UNIVERSITY OF LATVIA

FACULTY OF BUSINESS, MANAGEMENT AND ECONOMICS
DEPARTMENT OF INTERNATIONAL ECONOMICS AND BUSINESS
INTERNATIONAL BUSINESS MASTER'S PROGRAMME

HALAL MEAT MANUFACTURING AND EXPORTS FROM LATVIA

HALAL GAĻAS RAŽOŠANA UN TĀS EKSPORTS NO LATVIJAS

Master Thesis

Author: Muhammad Adnan
Student card: ma16013
Supervisor: *Dr.oec*. Professor Biruta Sloka

Riga, 2019

ABSTRACT

The study of Muhammad Adnan aims to observe the existence of Halal food industry in developed and developing countries, and ways to increase the acceptance towards Halal products from non-Muslim societies. The approach is based on observation of the business environment of Halal food industry, online research and analysis of papers in journals. The finding indicates that although developed countries have less Muslim but the market share for Halal meat & food is high. Latvia is a country with less Muslim population but it has strategic position to capture the opportunity of Halal meat & food segment in the EU market. Halal food industry can be a catalyst to develop other potential sectors which get the negative impact from economic crisis in a country with less Muslim population. Countries namely Australia, Brazil, Japan, Thailand and the United Kingdom have applied commercial farm in their supply management to support their Halal meat and food production. Furthermore, the awareness of consuming Halal food also come from non-Muslim due to the safer and freshness of the food. Hence it is important for producer to promote Halal meat & food as being safety-compliant.

Keywords: *Halal* meat, manufacturing, exports, FDI

Anotācija

Šī Muhamada Adnana (*Muhammad Adnan*) pētījuma mērķis ir konstatēt un novērtēt *Halal* pārtikas nozari, tās izaugsmi attīstītajās un jaunattīstības valstīs, kā arī noskaidrot iespējas, kā sabiedrībā popularizēt un veicināt *Halal* produktu izmantošanu uzturā. Pētījumā izmanto tās metodes balstītas uz uzņēmējdarbības vides novērtēšanu *Halal* pārtikas nozarē, tiešsaistes pētījumiem un dokumentu, zinātnisko rakstu analīzi.

Konstatēts, ka, lai gan attīstītajās valstīs ir mazāk musulmaņu, *Halal* gaļas un pārtikas nozares tirgus daļa ir salīdzinoši augsta. Latvija ir valsts ar nelielu skaitu musulmaņu salīdzinājumā ar valstīm citviet pasaulē, bet tai ir stratēģiski laba atrašanās vieta, lai iegūtunozīmīgudaļu no *Halal* gaļas un pārtikas segmenta ES tirgū. Tādas valstiskā, Austrālija, Brazīlija, Japānaun, Apvienotā Karaliste, ir izstrādājušas komerciāla rakstura saimniecības, lai atbalstītu savu *Halal* gaļas un pārtikas ražošanu. Darbā apkopotā informācija pierāda, ka *Halal* pārtiku patērē arī sabiedrības daļa, kas nav musulmaņi, jo *Halal* produkti ir uzskatāmi par uztura ziņā drošākiem un svaigākiem. Uzsvērts, ka svarīgi, lai ražotājs *Halal* gaļu un pārtiku reklamētu kā atbilstošu kvalitātes standartiem.

Atslēgvārdi: *Halal* gaļa, ražošana, eksports, ĀTI

Table of Contents

LIST OF ABBREVATIONS

FDI-Foreign Direct Investment

EPP-Export Promotion Programs

ECG-Electrocardiography

EEG-Electroencephalography

TPB-Theory of planned behaviour

LIST OF FIGURES

LIST OF TABLES

INTRODUCTION

Halal meat consumption has drastically increased in the last two decades and with the *Halal* meat making its place in the market shelves across the world. The demand has attracted many countries to invest in the *Halal* meat due to the scattered Muslim population. In the Far-east, Europe, U.K and the USA the Muslim population is not a majority, The availability of *Halal* meat is yet made simple as in the Muslim countries and this identifies the scope of Halal meat in future. Some of the key market players in the Non-Halal meat category have now entered into the *Halal* meat, and have started manufacturing units specifically for *Halal*. The importance of *Halal* meat couldn't be underestimated because of rapid migration trend in the West. Despite the concerns of Animal rights organizations and countries slaughter law against religious slaughter, this didn't prove to be a barrier on the growth due to the increasing *Halal* meat demand and volume of trade. The need of *Halal* has transformed tourism sector of countries like China, France, Spain &Thailand. EU states especially the Eastern part has emerged as one of the leading in the *Halal* meat industry in the EU the credit of Halal meat industrial growth goes to the FDI and the investor based in developed countries of EU like Belgium, France, Germany and the U.K. The constant effort to increase *Halal* meat manufacturing and trade has reaped great economics benefits for the countries like Lithuania and Poland. Latvia is a progressively developing industrial country, and with the addition of *Halal* meat manufacturing & exports would bring enormous benefits to the economy.

The Aim - The rising Muslim population in Latvia is facing uncomfortable situation to find a local *Halal* meat source. The situation has attracted Potential investors interested to utilize the opportunity of *Halal* meat manufacturing and exports from Latvia. Identify the scope and opportunities measures to develop the *Halal* meat industry in Latvia, to cater domestic and international markets. Penetrate the existing Halal meat manufacturing demand and supply gap.

Tasks

1) Analyze scientific publications and journals to understand the for the *Halal* meat industry;
2) Analyze information about the *Halal* meat industry in Eastern Europe and the Baltic states;

3) Analyze information about the meat consumption in EU countries with highest Muslim population;
4) Collect data about the potential *Halal* meat markets in the EU;
5) Analyze all collected information and conclude if the chosen hypothesis are true or not;
6) Find the possible supply chain of the existing *Halal* meat in Latvia;
7) Identify opportunities and scope associated with the *Halal* meat manufacturing and exports in the EU.

Hypothesis - *Halal* meat industry could generate revenue and positively impact on economy. The activity may broaden the business scope and create employment opportunities. Attract FDI that will increase the number of investors and make price competitive. Opportunities in the *Halal* meat industry, and how the countries with less Muslim population captured the global *Halal* market.

Research Methods - To manage the study and conduct the research, it was started by analysis of scientific publications and previous conducted research on *Halal* meat industry aspects, than by gathering secondary data of meat consumption, on migration statistics and trends, on role of state facilitation in industry development and FDI. The search for related publications available was mainly conducted through online databases and trade magazine. Major databases such as databases provided by *Emerald, Elsevier, Pro Quest, Science Direct, Springer and Taylor & Francis* were used to search related articles. It was analysed statistical data related to Halal meat production and consumption.

In empirical analysis part it was conducted surveys of meat consumers and meat producers. The approach is based on observation in the business environment of current market situation. Moreover, previous works are surveyed related to *Halal* food industry in several countries. In empirical analysis author has conducted three surveys: survey of suppliers, survey of manufacturers and survey of consumers – Muslim population in Latvia. Survey of Muslim population in Latvia was organised with *QuestionPro*, data obtained in the survey were analysed with SPSS.

The remaining part consists of three sections. Introduction and research objective are elaborated in the beginning. The next section reviews literatures, methodology, discussion and analysis. The discussion and analysis part cover the terms of *Halal* meat and exports, and ways to increase manufacturing and exports of *Halal* meat products. In part three, conclusion and recommendation sums up the whole paper. Lastly, references list all sources supporting the writing process.

Latvia is selected as country for this paper because the country represents the emerging market and the prominent players for *Non-Halal* meat and food industry in the Baltic and EU. While France, Germany, Italy, Spain, and the U.K as the developed countries and *Halal* meat industry because these countries has developed infrastructure of *Halal* meat industry and earning high annual revenues.

CHAPTER 1. HALAL MEAT INDUSTRY DEVELOPMENT

Halal industry is the latest trend in the world market. With Muslim population reaching 3 billion people, *Halal* industry becomes one of the fastest growing businesses in the global market. It covers sector such as finance, tourism, service, transportations, and food. Food is the essential thing in human life and the market potential for *Halal* food is very promising with Islam as the fastest growing religion in the world[1].

Across Europe Halal meat markets are experiencing a period of unprecedented growth and development, though the intensity varies from country to country. In the UK and France there has been year-on-year growth for well over a decade, while in Germany the market is just starting to develop. The growth of these markets is in some way linked to the increasing number of Muslim immigrants across Europe and to the growing consumption of meat characteristic of vertical mobility amongst second and third generation Muslims.[2],[3] .

Furthermore, Muslims spent 16.6 percent of the total global food expenditure which eventually cause the *Halal* food market as one of the largest food markets in the world. The growth of global Muslim population will experience a 35 percent increment from 1.6 billion in 2010 to 2.2 billion people in 2030[4]. Hence the *Halal* food market will continue to dominate the global food market due to Muslims have to consume Halal food regardless whether they live within Muslim majority or minority societies[5].

Literature Review - *Halal* is Arabic word which mean permitted and lawful. It is not only related to consumption but also all actions. While Haram means prohibited and unlawful. In the Holy Quran the difference between *Halal* and Haram is clearly stated. There *Hala*l and Haram code is well defined leaving no ambiguity and confusion for the consumers and followers.

---

[1]Ismail, R.M. (2015). Global Issues and Challenges for the Halal Food Industry. Paper presented on China (Ningxia) International Cooperation Forum on Halal Food Certification on September 2015. Available at:doi:10.13140/RG.2.1.3096.5842. (Retrieved 23.02.2019).

[2]Bergeaud-Blackler, F. (2004). In: Harvey, M., McMeekin, A., Warde, A. (Eds.), Social Definitions of Halal Quality: The Case of Maghrebi Muslims in France, in Qualities of Food. Manchester University Press.

[3]Bonne, K., Verbeke, W. (2007). Religious values informing halal meat production and the control and delivery of halal credence quality. *Agriculture and Human Values* 25, 35-47.

[4]Pew Forum (2011). The Future of the global Muslim population available at http://www.pewforum.org/2011/01/27/future-of-the-global-muslim-population-regional-europe/ (12.02.2019)

[5]Razzaque, M.A., Chaudhry, S.N. (2013). Religiosity and Moslem Consumers' Decision-Making Process in A Non-Moslem Society. *Journal of Islamic Marketing*, 4(2), 198-217.

As the researchers noted, '*Halal* is a credence quality attribute, i.e., a product characteristic that cannot be evaluated or ascertained by the individual consumer, even upon or after consuming the good[6]. *Halal* identification is solely dependent on certifications and trusted sources, it cannot be recognized in the raw, pre-cooked and cooked form. The chances of error are very well eliminated leaving the choice on consumer either Haram or *Halal* and to effectively manage this situation *Hala*l control authorities issues certifications in every continent that has a list of manufacturer complying with Shariah law for slaughter.

The first position is based on an understanding that all people of 'the Book' share common slaughter practices and that Muslims can therefore consume meat from animals reared and slaughtered by Jews and Christians as well as by Muslims. Closely aligned with mainstream science and animal welfare/rights concerns, this position is based on EU legislation for the protection of animals at time of killing[7] (EU, 1993), which requires all animals to be made unconscious by stunning prior to slaughter. However, this legislation is interpreted in different ways by different Halal certification bodies. According to the Halal Food Authority (HFA) in the UK, poultry (chickens, turkeys and ducks) can only be 'immobilised' prior to slaughter using electric water baths, while ovine animals (lamb, sheep and goat) can only be stunned using electric tongs. The majority of bovine animals (cattle, bull, cow and ox) in the UK are stunned with a captive-bolt pistol, but this is not permitted by the *Halal* food authorities because of the risk that it may kill the animal[8].

The Halal Food Authority does not acknowledge or endorse slaughter with the stunning process; Muslims may consume Meat from certified and trusted source only. However, there is a minority groups within Muslims accepting stunning in slaughter, which is considered to be against the Shariah law.

The second position, which emerges from a derogation of the above legislation, allows EU member states to grant slaughterhouses that supply Muslim and Jewish communities an exception from the requirement to stun animals prior to slaughter in line with the religious freedoms granted by Article 9 of the European Convention on

[6] Bonne, K., Verbeke, W. (2007). Religious values informing halal meat production and the control and delivery of halal credence quality. *Agriculture and Human Values*, 25, 35-47.
[7] EU, 1993. The COUNCIL DIRECTIVE 93/119/EC of 22 December 1993 on the Protection of Animals at the Time of Slaughter or Killing.
[8] HFA, 2012. Halal Food Authority: Brief Guidelines for Halal Ovine. Bovine and Poultry Slaughter. http://www.halalfoodauthority.co.uk/HFA%20Brief% 20Guidlines%20for%20slaughtering.pdf.

Human Rights[9]. Halal and Kosher meat comes from the ritual slaughter only, followers of the Islam and Judaism do not except stunning because it is contrary to the their religious beliefs.

Halal meat and animal products are increasingly available in non-ethnic stores, particularly supermarket chains and fast food restaurants, and much as Jewish diners in the US are attracting large numbers of non-Jewish consumers, so the consumption of *Halal* meat products by non-Muslims is also increasing across Europe[10].The wider availability of *Halal* and *Kosher* is the evidence of acceptance, demand and commercial viability of the products that generate revenues. Similarly the demand is also increasing in the EU.

1.1 Meat Sector in the EU

The meat sector is one of the most important in European Union (EU) agriculture. Together the four main meat types beef and veal, pig meat, poultry meat, and sheep meat/goat meat account for one quarter of the total value of agricultural production[11]. Half of all EU farms have livestock. Some 90 % of farmers with ruminant animals (cattle, sheep and goats) are specialist livestock producers. Meat is a major source of protein and constitutes an important part of the European diet. EU policies in the meat sector are designed to encourage the production of safe, nutritious and affordable meats. Recent changes to the common agricultural policy (CAP) underline these aims. Policies are geared increasingly towards meeting the needs of consumers, livestock producers and the environment in a balanced way.

European Union in the leading of health safety in the region it has one of the toughest food standard in the world that leads to a healthy and nourishing life. Food import from countries other than EU has to meet and to be certified from several food authorities in order to reach sales shelves. The EU centralized food standard policy also assures that consumer has the best to avail; the policy also helps to protect uniform food policy, implement and maintain quality standards across the EU zone.

---

[9] Ferrari, S., Bottoni, R. (2010). Legislation Regarding Religious Slaughter in the EU Member, Candidate and Associated Countries, Dialrel Research Report, www.dialrel.eu.

[10]Campbell, H., Murcott, A., MacKenzie, A. (2011). Kosher in New York City, Halal in Aquitaine: challenging the relationship between neoliberalism and food auditing. *Agriculture and Human Values*, 28, 67-79.

[11]European Commission Directorate-General for Agriculture (2004) The meat sector in the EU 20P available at https://ec.europa.eu/agriculture/publi/fact/meat/2004_en.pdf

1.1.1 **Primary protein source**

Meat has long formed an important part of the European diet, providing a high quality source for European consumers' protein requirements. Energy is also derived via the fat content of meat. Other constituents such as A and B vitamins, iron, phosphorus and zinc also contribute to good health. The so-called 'red meats' (beef/veal and sheep meat/goat-meat) and 'white meats' (pig-meat and poultry-meat) offer a variety of positive properties and a choice of tastes and textures. In addition, meat is a very versatile culinary product and has become a vital element of European cuisine and culture.

Meat is scientifically proven to be the main source of protein, it is important to consume for the healthy lifestyle and other health factors important for human body growth and survival, although various other sources has been identified to replace meat as a protein source, but the importance and need of meat is the same as the evolution of human history.

1.1.2 **Wide consumer choice**

Due to a diversity of species, traditions of livestock production and terrain the EU has a wide variety of livestock types and meat products derived from them. Thus, in addition to contributing to the basic food needs of the population, livestock and meat producers have developed many renowned products, from (for example) Aberdeen Angus to Cordero Manchego, and Prosciutto di Parma to Volaille de Bresse, that add special and local flavour to the meal. Meats and meat products are major beneficiaries of the EU's quality mark schemes and great efforts have been made by the meat production chain to improve the quality of products as well as their labelling and marketing.

Meat is a mass market product various companies are in to the business which has improved the healthy competition, availability of better choice and alternatives for customers and also the money value. Technological advancement has lead to a healthy competition among the companies providing superior quality and diversified products, product diversification is a catalyst to attract mass market.

1.2 Production, consumption and trade

The European Union is a strongly differentiated region, composed of 28 democratic states functioning in political and economic union. A strength, but simultaneously a weakness of the European Union is great differentiation of its members. The countries forming the union are in many cases different as regards cultural, historical, economic, religious or climate issues. There are of course many more differences between the respective countries, but a set of politically and economically justified ideas and objectives allows for many years of functioning under a continually developing association[12].

