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HALAL FOOD MARKET VS. POLISH MEAT PRODUCERS. ON THE DISSIMILARITIES IN APPROACHING THE IDEA OF SUSTAINABLE DEVELOPMENT

RYNEK ŻYWNOŚCI *HALAL* A POLSCY PRODUCENCI MIĘSA. O ODMIENNOŚCI POJMOWANIA IDEI ZRÓWNOWAŻONEGO ROZWOJU

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Summary: The purpose of this article is to present the development potential of the *halal* food market from the perspective of Polish meat producers whose business activities are based on legal regulations in force regarding the so-called problems of ritual slaughter. The arrangement of the study is subject to this particular objective within which, apart from an introduction and final remarks presenting the author's conclusions based on the conducted analyses, four major points were distinguished and devoted to: discussing the essence of *halal* concept, presenting *halal* economy components and their numerical characteristics, illustrating the state and development determinants of the global *halal* food market and the characteristics of the relations between Polish meat producers and *halal* food industry. The present study was based on the author's analysis and interpretation of the subject literature as well as statistical data referring to the discussed problems.

Keywords: Islam, *halal* economy, *halal* food market, sustainable development.

Streszczenie: Celem artykułu jest ukazanie potencjału rozwojowego światowego rynku żywności *halal* z perspektywy polskich producentów mięsa, opierających swoją działalność na obowiązujących regulacjach prawnych, dotyczących tzw. problematyki uboju rytualnego. Zadaniu temu podporządkowano układ opracowania, w którym, poza wstępem i zakończeniem obejmującym autorskie wnioski z prowadzonych analiz, wyróżniono cztery punkty poświęcone: omówieniu istoty koncepcji *halal*, ukazaniu elementów i charakterystyk liczbowych gospodarki *halal*, prezentacji stanu i uwarunkowań rozwojowych światowego rynku żywności *halal* oraz charakterystyce relacji między polskimi producentami mięsa a rynkiem żywności *halal*. Opracowanie oparto na autorskiej analizie i interpretacji literatury tematu oraz danych statystycznych dotyczących poruszanych w nim zagadnień.

Słowa kluczowe: Islam, gospodarka *halal*, rynek żywności *halal*, zrównoważony rozwój.

1. Introduction

The term – *halal economy* – defines economic activities carried out by various entities the performance of which follows the principles of Islam. In its global dimension the value of *halal* economy covering manufacturing and service providing entities which run businesses in food, tourism, finance and consumption goods sectors reached the level of USD 3.2 trillion. Currently this economy represents one of the most dynamically developing components of global economy. Food sector remains an important part of the discussed economy since it offers food products in accordance with Muhammad religion recommendations, which has over 1.6 billion Muslim followers. The group of businesses engaged in meeting the world diaspora food needs of Allah's followers covers e.g. enterprises focused on meat acquisition and processing which, apart from e.g. fruit and vegetable producers as well as alcohol-free beverages, constitute an element of the global *halal* food industry value chain.

Acquisition and processing of meat consumed by Muslims requires full compliance with the requirements ensuring overall submission of e.g. animal slaughter process with the rules of Islam (so-called ritual slaughter). On the one hand, such slaughter (its form and course) following the formula of *halal* for meat obtained in this way raises many questions of moral and ethical nature among those remaining outside Islamic cultural circle but, on the other hand, as a component of technological processes carried out by enterprises dealing with the production of meat offered on the *halal* food market, opens opportunities for implementing business goals assigned not only to meat manufacturers, but also to breeders and other entities included in the process of animals for slaughter acquisition and processing.

The purpose of the present article is to show the development potential of the global *halal* food market from the perspective of Polish meat producers, whose business activities are based on the regulations provided for by the Animal Protection Act [Ustawa z dnia 21 sierpnia 1997] referring to the so-called problems of ritual slaughter. The arrangement of the study was subject to this particular objective within which, apart from an introduction and final remarks presenting the author's conclusions based on the conducted analyses, four major points were distinguished and devoted to: discussing the essence of *halal* concept (Section 2), presenting *halal* economy components and their numerical characteristics (Section 3), illustrating the state and development determinants underlying the global *halal* food market (Section 4) and the characteristics of relations between Polish meat producers and *halal* food industry (Section 5).

