

# HALAL BUSINESS IN UZBEKISTAN: INTERNATIONAL EXPERIENCE AND NATIONAL DEVELOPMENT

Ibrohim Nabievich Ismanov,

DS, Professor, Head of the Department of Accounting and  
Auditing, Fergana Polytechnic Institute, Fergana.

Yormatov Ilmidin Toshmatovich

Candidate of Economical Sciences, Docent, Department of Management,  
Fergana Polytechnic Institute, Fergana

## Abstract

This article analyzes the international operations in the field of halal business, including the experience of countries such as Malaysia, Saudi Arabia, the United Arab Emirates, and Turkey. Also, the legal and institutional foundations, national standards and certification system, state programs and support measures in the field of halal business in Uzbekistan are highlighted. The main conclusions and suggestions for studying and adapting the international experience for Uzbekistan in the field of halal business have been formulated.

**Keywords:** halal business, halal certification, halal marketing, halal financial services, halal tourism, Islamic banking, national halal standards, halal export.

## Introduction

Halal business is business activity conducted in accordance with Islamic values and ethical norms. The main principles of halal business are to be free from violations, not to profit by illegal means, to have real ownership of property, to ensure reliability and efficiency in production and services. Halal business includes economic efficiency as well as social responsibility.

In May 2023, the "First Halal Forum of the Republic of Uzbekistan" was held in Tashkent in cooperation with the Association of Exporters of Uzbekistan, the International Association of Islamic Business and the Lithuanian company "World Halal Trust Group", which implements the halal certificate and standard. There were discussions on the benefits and achievements of the halal certificate at the forum. Many entrepreneurs consider the process of introducing and certifying the "Halal" standard for their products or services to be complicated. But it is not so. The concept of "Halal" refers to products permitted in Islam, while "Halal" standards specify the requirements for production, storage, transportation, sale and labeling of products according to the requirements of Islam.

Today, halal business is globalizing again and crossing national borders. Demand for halal products and services is increasing in the world market. This leads to the rapid development of the halal industry in many countries. According to statistics, countries such as Malaysia, Saudi Arabia, the United Arab Emirates, Turkey, East Asian and African countries, as well as Europe and





America are the leaders in implementing the "Halal" standard. With the increase in the number of Muslim population in the world, the demand for halal products is also increasing.

Uzbekistan has also entered the path of rapid development in the field of halal business. In recent years, the legal framework in the field of halal business has been improved, national standards and a certification system have been created. Today, reforms are being carried out in areas such as halal food, cosmetics, financial services, and tourism.

The fact that the halal business sector is developing at a global pace makes the importance of international experience in this regard even higher. From this point of view, this article analyzes international experience and national development in the field of halal business.

Halal business is developing in many Islamic countries. Malaysia, Saudi Arabia, United Arab Emirates, Turkey. countries like are trying to rapidly develop this field. In these countries, the halal certification system, standards, legal framework have been created, and mechanisms are being introduced to encourage halal business. We analyze the best practices in the fields of halal certification, marketing, financial services and investment in these countries.

- Malaysia is one of the world's leading countries in the development of halal business. Halal production, certification, halal logistics and financial services are widespread in the country. The Malaysian government pays great attention to the development of the halal industry. The Halal certification system was introduced in Malaysia in 1974, and effective cooperation between the state, private business and Islamic organizations has been established in this field. Currently, more than 2,000 halal certificates have been issued in the country. Malaysia is a leading export country in halal food, cosmetics, pharmaceuticals, tourism and other fields. Within the framework of the "Development of Halal Industry" strategy adopted in 2006, reforms in halal marketing, halal logistics, halal financial services and other areas were implemented. "Halal products and services verification, registration and certification centers" are operating in the country.

- Saudi Arabia is one of the leading countries in the halal industry, especially in the field of halal food and cosmetics. Production, certification and international trade in compliance with halal principles have been launched in the country. Saudi Arabia introduced Halal standards and certification system in 1984. The "Saudi Halal system" brand is influential in the region. In 2019, more than 57 thousand products that passed halal certification were registered in the country. Islamic banks are widespread in Saudi Arabia. In 2020, there are 18 Islamic banks operating in accordance with Sharia law in the country, and they have a share of more than 50% in the national banking system.

- The United Arab Emirates is one of the leading countries in the development of the halal industry. National standards, certification system and institutional support mechanisms have been created in the UAE in halal tourism, food, cosmetics and other fields. The UAE government has created favorable conditions for the development of the halal industry. In 2013, the country adopted the law "On halal and prohibited (haram) products". This gave a great impetus to the development of halal certification. Today, more than 9,000 halal certificates have been issued in the country.

- The pace of development in the field of halal business in Turkey does not lag behind the above countries. Halal standards, certification, marketing and international trade have been established in the country. Turkey is actively developing in Islamic banking, halal tourism and other fields. Turkey introduced the Halal accreditation and certification system in 2010. Currently, more than 350 halal certificates have been issued in the country. The Turkish "Halal" brand is influential in



the world market. Turkey has also achieved success in the field of halal tourism. In 2019, the number of halal tourists to the country exceeded 4 million.