EU is a flourishing economy regardless of it cultural and political differences in the member states, the integration of new states has widely implemented the EU policy as a trade zone. Each member state has its own cultural identity which is being preserved and promoted, The states are further developing under the patronage of EU.

The significance of the meat industry in the global economy may be evidenced by the fact that as much as 28.3% of food expenditures is allocated to meat and its products, which is approx. 8% of total consumer expenditures. It should be emphasised that the European meat processing sector is strongly differentiated as regards the size and functioning specificity of businesses operating on the market, but also preferences of the final recipients of its products consumers[13].

Meat is a highly sought commodity after food crops like lentils, rice& wheat, overall demand growth trend is increasing, it indicates the high percentage of household budget spent on meat consumption. EU has high ratio of consumer perception resulting manufactures and producers to introduce new product line, increase production, price competition and new market entrants.

Despite a number of differences between respective Member States, the European Union as a whole, is a vital player in the global structure of competition economies. According to the Eurostat data, in 2013 Member States of the European Union (EU-28) accounted for 13.69% of the global production of meat and meat products ranking third in the global economy (behind China and the United States)[14].

The EU consists of developed and developing countries and the industrialization is gradually improving in the developing countries, with the assistance provided the

[12]European Commission Directorate-General for Agriculture (2004) The meat sector in the EU 20P available at https://ec.europa.eu/agriculture/publi/fact/meat/2004_en.pdf
[13]Knap-Stefaniuk, A. (2010). *Polska branż amięsna*. Cz. I, Analiz awy branychzagadnień. Retrieved from: http://www.wszpou.edu.pl/biuletyn/druk.php?p=&strona=biul_miesoknap ().
[14]Radermacher, W. (2016). *The EU in the world*. Eurostat, Statistical Books, Belgium, pp. 141-142.

developed countries EU for technological advancement. This will positively impact on the productivity and acceptance of the product in the Non-EU countries as well. The number of meat exporters in the EU is expected to arise due to growth which will lead to high competition and EU gaining major share of meat exports in the world.

1.3 *Halal* meat processing system and condition to be *Halal*

The main requirement for slaughter is that Animal is without any injury and defect, Animal with by birth defect is permissible for slaughter. Animal raised on pork feed contents is not permissible for slaughter and consumption. Secondly the Animal must be facing Qiblah (Holy Mecca) during slaugther, the blood is to be drained with touching any part(s) of the Animal as blood is considered impure in Islam. The Halal meat preparing (slaughter) is more humane way than other slaughtering systems. There are some strict rules and regulations to slaughtering the animals in Islam.

Muslims always find *Halal* (slaughtered) meat to eat even though some time it is expensive and/ or difficult to buy. The condition of *Halal* meat **MUST** meet the following requirements:

- An adult practicing Muslim (who understand Islamic Shar'iah law and conditions of slaughter) must slaughter the animals/birds (machine slaughtering not acceptable).
- The animals/birds must be consumable in Islamic law and alive at the time of slaughtering
- The animals/ birds must be healthy
- The animals/ birds must not be uncomfortable position
- The animals/ birds spinal cord must not cut
- The animals must be slaughter by sharp knife so the animals/birds will not suffer during slaughtering but the butcher have to be ensure that the animals/birds not killed or beheaded and bleed by severing blood vessels.
- The slaughter man **MUST** mentioned/pronounce “Bismillah” and “Allahuakber” during slaughtering.
- The slaughter man has to face to the holy Macca (The holy Mosque and spiritual centre of Islam).

- The slaughter man must cuts the animals/birds from the front of throat.[15]
- The *Halal* meat must be completely blood free.
- The place of slaughtering must be clean and good sanitation facilities, to protect all kind of bacterias and insect.
- Processing must be done through food hygiene and animal welfare regulations
- Haram (unlawful) meat must not process/ mixed with *Halal* meat.
- The animals/birds must be completely dead before further processing including skinning, cutting etc.
- Other cleaning, cutting and/or packaging system could be standard as normal meat.
- It is not permitted to slaughter one animal / birds in front of other animals/birds.[16]

The above criteria differentiates between *Halal* and Haram, it is the mandatory requirement for *Halal* meat, if the slaughter does not fulfil any one of these, the slaughter is not *Halal* and inconsumable.

1.3.1 Difference between *Halal* and Normal Meat processing

The main and biggest difference is, in *Halal* slaughtering system; the animals/birds MUST BE conscious before slaughtering. On the other hand, the Normal (western) slaughtering system; the animals/birds should unconscious before slaughtering. To make the animals unconscious usually stunning in many ways such as Mechanical (Captive Bolt Pistol and gunshot), Gaseous (by carbon dioxide and inert gas hypoxia), Electrical or Electronic shock, be headed (especially in India) etc[17].

Halal slaughter is not applicable on the Animal with any kind of disease and defects (except born defects), Stunning causes irrecoverable unconsciousness and incase Animal is not slaughtered it will not be back to the normal life, due to this reason stunning is counted as a defect and unacceptable for *Halal* slaughter.

---

[15]Kalam,A. (2015).The Growth and Customer Demand of Halal Meat Industry in Finland: A Case Study of Hakaniemen Lihakauppa, ARCADA, 79 p.
[16]Kalam, A. (2015). The Growth and Customer Demand of Halal Meat Industry in Finland: A Case Study of Hakaniemen Lihakauppa, Arcada, 79 p.
[17]Kalam, A. (2015).The Growth and Customer Demand of Halal Meat Industry in Finland: A Case Study of Hakaniemen Lihakauppa, Arcada, 79 p.

1.3.2 Controversies regarding *Halal*

There are few controversies of *Halal* meat over ordinary meat in markets; it is the main concern about slaughtering the animals/birds proceed. Some people/ organizations think *Halal* slaughtering does not have enough kindness to animals and it makes animal's un-necessary suffering but according to Islamic scholars; *Halal* slaughtering is more humanitarian than traditional system by keeping the animals/birds conscious when its throat is cut. Some people says "the *Halal* way of slaughter is cruel than western way". But recently there was a report on BBC news by Mr. Saimon about *Halal* meat processing and its markets. The report shows that, Oyben Jonson; did not like *Halal* meat. Because he believed Halal meat slaughtering is cruel to the animals. The reporter Mr. Saimon took him to visit a *Halal* meat firm and investigate animals slaughtering and processing system. Afterward, Mr, Jonson had admitted Halal slaughtering system is not cruel to animal and it is not inhumane way either.

The scientific facts shows *Halal* system is less painful than western system by a team of Hannover University, Germany students. They used EEG and ECG record during slaughter and stunning of animals. The study found slaughtering by ritual cut, the pain for a sheep was 13-17 seconds and after cutting sheep heart frequency were 40-280 heart actions per minute. Meanwhile slaughter after captive bolt were pain immediately after slaughtering the pain last up to 28 seconds the brain was actively sense of pain the heart frequency rise directly after stunning and it reach over 300 actions per minute. In the summary of report team written; [18]

The research indicates that ritual slaughter is less painful compared to the slaughter with captive bolt stunning method, ritual slaughter is less painful because blood immediately rinse out of the body organs and leaving the organs senseless. The major side effect of captive bolt stunning or stunning before slaughter is that Animal couldn't recover consciousness if slaughter is not performed.

In a press release issued from Court of Justice of the European Union states that "the Advocate General proposes that the Court find that the Regulation on organic production and labelling of organic products and the Regulation on the protection of animals at the time of killing do not prohibit the issue of the European 'organic farming'

[18]Kalam, A. (2015).The Growth and Customer Demand of Halal Meat Industry in Finland: A Case Study of Hakaniemen Lihakauppa, Arcada, 79 p.

label to products from animals which have been the subject of ritual slaughter without prior stunning carried out in the conditions laid down in the latter regulation”.[19]

Halal and *Kosher* food face controversies of getting meat through cruel way, but Islam and Judaism have proved their account of statements of ritual slaughter from Quran and Torah(religious books) and scientific methods, favouring less pain to Animal during slaughter process. Ritual slaughter hold an important position in Jews and Muslims, as both religion emphasise on the benefits of ritual slaughter prevailing from centuries in their religions. The slaughter methods prescribed in the books didn’t change and being practised firmly by the followers, so therefore the consumer shift from ritual slaughter to non-ritual slaughter is impossible.

1.3.3 **Self-identity**

In the previous researches have successfully emphasised on TPB model as an additional predictor of intention in self-identity in food related behaviour. Self-identity refers to the goals, values, and beliefs that an individual adopts and holds[20].The research reflects how TPB influences on consumer purchase decision as an outcome.

Usually, identity may be a critical issue where a community or an individual feels a threat to significant cultural symbols[21]. Identity is the primary concern in a specific demographic and geographic situation, For instance Islam teaches its followers to hold religious identity in all situations whether in the homeland or in a foreign land. Therefore, Muslims are very sensitive about the *Halal* and *Haram* concept of food due to religious reason, and to hold Muslim identity particularly in food context in non-Muslim cultures may be even more important for Muslims where they are in a minority.

A research stated that Muslims follow strictly the dietary rules and eat *Halal* meat regardless of other religious prescription[22].This point further strengthens the importance of *Halal* food consumption law that is consistent in Muslims.

---

[19]Court of Justice of the European Union, PRESS RELEASE No 136/18 Luxembourg, 20.09. 2018,Advocate General’s Opinion in Case C-497/17 OEuvred' assistance aux bêtes d'abattoirs (OABA) v Ministre de l'Agriculture et de l'Alimentation, Bionoor, Ecocert France, Institut national de l'origine et de la qualité (INAO)

[20]Schwartz, S. J., Montgomery, M. J., Briones, E. (2006). The role of identity in acculturation among immigrant people: Theoretical propositions, empirical questions, and applied recommendations. *Human Development*, 49(1), 1–30.

[21]Burton, R. J. F. (2004). Reconceptualising the behavioural approach in agricultural studies: A socio-psychological perspective. *Journal of Rural Studies*, 20(3), 359–371.

[22]Bonne, K., Verbeke, W. (2006). Values informing halal meat production and the delivery of halal credence quality. *Agriculture and Human Values*, 25(1), 35–47.

According to the researcher, this may be because an individual who considers himself less as a Muslim and is thus less interested in following religious instructions, surrendering to the influence of the local community. On the other hand, an individual who considers himself more as a Muslim could be more willing to comply with Islamic customs and rules, and consequently be less open to major community influence[23].The self-identity of Muslim consumers could be investigated through differentiation of a low and high tendency towards being a Muslim.

At this time, the influence of self-identity as a Muslim will be investigated through differentiating consumers with a low identification with being a Muslim from consumers who rather highly identify themselves as being a Muslim.

1.4 Theory of manufacturing

Nicholas Kaldor conceptually introduced the benefits of manufacturing: “As the industrial sector expands, it absorbs a growing amount of goods and services produced outside the industrial sector: these may be the products of agriculture or mining (food and industrial materials), or manufactures which it does not provide itself, or not in sufficient quantities, and which have to be imported. Further industrial growth generates demand for many kinds of services banking, insurance and professional services of various kinds and is thus partly responsible for a fast expansion of the “tertiary sector”[24]. Nicholas Kaldor was the first to theorize some stylized empirical regularities which incorporate the benefits of the manufacturing sector over the whole economy. These regularities have been typically summarized in the following laws:

- 1) The manufacturing sector is the engine of GDP growth.
- 2) Productivity growth of the manufacturing sector is positively related to the growth of the manufacturing sector’s output (this is also known as Verdoorn’s Law).Increasing returns in terms of lower average costs and positive effects on capital accumulation and technical progress are drivers of this mechanism.
- 3) Productivity growth of the non-manufacturing sector is positively related to the growth of the manufacturing sector’s output.

[23]Ali, A., Xiaoling, G., Sherwani, M., Ali, A. (2017). Factors affecting Halal meat purchase intention-evidence from international Muslim students in China. *British Food Journal*, 119(3), 527–541.
[24]Kaldor, N. (1960). Causes of Growth and Stagnation in the World Economy.Cambridge University Press.

Manufacturing is the base of an economy and has played important role in the development of countries economy, and many developing countries transformed their economies through advancement and industrialization in manufacturing sector.

As compared to other sectors, manufacturing provides greater opportunities to accumulate capital, reduce average costs by increasing levels of production, acquire new technologies and foster embodied and disembodied technological change[25],[26].Manufacturing activities increase knowledge and productivity through "training on the job" mechanisms[27].Structural change towards medium/high tech manufacturing sectors helps the diffusion of knowledge and the promotion of technological change[28] .

Above theories determines how crucial and important manufacturing sector is for a developing economy, Organizations investing on technology and manpower reaps higher benefits. Knowledge and technology advancement may further lead to competitive advantage, which on the other hand is based on employee training for optimal output.

1.4.1 Manufacturing for exports

Developing countries usually accounts the primary products as the economy backbone and the main source of export income. Contrary to this, countries emphasizing on manufacturing exports will grow faster than those that emphasize exports of primary products. The underlying idea is that countries that export, particularly those that export products with a relatively high technological content, benefit from positive externalities that help their economies grow in ways that would otherwise not take place. The main sources of these positive externalities are likely to be knowledge spillovers and economies of scale. For example, by participating in the international market, a country may learn more efficient production techniques or benefit from increased specialization. Why, then, have more developing countries not grown their manufactured goods export sector? One possible explanation is that a country needs to be relatively developed before it can fully reap the benefits from increasing its manufactured exports.

[25]Szirmai, A., Naudé, W., Alcorta, L. (2013). Introduction and overview: the past, present and future of industrialization. In: Szirmai, A., Naudé, W., Alcorta, L.(Eds.), Pathways to Industrialization in the Twenty-First Century: New Challenges and Emerging Paradigms. UNU-WIDER and Oxford University Press.

[26] Weiss, J.(2005). Export growth and industrial policy: lessons from the East Asian miracl eexperience., pp. 26.

[27]Araujo, B., Bogliacino, F., Vivarelli, M. (2009). The role of skill enhancing trade in Brazil: some evidence from microdata, IZA discussion paper 4213. Institute for the Study of Labor (IZA).

[28]UNIDO(2013).Industrial Development Report 2013.Sustaining employment growth: the role of manufacturing and structural change. UNIDO, Vienna.

By its very nature, development is multifaceted and, thus, encompasses various aspects of an economy, such as income, education, investment, and trade. As in[29] , a critical mass of some combination of these variables may be necessary for a country to break out of an undesirable steady state. For example, a critical mass of skilled workers or a certain level of infrastructure may be necessary before a country is able to attract the business necessary to help it move from a point of relative stagnation to one of sustained growth.

1.4.2 Exports and economic growth

Fostering a firm's export activity by opening new markets and further developing the firm's exporting capacities is becoming increasingly important. Among the factors that may drive it, the learning process stands out, which is driven by both the internal processes of the company and government support for exporters[30].

Intuitively, since exports are a component of GDP, increasing exports necessarily increases GDP, ceteris paribus. However, in addition, there are potential positive externalities created by exporting. An emphasis on exports, in addition to increasing GDP directly, may also lead to positive externalities in the non-export sector in the form of knowledge spillovers, such as more efficient management and production techniques[31], [32] . This, in turn, may lead to innovation and production expansion in the export and non-export sector, consequently raising incomes and propelling growth. Exports also provide the foreign exchange needed to purchase imports, which may provide further beneficial effects on economic growth[33], [34]. Another researcher argue that significant positive externalities accrue to the exporting country as a result of competition in international markets, including increasing returns to scale, learning spillovers, increased innovation, and other efficiency gains, all of which can increase the rate of economic growth[35].

---

[29]Azariadis, C., Drazen, A. (1990). Threshold externalities in economic development. *Quarterly Journal of Economics*, 105, 501–526.
[30]Leonidou, L.C., Palihawadana, D., M., (2011). National export-promotion programs as drivers of organizational resources and capabilities: effects on strategy, competitive advantage, and performance. *Journal of International Marketing*. 19(2), 1-29.
[31]Grossman, G.M., Helpman, E.(1991). Innovation and Growth in the Global Economy. The MIT Press, Cambridge.
[32]Edwards, S. (1993). Openness, trade liberalization, and growth in developing countries. *Journal of Economic Literature*, 31, 1358–1393.
[33]Emery, R.F. (1967).The relation of exports and economic growth. *Kyklos*, 20, 470–486.
[34]Thirlwall, A.P. (2000). Trade, trade liberalisation and economic growth: theory and evidence. African Development Bank, *Economic Research Papers*, 63, 1–30.
[35]Crespo-Cuaresma, J., Wörz, J. (2005).On export composition and growth. *Weltwirtschaftliche Archives*, 141, 33–49.