In the author's opinion, the content of the article can also be helpful in putting forward individual comments regarding the idea and practice of sustainable development perceived from the perspective of relations as well as primary/secondary nature of business objectives (determinants), including the financial ones, over the ethical and moral goals (determinants) adequate for a particular cultural (including religious) environment in terms of conducted business activities. The present study

was based on the author's analysis and interpretation of the subject literature as well as statistical data referring to the discussed problems.

2. The concept of *halal* – the essence

Muslim world order, based on the sources of Islam[1] covering Qur'an, Sharia law, Sunnah the Prophet and Muslim scholars' fatwa, represents the totalitarian order exerting an impact on every sphere of Allah follower's life "(…) by defining what is right and wrong, what is good and morally beautiful and what is bad and morally ugly" [Bielawski et al. 1982, p. 402]. Its foundations are established by the categories of *halal* and *haram*, which – in the opinion of Prochwicz-Studnicka [2013, p. 1] – can be assigned with several meanings; however, the dominating one will be the indication of permissible nature (*halal*) of some things, people and actions, or the reverse (*haram*) of such a state of the matter. The bipolarity of assessments and judgments accepted in Islam allows e.g. dividing the actions performed by Muslims into these referred to as *halal* as well as the ones taking the nature of *haram*. In the first case, one can speak about meeting obligations/actions [Bielawski et al. 1982, p. 420] which are: a) crucial (*wadżib*) since its performing is rewarded, whereas neglecting is punished (e.g. fasting in Ramadan, paying alms), b) recommended, but insignificant (*mustahabb*), compliance with which is rewarded, whereas negligence is not punished (e.g. additional prayer), c) legally and morally neutral (*mubah*) (e.g. reading a newspaper, meeting with friends) and d) reproved (*makruh*), however not forbidden (their identification constitutes a problem of interpretation and thus to be settled by fatwa – Mufti's opinion). The second group covers both prohibited and punished deeds (*haram*) which include e.g. drinking alcohol, eating pork or gambling. At this point, it should be emphasized that Muslims, through their religion, are obliged to evaluate all things, actions and attitudes to make sure they are permissible (*halal*). This goes along with an imposition to avoid them when any slightest doubt occurs regarding their religious permissibility.

Hanzaee and Ramezani [2011, p. 3] observed that in the Western world culture the concepts of *halal* and *haram* are in a direct and simplified manner connected with food allowed or prohibited by Islam or, in more extensive terms, with products associated with the broadly understood consumption. The above-mentioned authors indicate that *halal* (allowed) products remain in compliance with the law of Sharia, thus e.g. they do not contain prohibited (*haram*) ingredients; their production is free from unacceptable in Islam methods of human labor or natural environment factors; they are neither harmful nor detrimental for people and their environment. Having adopted the above perspective, later in the article the categories of *halal* and *haram*

[1] Here Islam is understood not only as one of the three major monotheistic religions, but also as a socio-economic system.

will be related to business activities of economic entities the performance of which, as well as their products/services, remains in compliance with Muhammad's religion.

3. *Halal* economy – components, characteristics and development factors

The essence of *halal* economy consists in full compliance of its entities and principles regulating their functioning to the rules of Islam. Even though the origins and philosophy of this economy has a direct impact on the prohibitions and injunctions followed in Muhammad's religion, still in its global dimension the economic, social and ethical model it represents is accepted not only among its followers, but it does find supporters in the Western world increasingly frequently and to a much greater extent. As indicated by the authors of the report entitled: *The Halal Economy* [2014, p. 1] "(…) Most of the founding principles of a Shariah-compliant economy are naturally aligned with the universally recognized values of ethics and sustainability. As a result, Islamic values have a universal appeal making many *halal* products and services equally attractive to non-Muslim consumers, particularly in the light of current global sentiments where the demand for ethical and socially-conscious product offerings is on the rise."