Today, the international halal market is developing at a rapid pace every year. The volume of global halal trade will exceed 2 trillion US dollars in 2021. Halal food, cosmetics, pharmaceuticals, tourism, finance and other industries take the leading place in this growth. International organizations such as the World Halal Assembly, the Islamic Development Bank, the Halal International Association, and the Halal Standardization Network play an important role in supporting halal business, introducing unified standards, and covering financial and investment costs.

On May 17, 2024, the President of Uzbekistan and the Prime Minister of Malaysia reached an agreement on more effective cooperation in the development of halal business. The parties agreed to expand cooperation in Islamic finance, halal certification, introduction of artificial intelligence technologies to the halal industry, and development of international halal tourism. In particular, the "Umra Plus" program was launched in order to further develop pilgrimage tourism. In addition, the President of Uzbekistan made clear proposals on the establishment of the Uzbek-Malaysia halal business and industrial zone.

These agreements lay a solid foundation for the development of halal industry in Uzbekistan and effective cooperation with Malaysia. The joint promotion of Islamic finance, certification, innovative technologies and international halal tourism between the business circles of the two countries will encourage the further development of halal business in Uzbekistan.

In recent years, a number of important laws and legal documents have been adopted in the field of halal business in Uzbekistan. In 2020, Uzbekistan approved the National Standards "On Halal Products". These standards include requirements for production, certification and marketing of halal products.

In 2021, the law "On Islamic Banking" was adopted. This law established the regulatory and legal basis for the activity of Islamic banking. Also, the Cabinet of Ministers approved the "Regulation on the Procedure for Issuing the Halal Certificate". Currently, the legal and regulatory framework is being improved in Uzbekistan in halal food, cosmetics, tourism, finance and other fields.

In 2020, Uzbekistan switched to the Halal certification system. Production of products and services according to national halal standards is certified by "Uzstandart" agency. The national halal certificate of Uzbekistan covers animal slaughtering, food, cosmetics and ethical goods (that is, the principle of not harming and respecting animals), material and technical support, financial services, tourism and other sectors in accordance with religious rules. Currently, more than 200 entrepreneurs and enterprises have a halal certificate.

The government of Uzbekistan is implementing a number of state programs and projects for the development of the halal business sector. In particular, programs such as "Development of Halal Industry", "Development of Halal Food Industry", and "Halal Tourism" programs have been adopted. Within the framework of these programs and projects, issues such as state support for halal product manufacturers, creation of modern infrastructure for halal industry and services, development of halal export, formation of national brands and entry into international halal markets are being implemented.

Special attention is paid to supporting halal business entities in Uzbekistan. In particular, comprehensive assistance to halal product manufacturers in tax, financial, export, land-property and other areas is considered. For example, producers of halal products are given tax benefits,



guaranteed loans for halal financial instruments, subsidies for land-property and equipment-technology renewal. Also, marketing and export support is provided to enter the international halal markets.

At the present time, such fields as halal food production, halal financial services (Islamic banking), and halal tourism are developing rapidly in Uzbekistan.

**Halal food.** Halal products include black, yellow, cereal, oil, milk, poultry and meat products, confectionery products. More than 100 companies with Halal certificates are exporting Halal products to the domestic market as well as abroad.

**Halal financial services.** Uzbekistan adopted the law "On Islamic Banking" in 2021. Today, there are 5 Islamic banks and 7 Islamic financial institutions operating in the country.

**Halal tourism.** New tourist routes, infrastructure and services are being formed for the development of halal tourism in our country. In this regard, it is important to expand international cooperation.

It is important to improve the halal business system in Uzbekistan by effectively using the experience of leading countries such as Malaysia, Saudi Arabia, the United Arab Emirates and Turkey. The advanced operations, institutional reforms and government programs developed by these countries over the years in halal certification, halal marketing, halal finance, halal tourism and other fields can be an important example for Uzbekistan.

In order to expand the development of halal business in Uzbekistan from the institutional, legal and infrastructural aspects, it is necessary to further improve the unified coordination, standardization, certification and control system in halal business. It is important to provide credit to halal business, state support on the basis of tax and other benefits, and to create modern infrastructure for the development of halal industry and services.

Development of halal business through innovative technologies, blockchain, artificial intelligence and other modern solutions, assimilation of successful international experience and centralized management of halal industry create new promising opportunities for Uzbekistan. Equal rights cooperation at the international level, expanding the export of halal products and services, forming the halal brand and image of Uzbekistan will further increase the existing potential.

In conclusion, Uzbekistan can achieve promising results by studying the experience of leading countries in the field of halal business and further improving the national system. This requires strengthening the legal, institutional, financial and infrastructural aspects of the development of halal business, as well as expanding innovative approaches and international cooperation.

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