Export is just a not process limited to manufacturing of goods and selling to the customers abroad, it's an integration of factors contributing to GDP and economic growth. The firms enter into exports when there is innovation and expertise's are highly in demand from the foreign customers.

1.4.3 **Export strategies**

The researcher suggest a need to investigate the export marketing strategies pursued by firms from developing countries, as they are increasingly becoming important players in the world trade[36].The international expansion of companies from a developing country is mainly accomplished by manufacturing in the home country and exporting products to foreign markets[37].

The firms from the developing countries have witnessed rapid growth in the developed countries, their expansion in the region identifies the importance of planning and strategies firms have adopted to penetrate and capture the market.

Infrastructure is the key element of exports firms able to meet demand locally and with manufacturing surplus opt for exports, the other situation is manufacturing only for exports that is due the reason, lack of demand in the local market and less prices, and higher demand higher profits, which attracts manufacturers to the export markets.

Firms from developing countries have traditionally had comparative cost advantages in factors of production, especially for commodity and non-differentiated manufacturing products. However, these advantages may not be sufficient in the contemporary global environment, as competition is increasingly based on differentiated products and services. For international expansion, it is not sufficient to possess the right capabilities or to allocate them to the right place, it is essential to be able to upgrade them continuously[38] .

Developing countries has the major share in the global export markets, the abundance of cheap labour and material resources are the key factors of competitive advantage. Furthermore MNE's are outsourcing manufacturing to the vendors in developing countries, to squeeze every cent for profitability.

---

[36]Balbanis, G., Theodosius, M., Katiskea, E.S. (2004). Guest Editorial: Export Marketing: Developments and a Research Agenda, *International Marketing Review*, 21(4/5), 353-377.
[37]Wortzel, H.V.,Wortzel, L.H. (1988).Globalizing Strategies for Multinationals from Developing Countries, *Columbia Journal of World Business*, 23,27-35
[38]Luo, Y. (2000). Dynamic Capabilities in International Expansion, *Journal of World Business*, 35(4), 355-378.

Another factor that has enhanced food export performance is the political and economical stability of the country. This has enhanced the attractiveness for foreign investment, creating conducive environment for initiating new business opportunities within the analyzed sectors. Recent free-trade agreements with developed nations such as the United States, Canada, and Europe have resulted in significant increases in Chilean food exports. The role of the government in assuring stability and retaining the confidence of foreign countries has also led Chile to appear in rankings of best countries and cities to do business with[39].The export strategy of Chile is taken here as an example of the successful growth in the export performance, the Government has played a key role and made measures to eradicate the obstacles in export.

Export strategy reflects organizations long and short term goals to achieve growth and profitability. Export strategy also helps to identify expansions in the target markets where export is a costly process and organization’s presence is necessary.

Perhaps unsurprisingly, many studies document a positive relationship between exports and economic growth[40], [41], [42], [43], [44], [45]. Tyler utilizes a production function framework for a sample of 55 developing countries and generally corroborates earlier results that there exists a positive relationship between export growth and economic growth. In contrast, author has included more countries and cover a longer time period. Additionally, author has focused on the level of exports as opposed to export growth, following a simple model developed in the next section[46]. Feder also has employed a production function framework, but formally derives the externality effect of exports and finds that the export sector is more productive than the non-export sector[47]. Furthermore, Feder has showed this result is driven by positive production externalities

---

[39] Valeska, V., Geldres-Weiss, H., Monreal-Pérez , J. (2018). The Effect of Export Promotion Programs on Chilean Firms' Export Activity: A Longitudinal Study on Trade Shows and Trade Missions, *Journal of Promotion Management*, 24(5), 660-674.

[40]Balassa, B. (1978). Exports and economic growth. *Journal of Development Economics*, 5, 181–189.

[41]Ram, R. (1985). Exports and economic growth: some additional evidence. *Economic Development and Culture Change*, 33, 415–425.

[42]Edwards, S. (1993). Openness, trade liberalization, and growth in developing countries. *Journal of Economic Literature*, 31, 1358–1393.

[43]Crespo-Cuaresma, J., Wörz, J. (2005). On export composition and growth.*WeltwirtschlicheArchiven*,141, 33–49.

[44]Mookerjee, R. (2006). A meta-analysis of the export growth hypothesis. *Economic Letters*, 91, 395–401.

[45]Rangasamy, L. (2009). Exports and economic growth: the case of South Africa. *Journal of International Development*, 21, 603–617.

[46]Tyler, W.G. (1981). Growth and export expansion in developing countries. *Journal of Development Economics*, 9, 121–130.

[47]Feder, G.(1983). On exports and economic growth. *Journal of Development Economics*, 12, 59–73.

that accrue to the export sector and, as such, countries that emphasize exports will grow faster than those that do not.

1.4.4 **Trade fairs & missions**

Trade fairs are a marketing and information platform that enable firms to grow and expand internationally[48], and are an important promotional tool for marketing many products and services[49] . For companies participating in trade shows assisted by government support, this experience is an intense marketing learning opportunity.[50] In trade shows, companies present the product/service to all participants and visitors in an international fair, be they importers, distributors, wholesalers, opinion leaders, etc. Trade shows also offer the possibility to conduct export business with potential clients.[51]

Trade fairs provide opportunity to effectively showcase and promote products and services, its a simple marketing techniques through physical interaction that shows company's business sphere which is sometimes not possible through online trade and website. Kind of a platform on which people from different races and profession gathers to explore opportunities of trade, This gives an excellent comparison of the products and services available in the market.

Trade fairs are positively related to a firm's satisfaction and export performance, since firms using trade fairs sponsored by state governments are likely to have positive export performance outcomes[52]. This finding is in accordance with most of the export promotion literature, finding that trade fair shows are positively related to aggregate state exports[53],[54] and export sales at the firm level[55]. In fact, it was demonstrated that trade shows can entail a positive profit for the firm through sales and product

[48]Evers, N., Knight, J. (2008). Role of international trade shows in small firm internationalization: A network perspective. *International Marketing Review*, 25(5), 544–562.
[49]Hansen, K. (2004). Measuring performance at trade shows Scale development and validation. *Journal of Business Research*, 57, 1–13.
[50]Seringhaus, F.H.R., Rosson, P. J. (1998). Management and performance of international trade fair exhibitors: Government stands vs. independent stands. *International Marketing Review*, 15(5), 398–412.
[51]ProChile.(2017). http://www.prochile.gob.cl/minisitio/concursos/ Accessed on February 9, 2017.
[52]Wilkinson, T., Brouthers, L.E. (2006). Trade promotion and SME export performance. *International Business Review*, 15(3), 233–252.
[53]Wilkinson, T.J., Brouthers, L. E. (2000a). An evaluation of state sponsored export promotion programs. *Journal of Business Research*, 47(3), 229–236.
[54]Wilkinson, T. J., Brouthers, L.E. (2000b). Trade shows, trade missions and state governments: Increasing FDI and high-tech exports. *Journal of International Business Studies*, 31(4), 725–734.
[55]Seringhaus, F.H.R., Rosson, P.J. (1991). Export development and promotion: The role of public organizations. Boston, MA: Kluwer.

awareness[56]. The above theory suggests that State-sponsored trade fairs are effective and helpful in export promotion program, the firms participating in the trade fairs increases its export competitiveness.

Trade missions provide experiential knowledge about foreign countries and their aim is to encourage firms to enter or expand into foreign countries when their experience with a specific market is still limited[57] . Their focus is mainly on market information acquisition[58] .The defined two types of trade missions, one of prospecting strategies and another of penetration strategies. Prospecting trade missions consist of the organization and subsequent execution of a visit to one or more markets with the purpose of getting to know them in the field (regulations, distribution channels, prices, and competitors) and establishing initial contacts that tend to materialize into future business. Penetration trade missions consist in organizing and visiting one or several markets in order to concretize the commercialization of the products/services of the project companies, meeting with the main agents of the various marketing chains that exist, which can translate into future business[59].

The core function of trade mission is to assist the firms to explore export opportunities available across the globe, trade missions bridges the gap between trades irrespective of countries and boundaries. Trade missions also plays important role to negotiate between Governments and Trade authorities to smoothen the exports process.

Contrary to previous studies, and after controlling for internal firm resources, the researchers found that the use of trade missions does not contribute significantly to a firm's export satisfaction[60], [61]. The analysed impact of overseas trade missions on export success, and provided empirical evidence of the importance of such programs in the generation of incremental sales in foreign markets that enhance the relationship-

[56]Gopalakrishna, S., Lilien, G.L., Williams, J.D., Sequeira, I.K. (1995). Do trade shows pay off? *The Journal of Marketing*, 59(3), 75–83.
57Spence, M. M. (2003). Evaluating export promotion programmes: UK overseas trade missions and export performance. *Small Business Economics*, 20(1), 83–103.
[58]Seringhaus, F. R. (1989). Trade missions in exporting: State of the art. *Management International Review*, 29(2), 5–16.
[59]Pro Chile.(2017). http://www.prochile.gob.cl/minisitio/concursos/ Accessed on February 9, 2017.
[60]Wilkinson, T.J., Brouthers, L.E. (2000b). Trade shows, trade missions and state governments: Increasing FDI and high-tech exports. *Journal of International Business Studies*, 31(4), 725–734.
[61]Valeska V. Geldres-Weiss, Monreal-Pérez , J. (2018). The Effect of Export Promotion Programs on Chilean Firms' Export Activity: A Longitudinal Study on Trade Shows and Trade Missions, *Journal of Promotion Management*, 24(5), 660-674.

building process between business partners over an extended period of time[62]. In another study, the researchers analyzed the differences in performance between firms participating in trade missions which had previously visited the market and those which had not. Their results showed that the outcomes of this instrument varied and suggested that over the two years of the study, differences exist between the two groups' marketing strategies in the mission, allowing newcomers to catch up with experienced exporters in terms of the percentage of firms expecting to obtain sales in the 24 months following the visits[63].Similarly the state sponsored trade missions are effective and helpful to increases the firms export competitiveness.

1.5 Risk Management in Exports

Risks of exports exist in every target market and country, it's a natural phenomenon associated with the product, services and consumer behaviour[64].International business activity internationally brings new risks as well as new opportunities. It's important to be aware of the additional risks involved with exporting, so the company can identify, assess and manage them.

As an exporter, the company is exposed to risks that generally encounter when doing business these can include political instability and security concerns, ensuring compliance with foreign regulations, foreign exchange risk, compliance with in-country tax laws, customs or quarantine issues, or unforeseen tariffs applied at the border.

Some existing risks to business are increased when exporting, including:

- Property ownership rights, including intellectual property protection
- Crime and fraud specifically targeting export companies
- Financial risks, including non-payment or damage or loss of goods in transit
- Problems of success, shortages of capacity or money to meet international demand
- Difficult relationships with contractors, distributors and agents.

[62] Spence, M.M. (2003). Evaluating export promotion programmes: UK overseas trade missions andexport performance. *Small Business Economics*, 20(1), 83–103.
[63] Spence, M.M., Crick, D. (2001). An investigation into UK firms' use of trade missions. *Marketing Intelligence &Planning*, 19(7), 464–474.
[64] New Zealand Government, Trade & Enterprise, Risk of Exports *available at* https://www.nzte.govt.nz/common/risk-for-exporters Risk of Exports (02-11-2018)

Exporters are prone to vulnerable risk that might occur due to the product, nature of services provided to satisfy and meet expectations of the end-customer, and the professionalism of buyers/importers. These factors may help growth or harm to the business interest(s), resulting affect on export capabilities and performance.

1.5.1 **Political and security risk**

Political and security risks are unforeseen circumstances common in the developing countries, Many MNE and SME'S have already moved from the countries suspected of potential political and security threat in future. Organizations are resorting to third party services to avoid loss in FDI. Political instability could be a major problem for the outstanding payments from the buyers, its very hard to pay when the country is the instable political situation and the chances of outstanding payment to be converted in bad debts. Due to the current global scenario its highly recommendable to invest and partner in specific country where the political situation is neutral or stable. For instance working with the country having fear to enter into political dilemma is a costly mistake, the business may face defaults on payments, shipping delay or loss of product. Ministry of Foreign Affairs and Trade travel advisory is the best guide before travelling to any country.

Firms from the developing countries usually underestimate compliance and labour law because of the cost associated with the process, in this situation companies provide SOP and compliance standards. Consultation for an advice from a respected legal practitioner in the country concerned, alternatively the company/local lawyer may be able to recommend overseas legal support.

The county with a high manufacturing volume of a commodity will discourage the import of the same, in order to protect local industries and economy. Risks for exports vary from country to country, depending on the Government policy of importing countries either to facilitate or discourage imports.

1.5.2 **Risk management plan**

Organizations with the best business practices always resort on risk management plan for exports. The risk management plan leads to the identification of unforeseen or negative circumstances that may hurt the creditability and performance. Established procedures are beneficial when the company is exposed to such a situation that has been planned earlier to overcome.

1.5.3 **Environmental and corporate responsibility**

For Staying ahead of the curve on environmental and corporate responsibility may give company a competitive advantage in these markets, and potentially reduce the costs of regulatory compliance later on.[65] In the markets where literacy rate is high consumers are demanding products and services with the compliance certification. This is to ensure that human or any other factor is not compromised from a very basic necessity to high end and customised products/services. The concept of CSR corporate social responsibility assures that organization's objective is not just profitability but also the social values. Some organizations have their own defined SOP'S to protect the business and brand image. Environmental organizations are pressuring the countries and trade bodies to encourage ecological industries to minimize carbon emissions, pollution and health hazards caused by industrial manufacturing and production.

1.6 Challenges of export

Exports activity brings opportunities, risks and challenges, every organization has to deal with the circumstances that might occur, in order for being successful the company must be prepared and conform to following aspects:

1.6.1 **Human resources**

The employees of an organization plays an important role for the growth, it is necessary to train them in order to take any pressure that going in to export markets may bring. Training & development programs, technology based learning and coaching/mentoring will positively impact on skill sets adjustment.

1.6.2 **Finance and funding**

Export activity brings increase in investment and expenses that must be taken into the, company expansion (personnel & facility), bad debts, bribery & corruption, and exchange rate fluctuations. It is crucial to have details of any company's financial obligations, background check and the organizations company deals with. Previous and current financial documents are also helpful if the company is willing to provide the documents for clarity like

- Bank loans or credits with any financial institutions or private lenders

---

65New Zealand Government, Trade & Enterprise, Risk of Exports *available at* https://www.nzte.govt.nz/common/risk-for-exporters (02-11-2018)

- Bank statements
- Debt records
- Government grants and subsidies.
- Letters of credit
- Promissory notes.

1.6.3 **Political instability**

The political environment of the market organization is considering may pose new challenges to the business.

Make sure that to know:

- the stability of the market politically, economically and socially
- if there are any government or international enforced trade embargoes[66]
- if the country complies with international legal conventions, such as trade sanctions and recognition of personal property rights.

1.6.4 **Legal systems**

Every country has its own legal and regulatory systems, variation in contract law and Intellectual property (IP) protection law could be a tough situation to handle, its necessary to have adequate know-how and knowledge of corporate law before entering and exporting to the target potential market. Consultation with a lawyer specialising in exports in international trade will be useful.

Markets have varying legal and regulatory systems. Differences in contract law and Intellectual Property (IP) protection law can be challenging so it's important to learn the legal intricacies of exporting to the particular market(s) specifically. It’s necessary to have consultation with an experienced lawyer who knows the market segment and export location.

---

66 Government of Australia, Melbourne Victoria, Australia. Trade -Risk and challenges *available at* http://trade.vic.gov.au/for-exporters/get-export-ready/risk-and-challenges#(04-11-2018)

1.7 Challenges of a Global Market

Organizations are becoming increasingly aware of the growing competition at home and abroad. They especially require information on markets, buyers, suppliers, prices, trade regulations and business procedures in the target market.