The sector of *halal* products and services covers interrelated groups of entities operating on different continents and forming circles of: food producers, entities offering and rendering services in tourism and leisure, entities providing and related to Muslim finance services as well as enterprises focused on meeting selected consumption needs (see Figure 1).

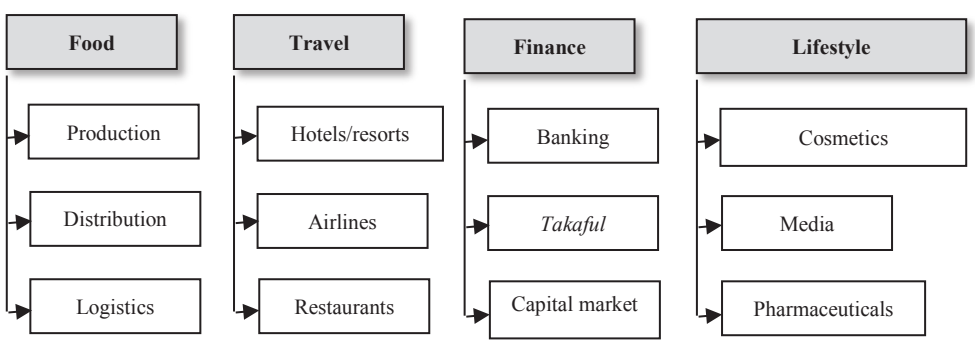

Figure 1. The sector of *halal* products and services – components

Source: Baljeet Kaur Grewal [2014, p. 5].

In 2012 the value of *halal* economy, in its global dimension, reached the level of USD 3.2 trillion, at the estimated growth of this amount up to USD 6.4 trillion in 2018 [*State of the Global*… 2013, p. 20]. In 2012 the expenditure of Muslim

consumers on *halal* products and services amounted to USD 1.62 trillion. Their level in 2018 is expected to reach the value of USD 2.47 trillion. The research on the future of *halal* economy quotes opinions according to which it shall represent the most dynamically developing element of global economy and is expected to double in value in 2018 [see *The Halal Economy*… 2014, p. 5]. The presented power of development represents the function of demand and supply factors' impact on the discussed process.

The first group is characterized by e.g.:[2] a) a rapidly increasing number of Muslims (currently over 1.6 billion people), b) their young age (median 24 years of age) acting as a consumption incentive, c) the growing purchasing power of this diaspora members addressed to an extensively diversified group of products and services, d) the attachment of Allah's followers to religious values influencing, among others, consumer behaviors (87% consider religion as a very important element of their life, whereas 70% follow *halal* standards in their actions and decisions). The growing importance of ethical aspects and the idea of sustainable development in consumer behaviors outside Muslim circles is also of significance for *halal* economy developmental processes.

Having analyzed the supply factors enhancing the expansion of *halal* economy, one should pay attention to the problem of this global economy component attractiveness for businesses investigating development niches located e.g. in the sector of Muslim finance, tourist services or the production and distribution of *halal* food products. An important supply-side element is also perceived as the developmental power and dynamics of OIC group markets, where the estimated annual GDP growth is expected to reach 6.3% in the period 2013–2018. At this point, one should emphasize that *halal* economy rapid development, including its entities operating in various sectors, also turns out the function of the existing regulatory environment facilitating this process, which adjusts to the specific nature of challenges put forward by the religious and socio-economic code of Islam.

4. The global market of *halal* food

Each religion, along with its orders and prohibitions, exerts an impact on its followers' beliefs and actions. The rules of an adopted religion are spread by its followers over all the areas and aspect of life including the processes of goods and services consumption covering e.g. their basic nourishment needs. According to Sack [2001, p. 218, after Hanzaee, Ramezani 2011, p. 2], the level of religious beliefs' influence on food consumption depends on a religion itself, its rules and the extent to which they are observed by a particular diaspora member.

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[2] More in: *State of the Global*… [2013, p. 17ff], *The Halal Economy* [2014, pp. 3–4], Baljeet Kaur Grewal [2014, pp. 3–5], Hanzaee, Ramezani [2011, p. 3].

