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M'sia has much to offer in halal economy, other areas in Muslim world: Mustapa



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KUALA LUMPUR: Malaysia, as a leading nation in the Muslim world, still has much to offer in best practices, trade and innovation, said Minister in the Prime Minister's Department (Economy) Datuk Seri Mustapa Mohamed (pix).

The country is a role model for the halal economy and has positioned itself as a prime mover of the global halal economy, he said, noting that based on the Global Islamic Economy Indicator (GIEI) Score, Malaysia has been ranked number one for nine years consecutively.

The halal economy contributed about 7.5 per cent to Malaysia's Gross Domestic Product (GDP), Mustapa said at the virtual Global Muslim Business Forum 2022 today.

He said the nation currently leads in Islamic finance, halal food, Muslim-friendly travel, and media and recreation sectors.

“The largest component of the halal economy is the food sector, contributing an estimated US\$31 billion (US\$1=RM4.72).

“Malaysia is a pioneer in Islamic finance and the industry is quite developed and well-regulated in our country. We are one of the top five countries with the biggest Islamic finance assets with over US\$619.7 billion in 2021,” the minister said.

Malaysia continues to lead with innovation, he said, pointing out that last year, the country issued the world’s first sovereign US dollar-denominated Islamic finance sustainability-related commercial notes.

“I would be remiss not to mention Malaysia’s halal certification which is globally recognised. The signature Malaysia halal stamp of authenticity helps avoid ‘halal washing’, and builds trust, particularly in international trade,” he shared.

He noted that the government has also continued to emphasise the importance of the halal economy.

In the 12th Malaysia Plan, he said, a key strategy is to position Malaysia as a global hub by boosting development of halal talent, introducing halal professional recognition, stimulating industry development, and enhancing product competitiveness.

The target is to further increase the contribution of the halal economy to GDP to 8.1 per cent and generate over US\$12 billion in export revenues by 2025, he said.

Touching on the forum’s theme “The Rise of the Global Islamic Economy: Refocusing, Resetting and Recovering in the Post-Pandemic Era”, Mustapa said it is consistent with the immense business potential of 1.9 billion Muslim consumers worldwide.

Global Muslim spending reached US\$2 trillion in 2021 across various sectors, such as food, fashion and finance, and this is coupled with US\$3.6 trillion of Islamic finance assets, such as sukuk and Islamic bonds.

Citing the latest State of the Global Islamic Economy Report by DinarStandard, he said consumer spending levels for all sectors of the global Islamic economy, except for travel, have returned to pre-pandemic levels as of the end of last year.

“The outlook for the global Islamic economy is good. Demand for halal goods and services is expected to rise with global spending forecast to hit US\$2.8 trillion by 2025.

“The global Muslim population reached 1.9 billion in 2019 and is predicted to grow twice as fast as the overall world population. There will be at least 3 billion Muslims by 2060, which will represent one-third of the global population, according to the Pew Research Centre,” he said.

Mustapa also highlighted the important role of digital connectivity in the Muslim world.

Citing Newzoo' research data, he said 15 of the 50 countries with the highest smartphone penetration rate are from the Organisation of Islamic Cooperation; hence the demand for Muslim-friendly digital products, from Islamic finance to lifestyle products, will only grow.

“Businesses and investors must be cognisant of the massive potential in the global Islamic economy. There is a clear shift towards Muslim-friendly goods and services, underpinned by the notion of halal, within the Muslim world and even beyond,” he added.-
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