- Trade information and commercial intelligence gathering require market research and information analysis skills as well as experience with modern information technology. [67]
- In an attempt to differentiate a product, create a brand image or meet the latest consumer preferences, SMEs need to undertake product development, re-design or adaptation. This call for expertise that is in short supply everywhere, especially in developing countries.
- Market competition is strongly driven by price. Improving productivity and reducing cost is thus an important preoccupation. SMEs in developing countries could use advice for competitive costing and pricing techniques.
- Cost saving can be achieved by careful sourcing and inventory planning-as much as 15-20%. Few SMEs in developing countries, however, have developed the skills to achieve this level of economy. Many are content with traditional suppliers and large inventory that keep import costs unnecessarily high.
- Knowledge, skills and experience soon become obsolete unless continuously upgraded. While opportunities for academic qualifications proliferate, SMEs in developing countries have little access to practical training they really need.[68]

The biggest challenge of global market is globalisation, with the increasing competition and emerging economies. SME's and MNE are trying to get foothold in the developed countries. Dumping and bulking pricing is the common tactic to attract and retain customer. The customer consciousness for price and quality has sparked price war among the manufacturers, and developing countries have outnumbered developed

[67]United States System, International Trade Centre - Export strategies for a small firm available at http://www.tradeforum.org/Export-Strategies-for-Small-Firms/ (26.01.2019)

[68]United States System, International Trade Centre - Export strategies for a small firm available at http://www.tradeforum.org/Export-Strategies-for-Small-Firms/(04-12-2018)

countries in the price war. This lead to major shift in manufacturing and production patterns from West to east, huge share of goods now come from the developing countries from the east.

Chapter 2: ANALYTICAL REVIEW OF THE HALAL MEAT INDUSTRY IN EU

In this part author has focused on existing studies and existing experiences in the related to

2.1 Structure of the European Meat Industry

2.1.1 Integration in the EU Slaughter industry

There are 2 forms of integration within the European slaughter industry that are important from a structural perspective;

- **Vertical integration**, which should be considered again as 2 parts;
- **Backwards**, (where a company has investment in feeding and livestock ownership).This is rare in the European red meat sector, although the common model in poultry. There is a few notable examples, of which the Veal operator Van Drie would be one of the best examples.
- **Forwards**, where a company has further processing activities, producing complex meat products, normally as a method of adding value. Also not common in the EU. Tulip Foods, a subsidiary of Danish Crown would be a one of the better integrated firms.
- **Horizontal integration**, which in the slaughter industry is normally used to describe companies who move into mixed species operations. This is more common, normally occurring through merger and acquisition, although many small slaughter plants are multi species. There are several notable international operators here, although few tackle both red meat and poultry.[69]

European slaughter groups largely limit their activity to slaughtering, de-boning and cutting of carcasses. They sell 'ingredient' meat to further processors and retailers.

[69]European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P, available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf(11-11-2018)

Industrial retail packing is increasingly becoming a specialist activity in the hands of plants dedicated to major modern retailers, although often independently owned. It is notable that in fresh meat there are very few processor brands present at retail, with the modern retail chains preferring to develop their own retail brands in meat, and therefore the control over where they source meat from. Processor brands are more plentiful in further processed meat products.

Further processing in the EU is largely a separate industry to slaughtering. Further processing in this instance is the production of cooked or raw meat products, which have other ingredients added; this ranges from raw seasoned beef burgers and sausages, to the vast range of cooked, cured or smoked products, and to more complex ready meals where meat plays a small part of the overall product weight. Those slaughter companies that are forward integrated to this level tend to run their further processing operations at arm's length from their primary activities as the business dynamics are different: with low cost ingredient purchasing, adding value and brand marketing being key.

The further processing sector has traditionally been higher margin than primary processing. Not surprisingly there has been a trend for forward integration – either organically, or through acquisition – to capture these better margins, and to secure an outlet for ingredient meat.

2.1.2 The Top EU Companies

The EU meat processing industry is undergoing steady consolidation within each country, but is still far from being a concentrated industry – either nationally, or at a pan–European level. The top 15 companies have 28% of the EU meat production, accounting for 12.1 miot of production in 2010, an increase of 3.2 mil t over 5 years, and marking steady consolidation across much of the industry.[70]

At EU level, and even within most Member States, there is normally a long tail of much smaller slaughter companies after the top 3–5. These operate locally, traditionally and are fiercely independent.

[70]European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P, available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf(11-11-2018)

The biggest European meat companies are pig meat focussed, with some beef activity. Very few firms operate in red meat and poultry. Of the major players, only Vion has some poultry activity4, and this is minor compared to the overall operation (although bigger than lamb). Whilst several of these companies now have slaughtering activity (and further processing) outside of their home country, none are truly pan–European for slaughtering: normally with 2–3 countries the limit of their scope. However the sale of meat can be highly international – normally achieved through traders, but the largest companies have their own international sales operations.

The leading poultry processors tend to be single–species companies, normally focused on broiler chicken, and not even dealing with other poultry species – let alone the red meats5.Poultry is a much more modern industry which has developed fast over the last 50 years as they have grown their market. These leading poultry companies also tend to be nationally focused, with little primary slaughtering activity outside of their home market.

Those European slaughter companies that have become multinational have found it difficult to exploit the synergies in production and marketing. They often bear the cost of restructuring a national industry, whilst the other players reap many of the benefits.

Pig and poultry slaughtering is characterised by large, scale–efficient and high–tech plants. Cattle and sheep slaughtering in the EU is still relatively small scale, with lower numbers of livestock processed, typically through smaller lower–tech plants.[71]

These plants are hard to mechanise, due to both the capital cost involved and the lack of uniformity in carcasses. As cattle and sheep numbers have declined in the EU, the excess processing capacity situation has become more severe. One dynamic of this is that animal procurement is a key skill … and this is a very local and relationship business – reflecting the small size, family ownership and fragmented nature of the farm supply base.

[71]European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P, available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf(11-11-2018)

2.1.3 EU Further Processing Companies

Whilst further processing is not the focus of this report it is worth noting that there are only a few pan–European further processed companies. There are a large number of nationally or regionally focussed firms, due to a high level of regional preferences for processed meat products. The few international operators have two distinct strategies:

- Produce generic products on a high volume: low–cost, commodity basis, to capture the volumes at the cheaper end of the market. This is typified by the cheaper products in retail (especially in hard discounters), a significant share of food service, and for ingredient use in assembled modern products such as ready meals pizza etc… Typically these firms operate from a few large–scale manufacturing plants.
- Build up a range of nationally based production companies, producing local products for their domestic market, under established brands. This strategy is typified by *Campofrio Food Group*.

In Western Europe, the companies in this further processing sector have traditionally been different to the slaughter industry, they have not been backward integrated, and they have a different culture and operating dynamics. In the New Member States (NMS), there was more vertical integration. However, there has been a recent trend towards forward integration by the slaughter industry into further processing: either through organic development, or through acquisition.[72]

It is notable that the companies in the list rapidly become smaller to reflect a long industry tail with few operators being backward integrated to slaughtering, and predominantly being focused on traditional, regionally branded, processed products.

2.1.4 Ownership of the leading EU Slaughter Companies

European primary processors are largely owned by the private sector (including family ownership), with 47% of the top 15 and 74% of the top 100 companies falling under private ownership. Farmer–owned cooperatives make up the next major ownership bracket, accounting for a further 33% and 15% respectively, whilst stock

[72] European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P, available at http://www.meatworkers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf(11-11-2018)

market ownership is just 20% of the top 15, and a much smaller proportion of the next tier of companies.

Private and family ownership has continued to dominate the industry in Europe (and to some extent globally) due to the highly operational & volatile nature of the business, the importance of personal and local relationships to procure livestock, and that the profitability and growth rates have been inadequate for stock market investors. Family businesses have largely found solutions to the challenges of succession, and have managed to keep the business together, although these companies remain open to ongoing merger and acquisition, especially in difficult times.

It is notable that in the last couple of decades municipal ownership of slaughter plants has dwindled, this has been due to the need to invest in newer technology and larger plants, which has taken the industry beyond the scope of many local authorities. This means that the ethos and service behind these once public facilities has changed to harder commercial realities. Investment from Brazil in the European slaughter industry has not been at the same level as seen in the US, but has been a part of the reality of a global industry. This has been with mixed results for all parties, but does allow for some increased investment in parts of the European industry and some longer term stability[73].

This investment had slowed in recent years, after an initial surge, to allow the acquiring companies to align their acquisitions with their core business. It is likely that there will be further substantial acquisitions in the future.

2.1.5 **Internationalisation**

There has also been a significant trend by the market leaders to internationalise in recent years with share of production produced outside of their home market increasing in many of the top 15 companies. The key mechanism for this growth is cross border acquisitions of slaughtering assets. These acquisitions tend to be in neighbouring EU countries, allowing for integration of some activity.

Normally these acquisitions are opportunistic, and require a subsequent injection of capital to make them work. There are both successes and failures in this model, but

[73]European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf (30-04-2019)

there is an increased significance in the ability of a company to be able to market some of its cuts / product onto 3rd country markets.

There are a several companies on the list that have not made the transition to multinational well. There are a number of reasons for this which includes competition from smaller, local competitors, and the cost of integrating the acquired plants into the company structure (often with some plant closure / modernisation required).

None of the EU slaughter companies have primary processing activities outside of the EU. Historically they were important – especially for some of the old British meat groups mainly as a source of meat to be imported into the UK. These international processing and trading firms have been broken up, with the 3rd country assets acquired by local firms. The French firm *Doux* is the latest to retreat from foreign processing as it has exited its Brazilian chicken and Pig meat business. Now in fact, the trend is reversed, with a few foreign slaughter firms, buying–in to EU processing as a route–to–market for a full portfolio of meat options to include fresh, frozen and further processed (e.g. the Brazilian firm *Marfrig*).[74]

Many EU processors export to third countries, but only the biggest have their own international sales force: whereas the great majority export through international trading firms. Lastly the European industry still has a considerable way to go in terms of concentration and although the degree of severity varies between the species there are a few factors which are common to all;

- Slaughter overcapacity, with lines unable to operate a full 5 shifts per week in many plants, let alone 10.
- Small companies, leading to less negotiating power in the market, especially when dealing with major retail clients.
- Small plants, which are not economic for investing in modernisation of slaughter lines, or where investments made are harder to realise.

[74] European Federation of Food, Agricultural, tourism and trade EFFAT (2011) Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf (30-04-2019)

This leaves European slaughter companies at a disadvantage on the cost of slaughtering and cutting compared to potential importers who operate larger scale plants and in many cases also have a significant labour cost advantage.[75]

The manufacturers based in the developing countries leads the competition due to cost advantage, which they have gained through economies of the scale, large scale plants and production could effectively overcome the issues to further improve situation of meat industry.

2.1.6 Market size-Livestock

As per the above given table the major livestock exporters are from the developing countries which is yet an opportunity for the other developing meat manufacturing and exporting countries to reduce cost and improve bilateral trade.

Table 1. Top 20 Exporting countries of live cattle in 2015

Rank	Country	Live Bovine Animal Export value,2015 (USD)
1	France	1,514,382,000
2	Canada	1,374,217,000
3	Australia	1,034,256,000
4	Mexico	930,190,000
5	Netherlands	385,483,000
6	Germany	358,497,000
7	Spain	228,195,000
8	Brazil	210,601,000
9	Czech Republic	205,557,000
10	Ethiopia	174,831,000
11	Romania	140,398,000
12	Uruguay	135,402,000
13	Hungary	133,424,000
14	Austria	112,098,000
15	Belgium	108,798,000
16	Ireland	100,113,000
17	United States	98,698,000
18	Slovakia	77,348,000
19	Namibia	67,313,000
20	Thailand	63,438,000

Source: Made by the author, based on worldatlas.com available at https://www.worldatlas.com/articles/top-20-exporters-of-live-cattle.html (13.11.2018)

[75]European Federation of Food, Agricultural, tourism and trade EFFAT (2011) Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf (30-04-2019)

Imports from developing countries also strengthen the economy of the exporting country and making it more dependent on importer. This will also improve competition, competitiveness and pricing strategy amongst the exporters.[76] The analysed aspects are on grat importance also in scientific publications.

2.1.7 **Market Size - Halal Meat**

Halal food market is one of the largest consumer markets in the world as reported by the Stated of The Global Islamic Economy Report in Thomson Reuters[77].The $415 bil Halal food industry heavily relies on meat imported from non-Muslim majority countries. There are about 1.8 billion Muslims around the world, most of whom only consume Halal meat. The Halal-certified food and beverage industry is valued at $415bil. Eight of the 10 largest suppliers of global Halal meat are non-Muslim majority countries, with Brazil, Australia and India at the top[78].

Non-Muslim countries accounts for the largest number of Halal meat exports Halal meat, the number of exports will arise from other countries in to Halal segment .The developing countries are going through industrialization phase and will enter in the Halal meat segment the reason is favourable business environment attracting FDI.

[76]World Atlas - Top 20 exporters of live cattle available at https://www.worldatlas.com/articles/top-20-exporters-of-live-cattle.html (retrieved on April 17, 2019)
[77]Thomson Reuters (2014). State of the global Islamic economy 2014-2015 report. Available at: www.zawya.com/ifg-publications/.
[78]Constructed by the author, based on AlJazeera.com where does Halal meat come from? available at https://www.aljazeera.com/indepth/interactive/2017/11/171126063915359.html (22.01.2019)

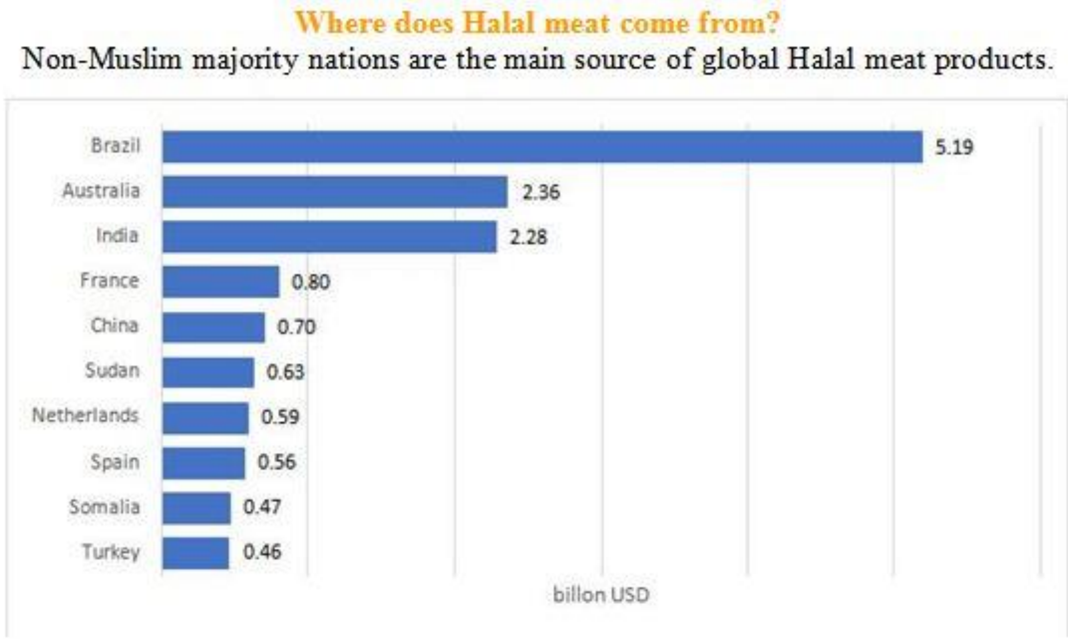

Figure 3: *Halal* meat sources 2017.*Source:Constructed by the author, based on AlJazeera.com available athttps://www.aljazeera.com/indepth/interactive/2017/11/171126063915359.html (25.10.2018)*

The above illustrates the sources of *Halal* meat in every continent these countries are generating market share and revenue. Some developing countries are countries are also heavily investing on livestock to secure market share in future.

The trend is visible in the developing and developed countries, investing on infrastructure and livestock, eyeing growth scenario in every continent. Established markets and increasing demand of *Halal* meat are the main factors which might be a catalyst of generating revenue for economies.

2.2 Target market EU states with highest Muslim population

In recent years, Europe has experienced a record influx of asylum seekers fleeing conflicts in Syria and other predominantly Muslim countries. This wave of Muslim migrants has prompted debate about immigration and security policies in numerous countries and has raised questions about the current and future number of Muslims in Europe.[79]

Apart of the asylum seekers from the Middle East and worn torn areas, The immigration to EU Muslim population will remain high. The next region from where the people are willing to migrate EU is the GCC (Gulf Cooperation Council) consisting;

[79]Made by the author, based on pewforum.org Europe’s growing Muslim population available at http://www.pewforum.org/2017/11/29/europes-growing-muslim-population/(21.01.2019)

Bahrain, Oman, Qatar, Saudia Arabia and U.A.E. The political involvement of the GCC countries in the Middle East war have caused budget deficit, high inflation, lack of potential business and employment opportunities in the region. This lead to the reforms in the economic and financial polices introducing tax for the first time, nationalization in the employment industry and stricter visa processing for individuals and family settlement. High cost of living and education is also a factor that discourages GCC as a permanent settlement destination, because GCC countries do not provide opportunity and privileges of Permanent residence and citizenship in any case.