Having focused on Islam, one can find a strictly defined range of products prohibited for consumption by Muslims. In accordance with the Qur'an verse [2009, XVI/115] stating the following: "(…) He has only forbidden you dead meat, and blood, and the flesh of swine, and any (food) over which the name of other than God has been invoked. But if one is forced by necessity, without willful disobedience, nor transgressing due limits, – Then God is Oft-Forgiving, Most Merciful!," the group of *haram* food products includes: pork, carnivorous animals meat, food based on pork (e.g. fat, lard, gelatin), carrion and blood. Religious prohibition also covers drinking all the types of beverages containing alcohol.

The above listed limitations, defining the diet of Islam followers influence directly the image and operations of entities focused on meeting food-oriented needs subject to these religion regulations. These units create the chain of values covering: providers of unprocessed food products (grain, fruit, vegetables, livestock), technology for their processing, food producers at various levels of its processing, adequate distribution and consumer channels. *Halal* food sector represents an element of this chain and its operations carried out in a particular legal and regulatory environment functioning in accordance with Islam.

While analyzing the statistics characterizing the global *halal* food market, one should pay attention to several facts (see e.g. Table 1).

Table 2. Selected characteristics referring to the Muslim *halal* food market (2012)

Top Muslim food expenditure	USD bn	Top Muslim food consumption market	USD bn	Meat and live animals – top exporting countries globally	USD bn	Meat and live animals – top importing countries within OIC	USD bn
MENEA	237	Indonesia	197	USA	17.3	Saudi Arabia	2.28
E. Asia	229	Turkey	100	Brazil	14.4	Egypt Arab Rep.	1.47
South Asia	117	Pakistan	93	Netherlands	12.3	UAE	1.41
Central Asia	137	Egypt Arab Rep.	88	Germany	11.8	Turkey	0.95
Sub-Saharan Africa	120	Iran Islamic Rep.	77	Australia	8.5	Malaysia	0.80
MENEA-GCC	85	Nigeria	55	France	7.0	Iraq	0.73
W. Europe	45	Saudi Arabia	44	Canada	6.2	Iran Islamic Rep.	0.66
E. Europe	40	Bangladesh	43	Denmark	6.0	Jordan	0.62
North America	15	India	38	Spain	5.5	Kuwait	0.54
South America	2	Russia	34	Belgium	4.7	Libya	0.45

Source: author's compilation based on *State of the Global*… [2013, pp. 37–38].

Firstly: Muslims' expenditure on *halal* food and beverage (USD 1.08 trillion) in 2012 constituted 16.6% of the global total expenditure on food and drinks [*State of the Global*... 2013, p. 37]. The highest expenditure is incurred in this area by Allah's followers residing in MENEA countries (interestingly, the level of food expenditure covered by Muslims living in the European countries keeps increasing, in 2012 it reached the value of USD 85 billion). It is estimated that in 2013 the amount of expenditure on *halal* food and drinks, in its global dimension, reached the level of USD 1.29 trillion constituting as much as 17.7% of the global value of the discussed expenditure [*State of Global Islamic Economy Report & Indicator 2014/15*].

Secondly: Muslim *halal* food and beverage market represents the largest global food sector market. Its value (USD 1.08 trillion), measured by the amount of money spent, exceeded the Chinese (USD 848 billion), American (USD 736 billion) or Japanese markets (USD 486 billion) in 2012.

Thirdly: the trade gap characterizing the activity of OIC countries on the *halal* food market also describes this factor since it amounts to over USD 72 billion. In 2012 OIC countries imported *halal* food products in the amount of USD 191 billion, along with export reaching the level of USD 119 billion.

Fourthly: the characteristics of the *halal* food market component, created by the producers of livestock and meat obtained through the so-called ritual slaughter, is crucial from the perspective of the problems covered in this article and thus in 2012 the trade gap of OIC countries regarding *halal* livestock and meat reached the level of USD 14 billion (with import of these products by OIC countries amounting to USD 15.4 billion and export reaching USD 1.52 billion). Interestingly, as many as seven European countries, with the Netherlands as the leader in exporting *halal* livestock and meat in the amount of over USD 12 billion, are listed among the top ten exporters of *halal* livestock and meat to OIC countries.

