than 25 companies operate.

Noting the trends in retail turnover in Russia, its growth has been observed over the past 10 years (Figure 4), which indirectly indicates similar dynamics in the market for halal products and services.

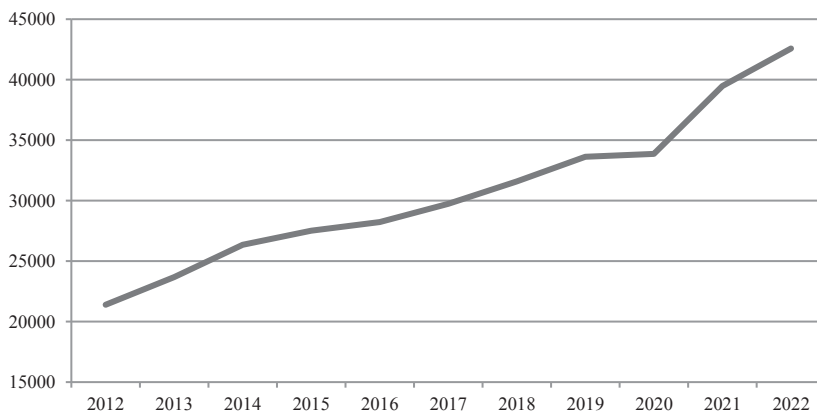


Fig. 4. Retail trade turnover in Russia in 2012–2022, billion rubles. (compiled by the author based on data from the Federal State Statistics Service)

Let's study the structure of retail trade turnover in Russia in the context of food and non-food products (Figure 5, 6).

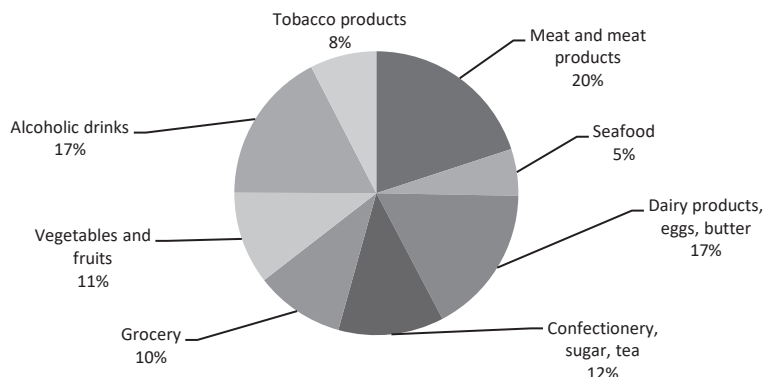


Fig. 5. Structure of retail trade turnover by food products in Russia (compiled by the author based on data from the Federal State Statistics Service)

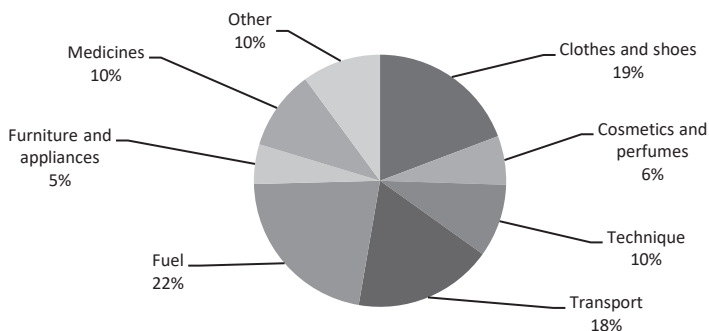


Fig. 6. Structure of retail trade turnover by non-food products in Russia (compiled by the author based on data from the Federal State Statistics Service)

The analysis showed that the largest share in the structure of food products of retail trade turnover in Russia is meat and meat products, and non-food items are clothing and shoes, if considered from the point of view of the possibility of products being prohibited in Islamic law. This means that the halal meat market, based on the calculation of data on the structure of 2016 and market capacity in 2020, is 104,852 million rubles. The Muslim clothing market in Russia today can be estimated based on previously obtained data at 140,639 million rubles.

Analyzing the export and import of halal products and services, it is worth noting that Muslim countries are not key partners of Russia, but since 2022 the situation has begun to change, however, the lack of open, reliable data does not allow us to assess such changes. At this stage, we can recall exactly what role Muslim countries played in Russia's exports and imports in 2020-2021 (tables 3, 4).

Table 3. Analysis of the structure and dynamics of exported products by country in Russia for 2020-2021, million dollars (compiled by the author based on data from the Federal State Statistics Service)

Indicators	2020	2021	Share, %	Growth rate, %
Total exports, incl.	337 295	493 096	100	146.2
1. China	49 249.3	68 901.5	14.6	139.9
2. Netherlands	24 817.6	42 135.6	7.4	169.8
3. UK	23 155.5	22 257.6	6.9	96.1
4. Germany	18 620.3	29 726.5	5.5	159.6

5. USA	10 838.7	17 522.8	3.2	161.7
6. Some Muslim countries, incl.	39 766.1	57 042.7	11.8	143.4
6.1. Türkiye	16 101.2	27 066.4	4.8	168.1
6.2. Kazakhstan	14 106.6	18 495.5	4.2	131.1
6.3. Uzbekistan	4 659.4	5 205.1	1.4	111.7
6.4. Indonesia	565.5	681.0	0.2	120.4
6.5. Azerbaijan	2 075.5	2 324.7	0.6	112.0
6.6. Kyrgyzstan	1 463	2 156	0.4	147.4
6.7. Tajikistan	795	1 114	0.2	140.1
7. Other countries	170 847	255 509	50.7	149.6