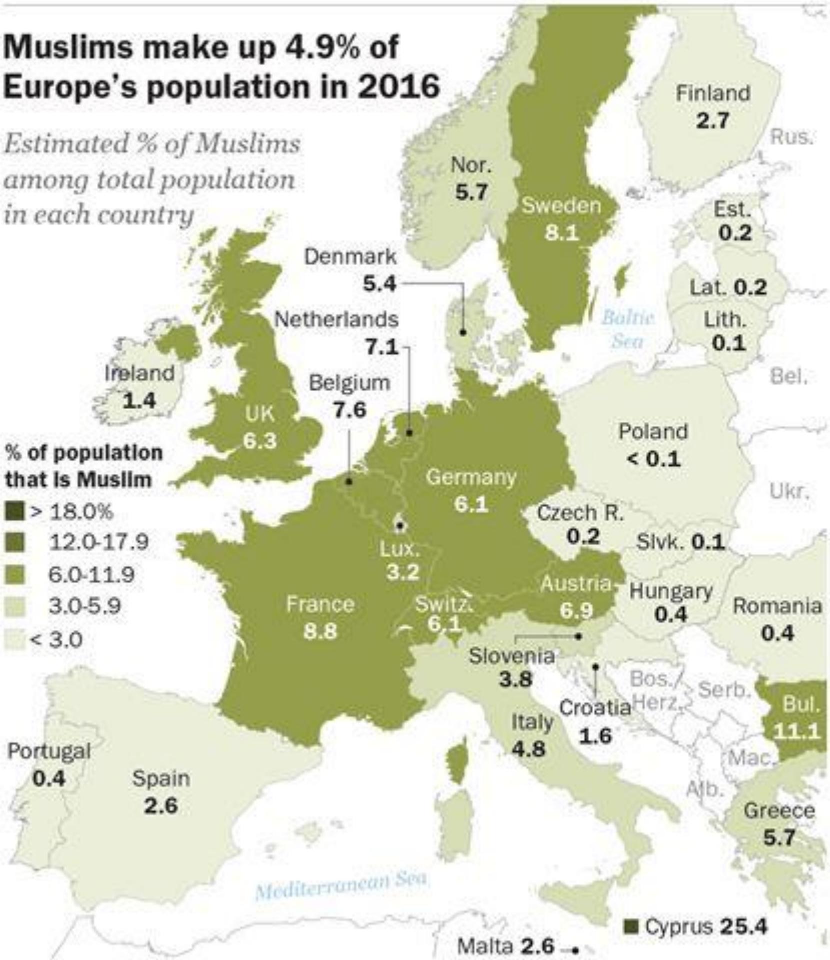

Figure 4: Muslim population in EU in 2016
Source: Made by the author, based on pewforum.org Europe's growing Muslim population available athttp://www.pewforum.org/2017/11/29/europes-growing-muslim-population/(06.12.2018)

EU migration policy has faced severe criticism from the member states and its allies in the world due to high acceptance of immigrants from the Middle East, the migration of Muslims is mainly from the worn-torn countries of Middle East. Since the possibility of peace restoration in near future is weak, In this situation the integration programs in EU states is an encouraging factor that will maximize the probability of permanent refugee settlement in the EU.

Table 2: Estimated size of Muslim population in EU in 2016

Estimated size of Muslim population		% of population that is Muslim
Region	25,770,000	4.9%
France	5,720,000	8.8%
Germany	4,950,000	6.1%
Italy	2,870,000	4.8%
Netherlands	1,210,000	7.1%
Spain	1,180,000	2.6%
UK	4,130,000	6.3%

Source: Constructed by the author, based on pewforum.org available at http://www.pewforum.org/2017/11/29/europes-growing-muslim-population/(24.01.2019)

It is highly anticipated that immigration from Asia and Middle East will increase due to presence of their respective communities in EU and Baltic states. As the migration and settlement expense in the developing countries is low compared to the developed countries of EU due to the immigration barriers, so the possibility of having Muslim immigrant in the EU is higher than any other continent of world.

2.2.1 Muslim population growth per year

Europe’s Muslim population is diverse. It encompasses Muslims born in Europe and in a wide variety of non-European countries. It includes Sunnis, Shiites, and Sufis. Levels of religious commitment and belief vary among Europe’s Muslim populations. Some of the Muslims enumerated in this report would not describe Muslim identity as salient in their daily lives. For others, Muslim identity profoundly shapes their daily lives.

To see how the size of Europe’s Muslim population may change in the coming decades, Pew Research Centre has modelled three scenarios that vary depending on future levels of migration. These are not efforts to predict what will happen in the future, but rather a set of projections about what could happen under different circumstances.

The baseline for all three scenarios is the Muslim population in Europe (defined here as the 28 countries presently in the European Union, plus Norway and Switzerland) as of mid-2016, estimated at 25.8 million (4.9% of the overall population) – up from 19.5 million (3.8%) in 2010.[80]

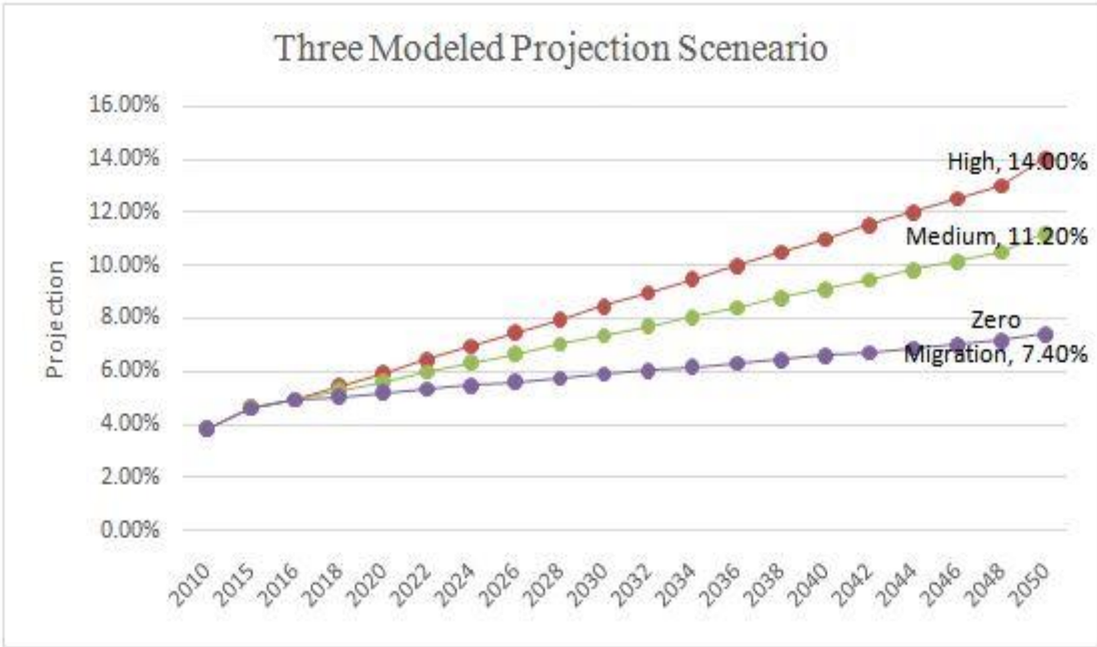

Figure 5.**Muslim share of Europe's population under different migration scenarios**
Source: Constructed by the author, based on pewforum.org available at https://www.pewforum.org/2017/11/29/europes-growing-muslim-population (27.01.2019)

Even if all migration into Europe were to immediately and permanently stop – a "zero migration" scenario – the Muslim population of Europe still would be expected to rise from the current level of 4.9% to 7.4% by the year 2050. This is because Muslims are younger (by 13 years, on average) and have higher fertility (one child more per woman, on average) than other Europeans, mirroring a global pattern. Trend in Muslim population growth is an example from the Asia and Middle East.

First of all it is a very unlikely situation that immigration to EU would be blocked or permanently stopped, apart of immigrant and refugees, skilled labour and investors are eyeing EU as the top destination after the English speaking countries in the west. Since the average Muslim family has 2+ kids as the statistics shows in the Muslim families across the globe, the chances of decline in Muslim population is ruled out, the

[80]Europe's growing Muslim population available at http://www.pewforum.org/2017/11/29/europes-growing-muslim-population/(24.10.2018)

growing Muslim population in the EU would positively contribute towards the increasing demand of *Halal* segment in the EU and region.

A second, “medium” migration scenario assumes that all refugee flows will stop as of mid-2016 but that recent levels of “regular” migration to Europe will continue (i.e., migration of those who come for reasons other than seeking asylum; see note on terms below). Under these conditions, Muslims could reach 11.2% of Europe’s population in 2050.

Immigration ratio from Asia and Central Asia to EU is increasing due to the lack of opportunities and uncertain political situation there, immigrants brings set of skills which are quite uncommon and unavailable, that creates a gap and situation to hire skilled labour from other countries.

Finally, a “high” migration scenario projects the record flow of refugees into Europe between 2014 and 2016 to continue indefinitely into the future with the same religious composition (i.e., mostly made up of Muslims) in addition to the typical annual flow of regular migrants. In this scenario and forecasts, Muslims could make up 14% of Europe’s population by 2050 – nearly triple the current share, but still considerably smaller than the populations of both Christians and people with no religion in Europe.

Overall it is unlikely that Muslim population will reduce or stop in future because of high birth rate and migration scenarios, growing European Union economy and immigration policy are the major attraction for immigrants, any political influence or tougher immigration policy will only reduce the number of immigrants to European Union. The entire three modelled projection scenario determines that situation is very favourable, the Muslim population growth is high and the trend predicts increase in demands. This will positively lead to increase in export potential which is not limited to European Union, furthermore there is a huge number of people that doesn’t differentiate between *Halal* and Haram for consumption and this is a reason for *Halal* meat production development in Europe.

2.2.2 Business environment of the target export countries in 2018

Business environment is characterised by trade freedom index of target export markets in 2018 are represented in table 3.

Table 3. **Trade freedom index of target export markets 2018**

	France	Germany	Italy	Netherlands	Spain	UK
RULE OF LAW						
Property Rights	84.0	81.0	71.2	87.9	73.1	92.2
Government Integrity	65.1	75.3	40.1	86	51.5	79.0
Judicial Effectiveness	72.7	78.0	60.9	74.1	62	93.8
REGULATORY EFFICIENCY						
Business Freedom	80.2	86.1	70.3	80.5	66.3	91.1
Labour Freedom	45	53.3	50.3	61.5	59.0	74.4
Monetary Freedom	81.6	86.2	88.2	87.5	86.7	85.2
GOVERNMENT SIZE						
Government Spending	2.7	41.3	24.1	39.1	42.8	44.4
Tax Burden	47.3	61.3	55.2	52.5	62.0	65.2
Fiscal Health	60.8	90.8	68.2	88.2	36.1	53.5
OPEN MARKETS						
Trade Freedom	81.9	86.9	86.9	86.9	86.9	86.9
Investment Freedom	75	80.0	85	90	85.0	90.0
Financial Freedom	70	70.0	50	80	70.0	80.0
OVERALL SCORE	**63.9**	**74.2**	**62.5**	**76.2**	**65.1**	**78.0**
World Rank	**71**	**25**	**79**	**17**	**60**	**8**

Source: Constructed by the author, based on heritage.org available at https://www.heritage.org/index/country/ (06.12.2018)

U.K ranks highest in the above-given table, but the possibility of potential exports market is ruled out due to Brexit and import tariffs. The main target export countries are developed countries of EU, the factor to consider with the high growth and consumption rate, exports markets are not limited to the given countries, emerging countries and markets might be the addition in target export markets.

The export potential to the EU market is high because of uniformity in quality standards, its a better choice to select EU market rather than UK and other countries. This minimizes the process of certification and conforming to the quality standards of the target export countries. Second viable opportunity is to fulfil the demand of where cattle/livestock is in the demand.

2.2.3 EU Meat consumption forecast

Statistical data on meat consumption in European Union in 2014 – 2020 are represented in table 4.

Table 4. **Per Capita Meat consumption in EU in kilograms 2014-2020**

	2014	2015	2016	2017	2018	2019	2020
EU	64.5	64.07	64.1	64.39	64.87	65.3	65.75
Germany	66.7	65.9	65.1	64.3	63.3	62.3	61.3
France	69.4	69.6	69.2	68.7	68.2	67.6	67.2
Italy	61.6	60.9	60.2	59.6	59.1	58.7	58.6
Spain	58	58.1	58.2	58.4	58.7	58.8	59
UK	54.9	54.1	53.9	53.8	54	54.2	54.5

[81]

Source: Constructed by the author, based on statista.com available at https://www.statista.com/statistics/679528/per-capita-meat-consumption-european-union-eu/(09.01.2019)

The table indicates favourable trends of meat consumption in the EU & UK, Possibility of exports to UK is ruled out due to tariffs; as an outcome of Brexit and import tariffs. Hike in commodity price will make U.K a least favourable option due to competition, price and profitability.

Meat consumption has soared over the last two decades and the surge is high from the year this is due to the reason of high consumption

2.3 Economy of Latvia

Latvia has been exhibiting the fastest growing economy among the Baltic countries over the last five years, according to the latest statistics of the third quarter of 2017 by the Central Statistical Bureau of Latvia. The most recent data from the third quarter show that Latvia's GDP has grown by 5.8%, which is the highest increase over the last five years in the Baltics.

An important factor in the economy growth stimulus was the increase in investments**.** In the third quarter of this year, gross fixed capital formation was 1/5 higher than a year ago. Investments in housing, buildings and construction increased by 25%, while in machinery and equipment – by 13% in 2017. Additionally, investment in intellectual property products (research, computer software, databases, copyright, etc.)

[81] Per capita meat consumption forecast, available at https://www.statista.com/statistics/679528/per-capita-meat-consumption-european-union-eu/(09.01.2019)

has increased by 17%. Investment dynamics continue to be positively affected by both growing external and internal demand, the expansion of the availability of EU structural funds investment as well as the increase in credit limits. With continued favourable environment for investments and high capacity, a relatively rapid investment dynamics can be expected in the future.[82]

At the same time, the economic growth continues to be driven by an increase in private consumption household consumption expenditure increased by 5.8% in the third quarter. It should be noted that the increase in consumption is positively affected by the noticeable improvement in the labour market – the number of employed increased by 0.9% in the third quarter, the unemployment rate decreased to 8.5%, while the average gross wage increased by 7.5% during the year.

Comparatively to previous years, export volumes have reached the highest level. Exports of goods and services increased by 2.4% in the third quarter (exports of goods by 2% and exports of services by 4%), while earnings from export increased by 6.7% (comparatively, in the second quarter by 6.3%). It should be noted that the faster growth of export earnings was largely driven by the increase in prices of exported products. In the third quarter of this year, producer prices for exported products increased by 3.3% year-on-year.

A significant factor in the GDP growth in the third quarter was the construction industry that saw an increase in investments as high as 25%. At the same time, the base effect also should be considered – the industry's rapid growth is compared against 2016, when the construction sector saw sharp declines in volumes due to delays in European Union investment fund availability. In comparison with the third quarter of 2015, the construction volume was still lower by 2.5%.

Strong growth can also be observed in the manufacturing industries as well as in the transport and storage services sectors. Overall, manufacturing grew by 8.4% in the third quarter and by almost 10% in transportation services. Stable growth was observed in almost all niches of the manufacturing industry, and more than half of the sector growth can be attributed to an increase of activities in metalworking – by 19.4%, in

[82] Latvia has the fastest growing economy in the Baltics available at http://www.liaa.gov.lv/en/news/latvia-has-fastest-growing-economy-baltics(26.01.2019)

wood processing – by 3.5%, in food industry – by 4.2%, and transportation vehicle manufacturing – by 30.3%.[83]

Similarly, there was a noticeable increase in the knowledge intensive services sectors – the information and communication services industry grew by 5%, including computer programming and consulting – by 10%, information services – by 15%, but telecommunication services decreased by 3%.