The discussed statistics can be helpful in presenting conclusions about the development perspectives of the global *halal* food market. Whereas demand specific factors underlying this process can be easily identified with the determinants typical for the entire *halal* economy (discussed in Section 2), the group of supply oriented factors, supporting rapid development of this sector, includes:[3] a) the significant role of global market players (operating in every component of the value chain) entering *halal* food market or strengthening their market position (see for example: *Brasil Foods Inc.* – Brazil, *American Foods Group* – USA, *Nestle* – Switzerland, *TESCO* – Great Britain, *BIM* – Turkey or *McDonald's* – USA), b) the development of technical infrastructure including logistics infrastructure, supporting the functioning of *halal* economy including its food sector (confirmed by e.g. awarding Port of Rotterdam with the first *halal* certificate in the world which in many cases, owing to its location and functioning, opens or facilitates trade exchange of the *halal* products) and

[3] More in: Hashimi, Shaikh Mohd Saifuddeen Shaikh Mohd Salleh [2012, p. 13], *State of the Global*… [2013, p. 40ff], *Global Halal Food Industry Guide*… [2011, p. 7].

c) activities initiated by countries and organizations aimed at establishing the best practices and standardization of *halal* products and also the regulations influencing its market, including certification of *halal* products and producers.

All the above-mentioned elements, along with the demand factors, can be referred to as accelerators exerting a strong impact on the observed, dynamic development of the entire *halal* economy, including the food sector constituting its vital part.

5. Polish food producers vs. *halal* market – the problem of ritual slaughter

The relations between Polish economy and the *halal* food sector have their turbulent history which in recent years has been defined by the dispute over ritual slaughter and its ethical and moral dimension, confronted with the business perspective adopted by the domestic producers of *halal* livestock and meat. These relations are analyzed within the framework of the legislation in force influencing and determining possibilities of Polish entities' involvement in the above discussed market operations. National laws referring to the problem of ritual slaughter, in their updated version, cover as follows: a) Animal Protection Act and the Regulation issued by the Minister of Agriculture and Rural Development regarding qualifications of persons entitled to perform professional slaughter as well as the conditions and methods of slaughter and killing animals (Regulation by the Minister of Agriculture and Rural Development dated 9 September 2004 [Rozporządzenie Ministra Rolnictwa i Rozwoju Wsi z dnia 9 września 2004]), which until 1 January 2013 allowed ritual slaughter as the form of performing religious rites; b) Decision of the Constitutional Court dated 27 November 2012 indicating incompatibility of the above cited Regulation in the area of ritual slaughter admissibility against the regulation of the Animal Protection Act amended in 2012, the consequence of which was a two-year ban on such slaughter valid for the period 1 January 2013 – 31 December 2014 and c) Verdict of the Constitutional Court at the end of 2014 according to which the ban on ritual slaughter was declared unconstitutional and the amended law provided for its application without any reduction in the number of animals killed using this method.

As already presented, the evolution of the existing legal solutions resulted in returning to the initial situation after a two-year ban on ritual slaughter. At this point, a question could be raised regarding the reasons and consequences of such a ban and also one could attempt putting forward an opinion about mutual relationships between business objectives and ethical and moral aspects of the conducted business activities in the light of the problems discussed in the article. Having analyzed the reasons underlying ritual slaughter, one should emphasize several of them.

Firstly, this group covers ethical and moral issues related to the principles and the course of ritual slaughter, unacceptable for the national environments engaged in animal rights protection as well as activists representing pro-ecological organizations. This argument is also strengthened by the public opinion according to which 65%

of Poles are opposed to the legalization of animal slaughter without prior stunning them (25% are in favor of this legalization, 14% have no opinion) [*Zakaz uboju rytualnego kosztował*… 2014].

Secondly, in the author's opinion cultural relativism represents an important element supporting the discussed problem as a characteristic for the behaviors of natural slaughter opponents which allows disobeying cultural standards (including the religious ones) different from their own and typical for Judaism or Islam followers.