Table 4 Analysis of the structure and dynamics of imported products by country in Russia for 2020-2021, million dollars (compiled by the author based on data from the Federal State Statistics Service)

Indicators	2020	2021	Share, %	Growth rate, %
1. Import of everything, incl.	232 138	293 531	100	126.4
2. China	54 950,2	72 699.9	23.7	132.3
3. Germany	23 421,4	27 361.9	10.1	116.8
4. USA	13 196.6	16 872.2	5.7	127.9
5. Belarus	12 626.6	15 636.6	5.4	123.8
6. Italy	10 202.4	12 034.1	4.4	118.0
7. Some Muslim countries, incl.	14 305.3	19 464.5	6.2	136.1
7.1. Kazakhstan	5 073	7 135	2.2	140.6
7.2. Kyrgyzstan	243	348	0.1	143.2
7.3. Tajikistan	42.5	99,6	-	234.4
7.4. Uzbekistan	1 230	1 706	0.5	138.7
7.5. Türkiye	5 113.1	6 518.3	2.2	127.5
7.6. Indonesia	1 789.9	2 625.5	0.8	146.7
7.7. Azerbaijan	813.8	1 032.1	0.4	126.8
8. Other countries	103 435.4	129 461.9	44.6	125.2

The analysis showed that only 7 countries account for more than 4% in the export structure: China, the Netherlands, Great Britain, Germany, Belarus, Turkey, Kazakhstan. As for imports, there are 5 such countries: China, Germany, USA, Belarus, Italy, i.e. there are no Muslim countries.

In the crisis year of 2022, Russia began to increase its work with Muslim countries, which was reflected in the growth of the market capacity of halal products and services. According to Rosselkhoznadzor, the market share of halal products and services in the meat and meat products segment is 35%, which is a record figure.

3 Results

The increase in the market for halal products and services will support the growth of other sectors of the Islamic economy, such as halal logistics, as there will be an increase in demand in freight forwarding, halal warehousing services and specialized transport services. It also requires very complex and strictly controlled logistics operations to prevent cross-contamination of products during storage and distribution. Having a dedicated

logistics infrastructure and managed halal logistics operations is critical for any halal food supplier.

As you can see, there is a considerable area of convergence between the green economy and the halal industry, opening up promising opportunities for consumers, producers and the state. Let's look at them separately.

1. Islamic law pays great attention to cleanliness, which is associated with environmentally friendly products, and this raises the issue of efficient production. This means that the right approach to the issue can serve as an incentive for the development of environmentally sustainable technologies and production methods at enterprises at the country level. It can be confidently stated that the halal market, when respecting Islamic law, has a positive impact on environmental sustainability. Essentially, this market promotes the use of pure and natural ingredients and also supports safe production. As a result, emissions of harmful substances are reduced and the negative impact on the environment is minimized.

2. Integration of the halal market and the green economy stimulates innovative processes at all levels of the reproduction process. In the modern world, research into environmentally friendly packaging that does not harm the environment, reducing water consumption and increasing the efficiency of energy consumption is relevant. An important role here is played by the creation of high emission standards for vehicles during the transportation of products.

3. The integration of the halal market and the green economy provides new opportunities for creating business models that comply with the requirements of Islamic law and green economy standards, as this often provides not only additional profit, but can also improve the image of companies, and therefore attract new customers, including from the Gulf countries, which is extremely important for Russia at this stage of development.

4. We must not forget that processes of this kind have an impact on public consciousness. When the population becomes more aware of financial costs and various types of emissions, this contributes to the formation of an environmental culture of an entire nation, the benefits of which can last for decades.

5. International cooperation and political preferences are guaranteed to a state that actively develops these areas. At the same time, government agencies have an important role in such integration, which includes the development of standardization and certification in the halal market [6; 8].

4 Discussion

Despite the fact that the Islamic economy in the food and non-food sectors is developing both within the country and in foreign trade, there are serious reserves for growth, expressed in differences in supply and demand in the market. Key issues that need to be addressed include:

1. Lack of a well-developed regulatory act at the federal level for subjects of the market of religious products and services: with the advent of some regulations that contribute to the regulation of the market of halal products and services in Russia, the situation has improved, but this is not enough, especially when it concerns unscrupulous entities market.

2. More stringent requirements of international standards: Russian producers of halal products and services have to face the need for changes in their work due to the fact that the requirements of some countries are more stringent; in this regard, the issue of harmonization of Russian and international halal standards is becoming urgent.

3. The need for institutional improvement of infrastructure: in Russia there is a large number of certification organizations that differ on many significant issues, which gives

reason to believe that it is important to introduce uniform standards on the territory of Russia.

4. Lack of qualified personnel: in Russia only recently have they begun to pay attention to the development of the market for halal products and services; there are still no master's programs on this topic, but advanced training courses have appeared that allow one to obtain a state-issued document.

5. Low awareness of the population: since the development of the market for halal products and services, the number of people who understand the features of the market has increased, but is still not enough; improving the situation will increase the demand for relevant goods and services.

Thus, the integration of the halal market and the green economy represents a unique synthesis of religious and environmental aspects, which contributes to the achievement of sustainable economic development of any country where this is relevant in terms of demographic and social processes. At the same time, such trends can give impetus to the development of international relations.

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