Considering the favourable conditions, such as the economic growth in the EU countries, which is the largest market for Latvian goods as well as available EU investment funds, the final numbers for 2017 might show a GDP increase of 4.4%. Growth is expected to continue in 2018 when the GDP growth could reach 4.2%.[84]

Table 5: Economic growth statistics of Latvia 2000-2010-2017

Economy	**2000**	**2010**	**2017**
GDP (current US$) (billions)	7.94	23.76	30.26
GDP growth (annual %)	5.4	-3.9	4.5
Inflation, GDP deflator (annual %)	3.6	-0.8	3.1
Agriculture, forestory,andfishing,value added (% of GDP)	5	4	3
Industry (including construction),value added (% of GDP)	24	21	20
Exports of goods and services, value added (% of GDP)	37	54	60
Imports of goods and services, value added (% of GDP)	45	55	62
Gross capital formation, value added (% of GDP)	25	19	21
Revenue,excluding grants (% of GDP)	39.2	42.5	43.1
Net lending (+)/net borrowing (-) (% of GDP)	-3.5	-11.9	-0.3
States and markets			
Time required to start a business (days)	16	16	6
Domestic credit provided by financial sector (% of GDP)	-	91	76.3
Tax revenue (% of GDP)	20.8	19.8	23.9
High-technology exports (% of manufactured exports)	4	8	13

Source: Constructed by the author, based on the Economic growth statistics available at:https://databank.worldbank.org/data/views/reports/reportwidget.aspx?Report_Name=CountryProfile &Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=LVA.

The above table reflects consistent growth trends in the economy, states and markets of Latvia. It’s therefore easy to anticipate economic growth in Latvia.

[83]Latvia has the fastest growing economy in the Baltics available at http://www.liaa.gov.lv/en/news/latvia-has-fastest-growing-economy-baltics(06.01.201926.01.2019)
[84]Latvia has the fastest growing economy in the Baltics available at http://www.liaa.gov.lv/en/news/latvia-has-fastest-growing-economy-baltics(06.01.201926.01.2019)

2.3.1 **Foreign Direct Investment**

After Latvia's accession to the EU, the inflow of FDI increased rapidly and in 2017 reached its highest point (EUR 14.37 billion). The main factors fostering FDI inflow were new market opportunities for foreign investors, stable monetary policy, Latvia's advantageous geographic location between the EU and CIS countries, and its well-developed infrastructure. After being severely affected by the global financial crisis, Latvia implemented extensive austerity measures. As a result, Latvia's economy, the confidence of foreign investors, and FDI inflows are on the rise again.

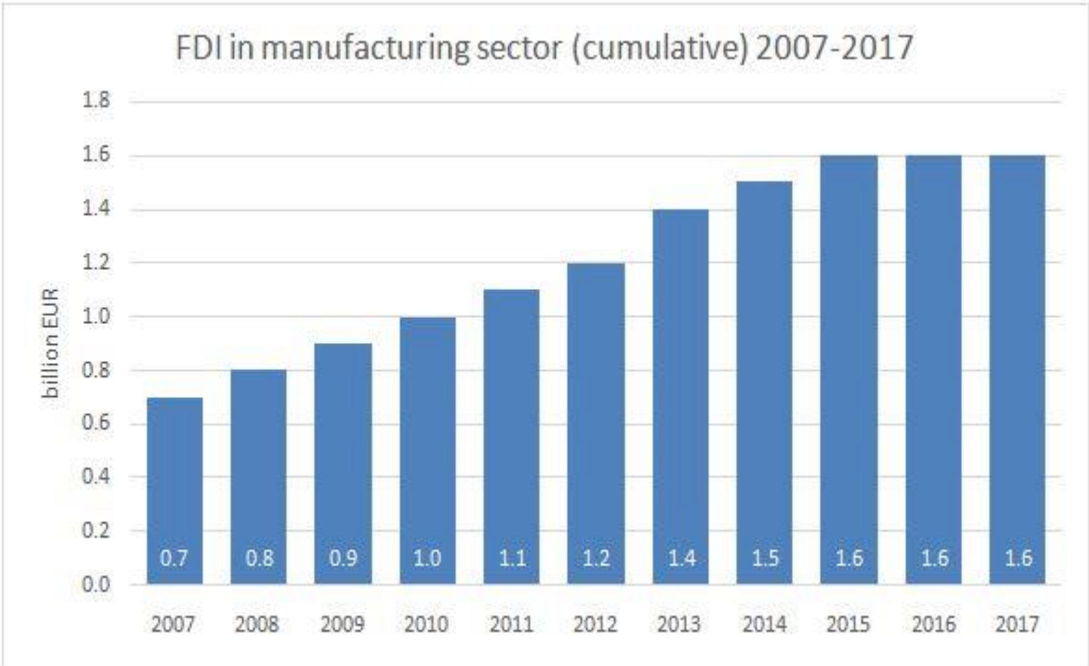

Figure 6:FDI in the manufacturing sector

Source: Constructed by the author, based on FDI in Latvia available at http://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/foreign-direct-investment (06.01.2019)

Historically, most of Latvia's FDI inflow has come from neighbouring countries in the Baltic Sea region and other EU member states. The largest amounts of investment in 2017 were from Sweden – 19 % of the total FDI stock at Latvia's economy. In 2017, FDI from the EU states represented 78% of all accrued FDI, including 51% represented by investment from euro-area countries.

After the recession 2007-2009 the EU attracted large number of investors and FDI from the world due to lack of opportunities and growth prospective in the USA. Scandinavian countries and Russia accounts for the major sources of FDI in Latvia.

Overall, however, Latvia's FDI inflows cover a wide range of economic sectors. The largest share of FDI stock is attributable to services: FDI split by sectors shows that most investment is attracted by financial intermediation (24.3%). Others of the largest foreign investments have been accumulated in trade (14.4%), real estate operations (13.3%) and manufacturing (11.8%).

Since the investment for the startup requires simple administrative and legal procedure in Latvia compared to the other EU states, Investors from Asia, Central Asia and Middle East are seeking opportunities to enter the EU markets through Latvia. High competition in the Canada and USA is a major shift force to the EU market attracting investors.

Many international companies have established operations in Latvia, including such globally recognized names as *Coca-Cola, Bucher Schoerling, Schneider Electric, Tieto, Cytec, JELD-WEN, Circle K Latvia, Generex Biotechnology, Cemex, Brabantia*, and others have chosen to benefit from Latvia's competitive advantages.[85]

Brownfield Investment - The best viable option which could develop from the state support, since there are various non-operational and sick units which might become operational. One of the key benefits of the brown field investment is that the state will have fewer burdens on the State and exchequer, and will also save time to start manufacturing immediately.

The other option is a combination of Green and Brown field investments, the state could support market players to start Halal manufacturing and exports by providing financial assistance and subsidies to for machinery and equipment. This step may encourage and gain confidence of exporters to enter and invest in the *Halal* segment.

Greenfield investment- The best possible option to start *Halal* meat manufacturing and export is Greenfield investments due to certain manufacturing and production factors of *Halal* and *Non-Halal* meat is not possible to run same production at once especially for the meat.

The main obstacle for the manufacturer and exporter is limitation associated with the meat production and that is the exact reason of *Non-Halal* manufacturer to enter the

[85]Latvian Investment and Development Agency. Foreign Direct Investment in Latvia available athttp://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/foreign-direct-investment (06.01.2019)

Halal meat segment. Exporters considers *Halal* meat as a risk for their existing market, because manufacturing *Halal* meat will reduce the *Non-Halal* meat demand and supply gap, and that will ultimately impact on revenues, losing customers and market share.

In the context of the current scenario it would be beneficial to develop the *Halal* meat sector thorough state support, for instance tax free zones or any other schemes and subsidies which could attract and help new entrant to invest in Latvia and explore opportunities in the EU market.

Outsourcing/Private labelling - One of the main setbacks of globalization is competition price and availability of alternate options, in this cut throat competition companies in the developed countries are outsourcing their services or product manufacturing to third world or developing countries to reduce direct/indirect cost. This method increases efficiency reduce prices and company's limited liability associated with the employees and country law, for instance many leading brands are working with the same strategy to gain maximum profitability and maintain brand image.

Increased use of private label products - Private labels are often produced by small and medium sized suppliers and used by retailers under their own brand names, usually at 20 to 30 percent lower prices.[86]

The practice is used by retailers to satisfy consumer demand by providing supplies at cheaper prices. In the processed food industry, the private labels and in this case, retailers themselves are considered to be competitors of established brands. The rise of private labels also has a clear impact on the functioning of value chains, changing relationships and potentially causing further rationalisation. In terms of prices, studies have shown that they potentially have the following effects:

- An increase (or no change) in consumer price of national brands;
- A decrease (or no change) in consumer price of private labels;
- A decrease or no change of average consumer price; and
- A decrease in advertising activity for national brands.[87]

[86]European commission enterprise and industry ECEI (2011) Study on the Competitiveness of the European Meat Processing Industry 261p (20.12.2018)
[87]Bontemps, C., Orozco, V., Réquillart, V. (2008). Private Labels, National Brands and Food Prices.*Review of Industrial Organisation, 33*(1), 1-22.

In the Latvian *Halal* segment scenario private label is a stimuli to maintain the demand and supply gap, once the vacuum is filled the market will automatically absorb the supply. The manufacturer's reluctance can be exploited with the private label manufacturing, *SKY* supermarket chain is selling *Halal* chicken manufactured by the *Groupe Doux* France, the price is much higher what it should be if manufactured in Latvia.

2.1. Food tourism

Local cuisines are regarded as an important source for creating competitive differentiation for a destination, as they provide a necessary cultural expression when other aspects of a destination are essentially generic in nature such as climate, buildings and shopping malls[88]. Studies on food tourism marketing predominantly focus on the destination's food image as a unique culinary asset and a building block in the promotion of tourism of those destinations[89].

Food tourism culturally impacts on the tourism for instance famous tourist destinations like, China, India, Thailand, Turkey and the Middle East region is not only famous not for the tourist destinations, but also for the local cuisine that equally promotes the country's culture and cuisine. The popularity of the food could be gauged from the fact that Chinese & Middle Eastern restaurants chains are flourishing in the EU and USA.

Food-based tourism has been referred to with different terms, including culinary tourism, gastronomic tourism and gourmet tourism. This classification is largely based on the tourist's level of interest in food when travelling. For instance, gourmet tourism, gastronomic tourism, and cuisine tourism are high interest food tourism typologies that are usually employed when the primary motive for travelling is food, i.e., visiting restaurants, wineries or markets. Moderate interest in food, which is termed culinary tourism, is not demarcated only to food and drink, but it extends to the overall tourist experiences that revolve around food as part of a wider range of other lifestyle activities. Low interest in food, which is referred to as rural/urban tourism, involves a tourist's participation in food-related activities merely to experience something different.

---

[88]Hjalanger, A.-M., Richards, G. (2002).Tourism and gastronomy. Abingdon. Routledge &-du Rand, G. E., & Heath, E. (2006).Towards a framework for food tourism as an element.

[89]-Boyne, S., Hall, D. (2004). Place promotion through food and tourism: Rural branding and the role of websites. *Place Branding*, 1(1), 80–92.

-Horng, J.S., Tsai, C.T.S. (2010). Government websites for promoting East Asian culinary tourism: A cross-national analysis. *Tourism Management*, 31(1), 74–85.

Lastly, no interest in food implies that a tourist engages in food-related activity only to meet basic survival needs. To categorize a tourist as travelling for food tourism, reasoned that he or she must possess the minimum threshold of maintaining a low interest in food. Because Muslim tourists are required by their faith to follow certain religious stipulations in their food consumption, all Muslims, to some extent, are culinary tourists[90]. This is the reason that product developments and marketing efforts designed for and directed toward Muslim tourists are distinct from other forms of tourism; they are based on Islamic values and teachings[91].

To develop an effective marketing strategy to promote culinary tourism, host destinations require a robust understanding of local culinary culture and proficiency to identify and make good use of the core resources of culinary tourism[92]. Culinary tourism resources are categorized into four different classes[93],[94]. First, the facilities category refers to the building and land use that is connected with food preparation, production, and distribution. Second, the activities category involves food consumption such as dining at restaurants, touring through food districts and educational opportunities such as cooking classes. Third, the events category, which is considered to be the most visible aspect of culinary tourism, includes food shows and food festivals. Lastly, the organizations category is comprised of those that serve culinary tourists and support the development of the culinary tourism market. This category includes restaurants, certification systems, quality assurance classification systems and culinary tourism associations. Destinations should base their culinary tourism marketing campaigns on their core culinary resources[95].

It has been noted that Muslims are becoming increasingly sensitive to consuming products and services that adhere to the Islamic teachings[96],[97]. Therefore, culinary

---

[90]Hall, C. M., Sharples, E. (2003). The consumption of experiences or the experience of consumption? An introduction to the tourism of taste. In C. M. Hall, E. Sharples, R.Mitchell, N. Macionis, & B. Cambourne (Eds.). Food tourism around the World: Development, management and markets (pp. 1–24). Oxford: Butterworth Heinemann.

[91]Mohsin, A., Ramli, N., Alkhulayfi, B. A. (2016). Halal tourism: Emerging opportunities. *Tourism Management Perspectives*, 19, 137–143.

[92]Horng, J.S., Tsai, C.T.S. (2010). Government websites for promoting East Asian culinary tourism: A cross-national analysis. *Tourism Management*, 31(1), 74–85.

[93]Ignatov, E., Smith, S. (2006). Segmenting Canadian culinary tourists. *Current Issues in Tourism*, 9(3), 235–255.

[94]Smith, S. L., Xiao, H. (2008). Culinary tourism supply chains: A preliminary examination. *Journal of Travel Research*, 46(3), 289–299.

[95]Horng, J. S., Tsai, C. T. S. (2012). Culinary tourism strategic development: An Asia Pacific perspective. *International Journal of Tourism Research*, 14(1), 40–55.

[96]Battour, M., Ismail, M. N., Battor, M. (2011). The impact of destination attributes on Muslim tourist's choice. *International Journal of Tourism Research*, 13(6), 527–540.

[97]Jafari, J., Scott, N. (2014). Muslim world and its tourisms. *Annals of Tourism Research*, 44, 1–19.

marketing strategies targeted at Muslim tourists need to incorporate the religious constrictions of their faith.

Muslim tourists regardless of the destination visiting are highly conscious to find Halal food for consumption especially in the EU, it is highly recommended to provide information on the website and social media, display Halal sticker on the premises, in order to attract customer. Majority of the customers are asking for the Halal certification for the served menu, this will be an additional measure to meet customer satisfaction.

2.2. *Halal* tourism

Muslims are encouraged by their religion to travel. Contrary to popular belief, travelling in Islam is not only confined to Hajj or Umrah, a pilgrimage to the sacred city of Muslims in Mecca, Saudi Arabia. Travelling has also been encouraged in Islam for fulfilling other purposes such as leisure, socialization, enhancement of well-being, knowledge seeking and learning and appreciating the magnificence of the creations of God[98],[99]. For Muslims, there are certain obligations stipulated by Islam to follow while travelling (or otherwise in their daily lives). For instance, in the context of food there is an unequivocal categorization between Haram (literally meaning non-permissible) and Halal (meaning permissible) food. Haram food products are prohibited for Muslims to consume and constitute items such as carrion, pork, alcohol and the meat of an animal not slaughtered in an Islamic way[100]. Halal is a term designated by Islam that encompasses all those products that are permissible, lawful and unexceptionable for Muslims to consume[101]. However, in Islam Halal (or Haram) is not only confined to dietary habits; this term has broader implications for Muslims to attain spiritual status by internalizing the complete way of life fostered by Islamic teachings.

The most significant aspect of travelling for Muslims is the availability of Halal cuisine[102]; however, most of Muslim travellers report difficulties in obtaining Halal food, especially in the non-Muslim countries[103]. Therefore, having food outlets with

---

[98]Oktadiana, H., Pearce, P. L., Chon, K. (2016). Muslim travelers' needs: What don't we know? *Tourism Management Perspectives*, 20, 124–130.
[99]Sanad, H. S., Kassem, A.M., Scott, N. (2010). Chapter 2 tourism and Islamic law. In N.Scott, & J. Jafari (Eds.). Tourism in the Muslim world (bridging tourism theory and practice, volume 2) (pp. 17–30). Emerald Group Publishing Limited.
[100]Yousaf, S. (2016). Promotion mix management: A consumer focused Islamic perspective. *Journal of Marketing Communications*, 22(2), 215–231.
[101]El-Gohary, H. (2016). Halal tourism, is it really halal? *Tourism Management Perspectives*,19, 124–130.
[102]Dinar standard (2012). Global Muslim lifestyle tourism market 2012: Landscape & consumer needs study. Retrieved from http://www.dinarstandard.com/travel-study/#top,Accessed date: 27 January 2017.
[103]Bon, M., & Hussain, M. (2010).Halal. In N. Scott, & J. Jafari (Eds.). Tourism in the Muslim world (pp. 47–59). Bingley: Emerald Group Publishing.

appropriate Halal affirmation that are conveniently identifiable is a sought-after choice of Muslim tourists. Of all the foods, meat is a subject of particular attention for Muslims. This is because Islamic teachings of meat slaughter vary significantly compared to the traditional way[104],[105]. The practice includes 'severing jugular veins, carotid arteries and windpipe by a razor-sharp blade in a single swipe' concurrently uttering the phrase Bismillah-Allahu-Akbar, which means in the name of Allah Almighty, draining all the blood from the animal carcass[106] .