Thirdly, the list of arguments in favor of the ban on ritual slaughter also includes economic ones. In the opinion of the discussed ban supporters, economic importance of slaughter itself as well as entities performing it remains highly limited. This is confirmed by e.g. [Pokrzywa 2013, pp. 2–3]: a) three per cent share of meat coming from ritual slaughter for export in the total meat production (124 thous. tons vs. 3.7 mn tons – data for 2011), b) insignificant number of enterprises performing such slaughter (17 up to 80 entities, depending on the estimates) for which ritual slaughter is mainly just an extension of their service/product offer), c) low value of revenues from CIT lost by the state budget and paid by entities which reduced their activities as a result of the discussed ban (1.5 billion in lost revenues annually x 5% of the set average profit rate x 19% CIT = PLN 11.4 billion revenues lost by the State Treasury).

Fourthly, political factors were also significant for the discussed situation. The opponents of ritual slaughter indicated that its admissibility is supported by a small group of entrepreneurs mainly gathered around Polish People's Party (Polish: *Polskie Stronnictwo Ludowe*), whose representatives were firmly and strongly lobbying for ritual slaughter prevention and later its abolition.

Having focused on the consequences of a two-year ban on ritual slaughter analyzed from the perspective of the *halal* food market, one should emphasize their manifold nature as combined not only with economic effects, but also with the ones referring to image, mentality or culture. Among them the following should be listed:

- decline in prices of cattle for slaughter and limiting the amount of their flock, and thus also reducing income capacity of agricultural holdings engaged in the production of cattle for slaughter (about 80% of Polish beef production is exported);
- reduction of income earned by Polish enterprises engaged in ritual slaughter estimated at about PLN 1.5 billion annually (meat sales mainly to Arab countries, France and Great Britain);
- limited development capacity of the domestic sector for meat from ritual slaughter acquisition and processing whose operations were focused on meeting the growing needs of the global *halal* food market and kosher food (estimated annual domestic market growth reached the level of 20% – it was the function of exported meat quality and prices as well as good relations with foreign business partners);

- income reduction and unemployment risk for over 4,000 employees of slaughterhouses and butcheries engaged in ritual slaughter;
- taking over the position of Polish enterprises exporting *halal* meat and livestock and/or entities engaged in ritual slaughter by enterprises form the Czech Republic, Germany, France, Latvia, Hungary or Bosnia and Hercegovina (deterioration or loss of good business relations with the existing business partners);
- acting against the centuries-old tradition allowing ritual slaughter on the territory of Poland, and also
- restricting the freedom of religious practices resulting from the absence of tolerance for different cultural behaviors, in the opinion of Islam and Judaism followers.

The analysis of the above presented arguments, expressed by both supporters and opponents of ritual slaughter, indicates certain differences in understanding the role and significance of this act as well as its connection with business operations performed by entities functioning on the *halal* food market. On the one hand, the emphasis is on the ethics of killing animals for slaughter as overriding the limited economic profits achieved in both macro and micro scale; on the other hand, there is a noticeable argumentation based on historical traditions, cultural tolerance and, equally important, actions aimed at taking advantage of development opportunities for all value chain components in the sector of animal slaughter and *halal* meat processing.

6. Final remarks

The characteristics and opinions discussed in the article allow for presenting the following conclusions:

1. The global *halal* market and its processes open development opportunities for entities interested in investigating new areas and niches supporting their economic activity expansion. Such actions, however, have to be subject to regulations resulting from Islamic sources and remain in agreement with the philosophy and the legal environment covering their functioning.

2. In the author's opinion, the reconciliation of ethical and moral as well as business aspects of the performed business operations, being one of the faces of sustainable development, does bring about numerous difficulties in its practical dimension, especially when it is performed in the area where diverse worldviews, cultures and religions overlap. In the light of the discussed problems, the sustainability in question should remain under the influence of the derivatives resulting from current economic development level and presented by entities offering their products on the *halal* food market (including its macro and microeconomic determinants) and also the rule of law accepted by the environment of their operations, based on the full acceptance of diverse cultural standards (also including the religious ones).

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