Countries promoting tourism have successfully addressed the issue of Halal availability in restaurants. Belgium, France & Germany are the leading examples of promoting Halal food and tourism, as a result attracting highest number of tourists every year.

Although terms such as Islamic tourism and Halal tourism are used interchangeably by academicians and practitioners when referring to the Muslim travel market, several studies have made distinctions between them and prefer the use of the term Halal tourism to refer to the Muslim travel market[107],[108],[109]. The two concepts share the same basis of religious dimensionality by agreeing that all tourism related activities undertaken by Muslims in a state of travel should be in accordance with the Islamic teachings. However, Islamic tourism has confined travel motivation to be religious in nature and tourists to be largely interested in the Islamic culture of the host destination. Meanwhile, Halal tourism encompasses a wider range of tourism activities of Muslim tourists, as the travelling motivation may not be entirely religious and the destination could also be a non-Muslim country. For the purpose of this research, and its relevance to the tourism sector, we will discuss Muslim travel in the context of Halal tourism. Further, the discussion surrounding Halal tourism is focused on cuisine with peripheral references to other Halal tourism and hospitality services.

[104]Henderson, J.C. (2016a). Halal food, certification and halal tourism: Insights from Malaysia and Singapore. *Tourism Management Perspectives*, 19, 160–164.

[105]Henderson, J. C. (2016b). Muslim travellers, tourism industry responses and the case of Japan. *Tourism Recreation Research*, 41(3), 339–347.

[106]Harvey, R. (2010). Certification of halal meat in the UK. Cambridge: University of Cambridge.

[107]Battour, M., Ismail, M. N. (2016). Halal tourism: Concepts, practices, challenges and future. *Tourism Management Perspectives*, 19, 150–154.

[108]El-Gohary, H. (2016). Halal tourism, is it really halal? *Tourism Management Perspectives*,19, 124–130.

[109]Henderson, J. C. (2010). Sharia-compliant hotels. *Tourism and Hospitality Research*, 10(3),246–254.

Chapter 3: POSSIBILITIES FOR *HALAL* MEAT INDUSTRY DEVELOPMENT

For analysis of situation of production development – this time for Halal meat industry development author started with PESTEL analysis.

3.1 PESTEL Analysis

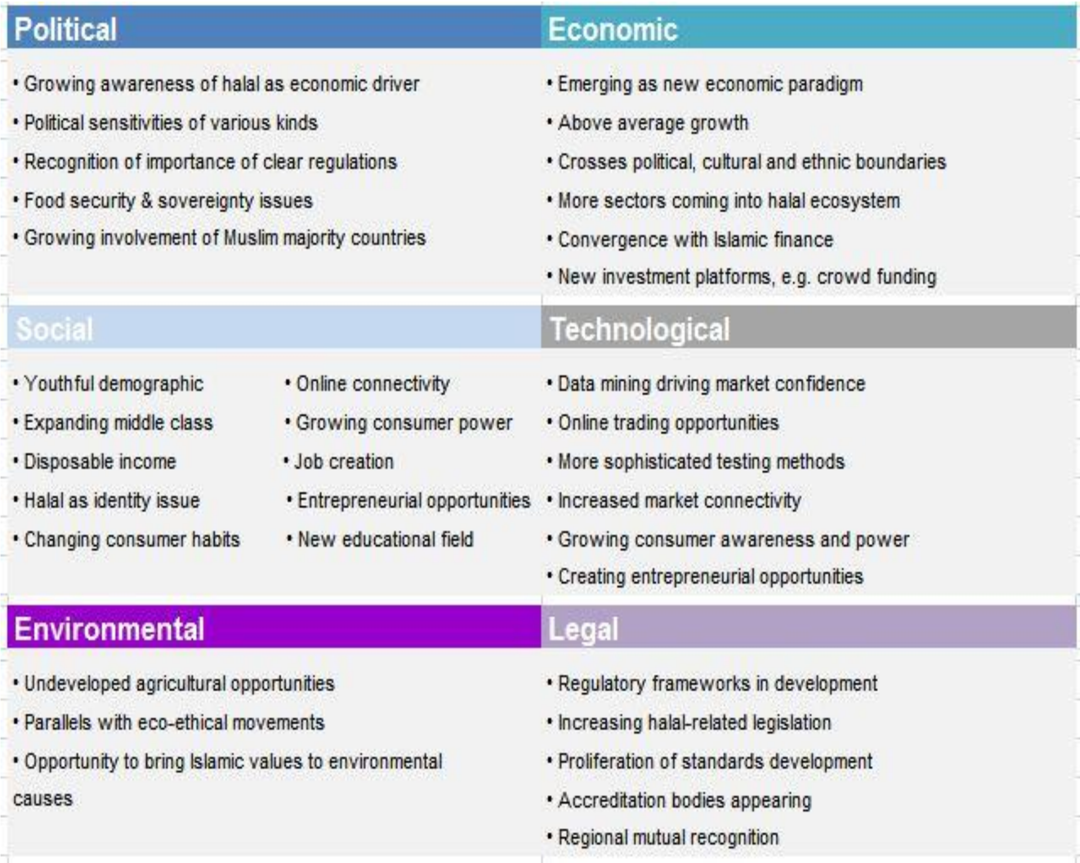

Figure 7: PESTEL analysis
Source: Constructed by the author, based on From Niche to mainstream; Halal goes global, available at (20.02.2019).

Many Muslim-majority countries are working on legal frameworks that will define *Halal* and its application in the market. Many of these are likely to be more comprehensive frameworks that are geared as much towards controlling the *Halal* integrity of imported products as demonstrating that Halal certification can play a role in opening new export markets. These new regulations are ushering in a new chapter in

Halal market development, and will be instrumental in promoting greater general awareness of *Halal*, as well as strengthening the regulations for trade.[110]

The new *Halal* standard being developed by the European Committee for Standardization (CEN) also puts *Halal* into the legal framework of the European Union and means it is less likely that individual member states will create their own national *Halal* standards; they will simply use the European standard.

The *Halal* code is defined by the Shariah and that is only acceptable to Muslims, and alteration/change in the code will lose the *Halal* status. EU food standards will not affect the Halal if it is contrary to the *Halal* code, the EU standard will only augment the credibility and quality of *Halal* meat that will be acceptable for the buyers and consumers.

However, there is also a noticeable move within Europe against unstunned slaughter. Denmark recently passed legislation to ban slaughter without stunning, affecting both kosher and *Halal* meat production. From a legal perspective, stunning continues to be a grey area in both secular and Shariah Law, and its use is still hotly debated from both sides of the argument.[111]

Contrary to Denmark, Poland and other EU states has already revoked the ban on *Halal* and *Kosher Meat*, accepting the diversity and providing equal opportunity to the religious followers to practice their ritual beliefs. The ritual slaughter has become a business which is an economy factor of revenue generation and industrial growth.

3.1.1 **Political factor influence**

Political parties targeting basic right of religious freedom and beliefs, considering practising religions to be a threat and misfit in the society, forceful integration steps are taken to follow practices in the respective country.

[110]International trade centre ITC (2015).From niche to mainstream; Halal goes global: 76 P available at http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Halal_Goes_Global-web(1).pdf (05.01.2019)

[111]International trade centre ITC (2015).From niche to mainstream; Halal goes global: 76 P available at http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Halal_Goes_Global-web(1).pdf (05.01.2019)

Consequently, Muslims are making their presence known both politically and socially, for example, through demanding better food labelling and traceability of food products[112].

As a basic human right an individual has a right to ask or know the contents of consumable especially for the rituals followers, it has been observed that hype is created only about *Halal* and *Kosher* consumers whereas the situation is quite different for the other groups. There are other consumer groups namely *Non-Halal/Kosher* consumers, Vegetarian and Vegan demanding food of the choice and cautious about the contents and traceability. The debate of food of choice has turned more to be a political issue, representing people of different religions seeking liberty of consumables that fits into their religious value on the basis of beliefs.

Any unforeseen political situation related to religion, trade or war may impact on the production of *Halal* meat in the countries exposed to the campaign against *Halal*. Boycott or any trade embargo/restrictions on *Halal* meat industry, sentiments (Religious and non-religious) may cause unprecedented political issues.

The Jewish Chronicle that the UK media is driven by an increasing 'fear of the alien', much as it had been a century earlier[113]. Research suggests similarly that in a number of European countries, notably the UK, media generated political discourse links the availability of *Halal* meat and methods of slaughter to wider concerns about migration and integration[114].

The main obstacle is adaptability of cultural and religious freedom, minorities are deprived of the basic rights and the said practice is quite common in the developed countries as well. Although countries have now tougher stance on discrimination and biasness on religious freedom but somehow they law have been compromised, interms of protection of identity, culture and border.

---

[112]Van Kleef, E., Houghton, J. R., Krystallis, A., Pfenning, U., Rowe, G., Van Dijk, H., Lans, I. A.V., Frewer, L.J. (2007). Consumer evaluation of food risk management quality in Europe. *Risk Analysis*, 27(6), 1565–1580.

[113]-Brummer A (2014) Media driven by fear of the alien. The Jewish Chronicle, 15 May.

[114] Bradley, D., Nganga, J., Marechal, A. (2015).Study on information to consumers on the stunning of animals. Final Report European Commission DG Health and Food Safety, European Commission DG SANCO.

3.1.2 **Economic factor influence**

Since the meat is consumed by every segment of society thousands of peoples are associated with the meat industry across the globe. Meat is the key component of food and is purchased repeatedly, and the demand is increasing constantly. Although meat prices have significantly increased due to certain economic and political factors all over the world, still meat remains the highly-sought commodity in the food group. The constant demand and trends reflects high tendency of growth in the meat sector and would benefit economies on a larger scale.

Countries like Australia, Brazil, India, and the USA, etc... Are heavily dependent on the revenue generated from the meat exports, the meat industry are growing rapidly due to advancement in lifestyle and technology. Apart of raw meat, finished products are in huge demand which is also a key factor of meat manufacturing and production.

3.1.3 **Social factor influence**

The *Halal* meat industry in EU is under continuous pressure from Animal rights organizations to adapt stunning method before slaughter to minimize the pain Animal may suffer, matter of fact is that stunning is not permissible under Islamic “shariah law” and it is the core issue dividing consumer’s people opinion on Animal rights and religion.

Awareness regarding health complications caused by meat will reduce the consumption and will be a shift force to alternative sources of protein. Potential threat for red meat consumption which might reduce consumption in the regions where awareness and literacy level is high (Developed countries).The growing influence to abstain from red meat consumption is not effective at the moment but it should be taken in to account.

In the coming period, mosques and religious schools took on greater significance and Muslims were reminded of their traditional values and practices more regularly. Muslim organisation increased significantly, and specific cultural norms and religious practices were more widely adhered to: ‘What emerged at the end of the 1970s was a patchwork of communities, each impressing its particular national, ethic, linguistic doctrinal character on the organisations it had created’[115].

[115]Ansari, H. (2009). The Infidel within: Muslims in Britain since 1800. London: Hurst & Company.

Animal welfare, and more specifically livestock production, have increasingly become issues of concern among key stakeholders, which include consumers, retailers, governments and animal welfare groups[116],[117].

Animal welfare is an emotional subject about which many individuals and groups have strong feelings. Consumers assess animal welfare in terms of the animals having natural lives and humane deaths, where slaughter is performed quickly and painlessly. Although some consumers may be concerned about the well-being of the animals, very often animal welfare is used as an indicator of other product attributes such as food safety, quality or healthiness[118] . Several aspects are analysed by researchers.

3.1.4 Technological factor influence

Cultured meat or lab grown meat is a technological advancement in meat production it is produced in a lab the meat is made by first taking a muscle sample from an animal. Technicians collect stem cells from the tissue, multiply them dramatically and allow them to differentiate into primitive fibres that then bulk up to form muscle tissue.

Given this trend, clean meat could become competitive with traditional meat within several years. Careful attention to texture and judicious supplementing with other ingredients could address taste concerns. To receive market approval, clean meat will have to be proved safe to eat. Although there is no reason to think that lab-produced meat would pose a health hazard, the FDA is only now beginning to consider how it should be regulated.

Meanwhile traditional meat producers are pushing back, arguing that the lab-generated products are not meat at all and should not be labelled as such, and surveys show that the public has only tepid interest in eating meat from labs. Despite these challenges, the clean meat companies are forging ahead. If they can

[116]Nocella, G., Hubbard, L., Scarpa, R. (2010). Farm animal welfare, consumer willingness to pay, and trust: Results of a cross-national survey. *Applied Economic Perspectives and Policy, 32*, 275–297.
[117]Vanhonacker, F., Verbeke, W., Poucke, E. V., Tuyttens, F.A.M. (2007). Segmentation based on consumers' perceived importance and attitude toward farm animal welfare. *International Journal of Sociology of Food and Agriculture,* 15, 84–100.
[118]Harper, G., Henson, S. (2001). *Consumer concerns about animal welfare and the impact on food choice – Final report*. Reading, MA: Centre for Food Economics Research, University of Reading.

succeed in creating authentic-tasting products that are also affordable, clean meat could make our daily eating habits more ethical and environmentally sustainable.[119]

The awareness of lab meat is still in on the initial level, since it is not a common commodity and mass production for availability in the markets will take years, it would be very premature to expect any outcome until the product is available in markets. Moreover depending on the lab meat will not bring any positive changes for years since the shift from meat to lab meat will be again a lengthy process.

The production of *Halal* meat, however, is not straightforward. The precise ritualistic requirements of the method of slaughter are contested even among some groups of Muslims. The different methods of slaughtering can have a considerable impact upon the process technologies that are employed[120],[121]. *Halal* (permissible) food may also become Haram (not permissible) if it comes into contact, or is contaminated, with *Non-Halal* food products[122].

The main issue which *Non-Halal* meat manufacturers' face for *Halal* meat production is the segregation of *Halal* meat from every *Non-Halal* content, avoiding contact of *Halal* meat and *Non-Halal* contents like blood and slaughter instruments. The process is very costly and time consuming since it requires cleaning and break in production that makes *Halal* manufacturing less favourable for the organizations producing more *Non-Halal* meat. Manufacturing units dedicated to *Halal* meat are the successful business entity representing *Halal* certification which also maintains brand image and customer trust on products.

3.1.5 **Legal factor influence**

Animal welfare, among both housed and grazed animals, is a major issue for farmers and the public. The EU has a number of animal welfare laws and codes, enforced by national authorities. The June 2003 CAP reform includes the linking

[119]Lab-Grown meat available at https://www.scientificamerican.com/article/lab-grown-meat/
[120]Rahman, M., Shaarani, S. (2012). Study on the effectiveness of Halal certification in slaughtering house around kotakinabalu, sabah. Proceedings in International Conference on Food Science and Nutrition, 895–918. Retrieved from http://www.researchgate.net/profile/Mohd_Abdul_Rahman/publication/235338157_Study_on_the_Effectiveness_of_Halal_Certification_in_Slaughtering_House_around_Kota_Kinabalu_Sabah/links/00b7d51467c795a4eb000000.pdf
[121]Wood, J. (2012). Food manufacture. available at http://www.foodmanufacture.co.uk/Regulation/Halal-chicken-sold-at-KFC-may-not-be-real-halal (21.02.2019)
[122]Riaz, M., Chaudry, M. (2003).Halal food production. London: CRC Press.

payment of EU direct aids to farmers to their performance in meeting animal welfare goals.

The EU is responding in other ways to calls from civil society and the European Parliament for animal welfare to be given priority. For example export refunds paid on live cattle are to be scaled down. A new regulation significantly reduces the number of cases where such subsidies can be claimed. The aim is to discourage unnecessary transport of live animals over long distances, in the interests of welfare. Tighter rules on veterinary controls in third countries to ensure that welfare standards are respected, including sanctions for non-compliance, will follow.[123]

Some countries have been compromising on compliance and legal procedure associated with the slaughter, importers has made the process, standard and quality control stricter. Consumer awareness has also improved the quality standards, for instance developed countries has the high a ratio of consumer awareness that also add legal barriers, which on the other hand is supporting the international food quality. The legal barriers are increasing awareness among the breeders and importers; this will be an effective tool to gauge country's contribution towards Animal welfare categorically.

3.2 Porter's Analysis (Industry Analysis)

Factors influencing industry development introduced by Porter and called as Porter' s analysis is included in figure 8.

[123]European Commission Directorate-General for Agriculture (2004) The meat sector in the EU 20P available at https://ec.europa.eu/agriculture/publi/fact/meat/2004_en.pdf(11-02-2019)

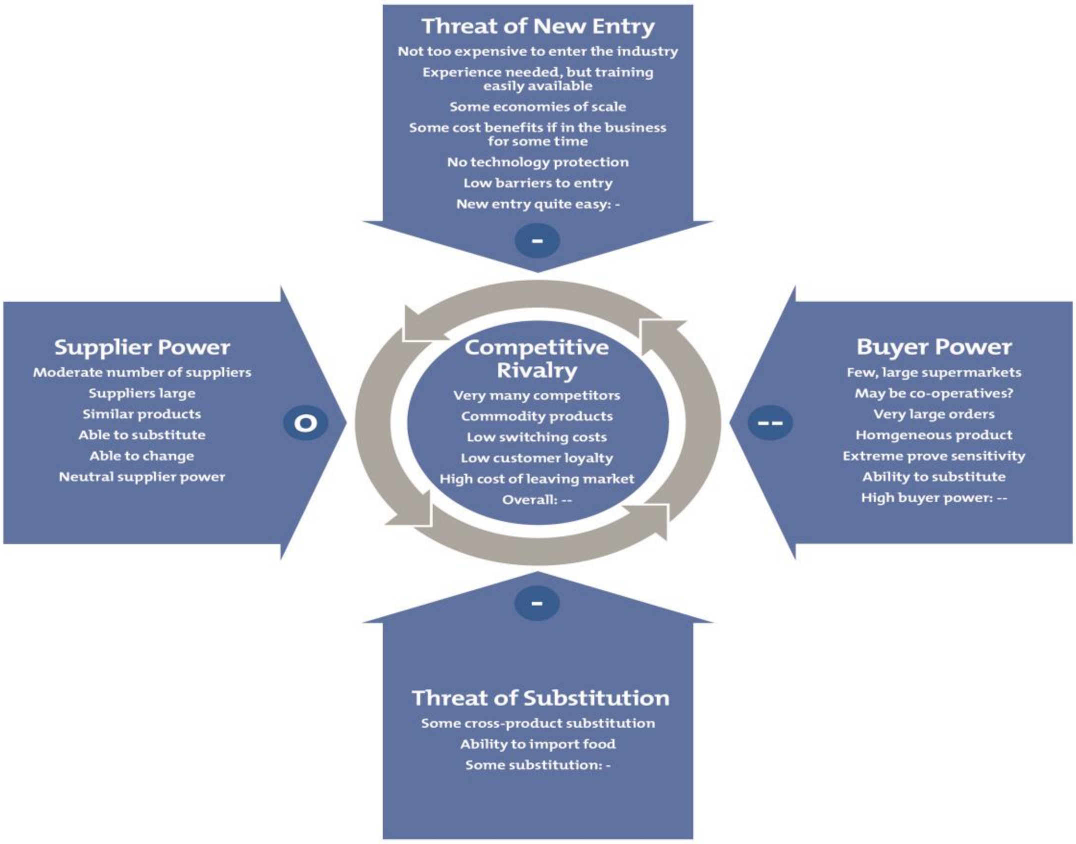

Figure 8. **Porter's Industry analysis**
Source: Made by the author, based on Mindtools.com available at https://www.mindtools.com/pages/article/newTMC_08.htm (30.10.2018)

Porter' s Industry analysis provides in-depth review of the market situation by different sides influencing industry development.

3.2.1 Threat of new entrants

Threat of new entrants is high as the market is presumed witness high demand from the end-use industries/individuals. Favourable government regulations and policies overlooking meat manufacturing for domestic as well as industrial usage are presumed to attract new entrants into the industry. Developing regions offer ample growth opportunities for industry participants.

The industry is characterized by numerous industry participants resulting in high competition. Threat of new entrants is projected to further increase the industry rivalry over the forecast period. Developing regions are presumed to offer ample market growth and development opportunities to the industry participants. Existing *Non-Halal* manufactures are the major threat if they shift or start *Halal* manufacturing. Government regulations and policies favouring manufacturing and export for both domestic and industrial purposes are presumed to positively impact the market. Overall, the meat industry rivalry is on the higher side.

3.2.2 Industry rivalry

Meat, being imperative for various products across a number of industries, has a low threat of substitutes. However, there is a high chance for intra-industry substitutes. Different meat competes for products across different industries owing to the characteristics and advantages.

3.2.3 Threat of substitutes

The raw material suppliers for meat are numerous in number. There is a low threat for backward integration by end-use industries which is presumed to increase supplier power. Raw material price volatility results in a supply-demand imbalance in the market.As the raw materials for meat products are generic in nature, suppliers have a wide market other than meat. Such a market scenario results in high supplier power. However, low cost of switching for the buyers is anticipated to reduce supplier power to some extent. Overall, supplier power is medium.

3.2.4 Supplier power

There are a large number of buyers in the meat industry owing to numerous products across a wide range of industries. The threat of backward integration is low but the value chain depicts high forward integration. The cost of switching for the buyers is low due to the presence of a large number of suppliers. However, raw material price volatility results in lower buyer Power. Overall, the market is presumed to witness medium buyer power in the near future.

***Halal* Meat opportunities -** The increasing demand of *Halal* food market in last decade has opened a new horizon of opportunity. Food is a basic necessity that forms the basic of life for all people in the world. The *Halal* food market in the world is much greater than the markets of China, India, Japan and the United States.

Similarly like other developing countries of EU, Latvia has competitive advantage, economic factors, infrastructure and strategic locations in the EU. Since most of the EU states are directly or indirectly involved in *Halal* meat manufacturing, there are ample opportunities of exports to meet the demand of EU market .In order to support the *Halal* meat industry laws have been introduced and adopted in EU states to encourage Halal meat manufacturing and exports.

Latvia is an independent and self-sufficient manufacturer of meat and poultry in the *Non-Halal* segment. And the presence of manufacturing companies could be traced before its independence. There are over 20 companies exporting and supplying Non-*Halal* meat products to the Baltic States and the EU.

Lithuania and Poland's meat industry is the practical example of *Halal* meat industry development to follow, country's friendly policy for the investors and FDI resulting the presence of over 500 manufacturing and export facilities of *Halal* meat and products. Investors from the developed countries like Germany, Ireland, Turkey and UK have opened state of the art manufacturing units in Poland due to cheap labour cost and subsidies provided by the Government. Poland is the regional hub for livestock, chicken, meat and meat products. The goods are being supplied to local market, Baltic states and EU states, recently Poland has entered the Middle East market by withdrawing the controversial bill of Animal slaughter to capture the market share, Even though Denmark holds a huge market share in the Middle East market, but the growing *Halal* market is attracting more EU states for *Halal* meat exports to the potential and Middle East markets.

Key market players of Meat/Poultry manufacturing (*Non-Halal* segment) in Latvia in 2019:

1. Daugavpils Meat factory
2. Kekava
3. Enhars
4. Forevers,
5. Galsaimnieks
6. HK Scan
7. Jelgava Meat processing
8. Kurzemes
9. Leilzeltini
10. Marno
11. Nakotne
12. Rezekne, Meat factory
13. Kurzemes Meat factory

14. Cesu Meat factory

15. Aibi

Source: Constructed by the author, based on meat manufacturers in Latvia available at https://www.europages.co.uk/companies/Latvia/Manufacturer%20producer/meats.html(03.02.2019)

There are very few certified *Halal* meat manufacturers and exporter in Latvia, only one manufacturer *SIA NOVABALTIC* is supplying Halal meat to *PROMO Cash &Carry* the biggest retail store in Latvia.

Lack of infrastructure and thin Muslim population in Latvia are the main reason of lack of interest of key market players to enter into *Halal* meat manufacturing. Threat of losing business of current *Non-Halal* segment for which they have pre-orders ,for instance *Forevers* Latvia is a *Non-Halal* meat manufacturing company unable to fulfil market demand and expanding the production facility, the situation is similar for the other key market players which are overloaded with the domestic and export orders. Therefore based on the practical the organizations do not consider option of *Halal* meat manufacturing which may ultimately affect performance and threat of losing existing business.

An example of a country in which the meat processing sector developed dynamically within the last decade on an international scale is Brazil. The main factor determining such dynamic development was policy implemented by the Brazilian companies as regards takeovers and mergers. It was based on a rather inexpensive acquisition of fixed assets, which in a longer timeframe allowed for achievement of economy of scale (e.g. in the field of international marketing), but also to broaden the productive offer and gain access to new prospective markets. The activities of the Brazilian companies were implemented with the support of the government[124].Taking up such attempts, with the support of the governments, on the European market could help the integration process and increase the competitiveness of meat processing companies. But given the complicated legislative process and under capitalization, this would have been a rather time-consuming procedure. Despite the slow pace of the process and still high production fragmentation, the European meat processing sector in the last decade saw some consolidation actions, though.

[124]Wiedenhofer, H. (2012). *Mięsodużejwagi, Raport natemat strukturyi dynamiki europejskiego przemysłumięsnego*. Projekt realizowanyprzy finansowy mwsparciu Komisji Europejskiej, EFFAT, pp. 1-36.

There are many certified livestock suppliers with the facility of slaughter houses, providing choice of selecting the desired Animal from the available livestock; the only hurdle is non-availability of Muslim personnel for *Halal* slaughter. In Riga's Muslim community its quite common that few Muslims collectively buy sheep/Cow for slaughter from the livestock suppliers and perform slaughter themselves in the slaughter house facility. The remaining process like removal of skin, head, custom cutting and packing is done by the slaughter house.

Livestock providers & Slaughter house **- w**hile the doing the research it has been observed that majority of the Slaughter houses in Latvia has livestock supplies of their own, some of them are *Halal* certified and facilitate to slaughter as per rituals, and the remaining process is done by them as per customer requirement. The obstacle is lack of marketing and orders which restricts them to work only for the *Non-Halal* segment.

From the marketing aspect Latvian meat sector does not have the representation in other countries, so the demand could increase for exports a factor to consider for industry development. Very few exporters from Scandinavians are sourcing Latvian *Halal* meat, but still the demand is not enough to run the production regularly, and this is the demotivation factor for the manufacturer(s).The primary task is to bring Latvian manufacturers to compete with the Baltic States and Poland, and that is only possible with the marketing push strategy. There is also an option that to create a *Halal* control authority/ body under the state patronage which has representation in EU, this step could eventually provide an identity and recognition to the Latvian *Halal* meat manufacturers. Moreover it's quite common to find *Halal* meat suppliers from the website of *Halal* certification bodies in EU, this will also increases the chance of exposure to export markets.

Current situation of *Halal* meat is that group of people purchase and slaughter livestock collectively; this is the cheapest and the most convenient way to get *Halal* meat without any doubt and suspicion. The other option is to purchase *Halal* meat from the grey market, as some individuals are doing the same process and selling to the Muslim community for cheap price.

There are two major suppliers of *Halal* processed and ready to make products in Latvia *SIA Jassine & SIA Livestock Expert* supplying *Halal* products mainly to the Kebab shops. The product line is limited of which major share accounts for the Chicken products, since beef and lamb price is already high in the *Non-Halal* category which is easily available. The price for the *Halal* beef and lamb automatically rise due to slaughter requirement and less order quantity that forces customers to switch for cheap *Halal* Chicken.

The Latvian *Halal* consumption and manufacturing estimates that the domestic market has a very weak demand which is not feasible for Manufacturers to consider mass production specifically for the local market. The only solution is manufacturing for exports which could be a force to cater domestic market, it may keep both end growing and further development of industry. The weak domestic demand pattern will continue due to the high immigration ratio to the developed countries of EU from Latvia, Transportation and logistics cost is a factor of price increase which will shift to supplier and consumer. For long-term turnkey project is the best option to benefit from the exports to developed countries of EU.

in this context the manufacturing and export module of Poland *Halal* supplier must be taken into account. Poland is the regional hub for the *Halal* manufacturing in EU the country has attracted largest number of FDI from the EU&UK based manufacturers due to favourable business environment and tax policies.

3.3 Prospects for Halal meat production and consumption

Author has conducted survey of members of Muslim community in Latvia for meat consumption. Main results of survey on question how often meat is purchased is included in table 6.

Table 6. **Distribution of responses on question "How often do you buy meat?"**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Once a month	4	5.2	5.8	5.8
	Twice a month	6	7.8	8.7	14.5
	Every week	41	53.2	59.4	73.9
	Sometimes	16	20.8	23.2	97.1
	Never	2	2.6	2.9	100.0
	Total	69	89.6	100.0	
Missing	0	8	10.4		
Total		77	100.0		

Source: Results of the survey conducted by author in 2019

Survey data indicate that most of respondents (53,3%) buy meat every week. Main results of survey on question how often meat is purchased is included in table 7.

Table 7. **Distribution of responses on question "With whom do you live?"**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I live alone	17	22.1	25.0	25.0
	With a friend	36	46.8	52.9	77.9
	Family with____ members	15	19.5	22.1	100.0
	Total	68	88.3	100.0	
Missing	0	9	11.7		
Total		77	100.0		

Source: Results of the survey conducted by author in 2019

Survey data indicate that most of respondents (46,8%) live with friend. Main results of survey on question how often meat is purchased is included in table 8.

Table 8. **Distribution of responses on question "Approximately, what amount of meat do you buy every month for your house-hold?"**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1 to 5kg	39	50.6	57.4	57.4
	6 to 10kg	22	28.6	32.4	89.7
	More than 10kg	7	9.1	10.3	100.0
	Total	68	88.3	100.0	
Missing	0	9	11.7		
Total		77	100.0		

Source: Results of the survey conducted by author in 2019

Survey data indicate that most of respondents (57,4%) every month bue 1-5 kg of meat for their household production. Main results of survey on question how often meat is purchased is included in table 9.

Table 9. **Distribution of responses on question "What kind of meat do you prefer to buy?"**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BeefÂ	15	19.5	22.1	22.1
	Chicken	43	55.8	63.2	85.3
	Goat/Lamb	10	13.0	14.7	100.0
	Total	68	88.3	100.0	
Missing	0	9	11.7		
Total		77	100.0		

Source: Results of the survey conducted by author in 2019

Survey data indicate that most of respondents (55,8%) prefer to buy chicken. Main results of survey on correlation analysis are included in table 10.

Table 10. **Results of correlation analysis**

		How often do you buy meat	With whom do you live?	Approximately, what amount of meat do you buy every month for your house-hold?	What kind of meat do you prefer to buy?
How often do you buy meat	Pearson Correlation	1	-.049	-.003	.072
	Sig. (2-tailed)		.691	.979	.562
	N	69	68	68	68
With whom do you live?	Pearson Correlation	-.049	1	.406**	.106
	Sig. (2-tailed)	.691		.001	.394
	N	68	68	67	67
Approximately, what amount of meat do you buy every month for your house-hold?	Pearson Correlation	-.003	.406**	1	.205
	Sig. (2-tailed)	.979	.001		.094
	N	68	67	68	68
What kind of meat do you prefer to buy?	Pearson Correlation	.072	.106	.205	1
	Sig. (2-tailed)	.562	.394	.094	
	N	68	67	68	68

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Results of the survey conducted by author in 2019

Results of correlation analysis indicate that statistically significant correlation is between “With whom do you live?” and “approximately, what amount of meat do you buy every month for your house-hold?” with significance level 0,01.

CONCLUSIONS

In general the main findings are as follows:

1. Steps Barriers in development of *Halal* meat industry due to the existing established setup of *Non-Halal* meat manufacturers.
2. Lack of local substantial *Halal* meat demand in Latvia that is feasible for operating a production facility.
3. Scope of *Halal* meat exports is higher than domestic consumption.
4. *Halal* market has growth prospective and need of participants in the industry.
5. Survey data indicate that most of Muslim community in Latvia respondents (53,3%) buy meat every week
6. Survey data indicate that most of Muslim community in Latvia respondents (46,8%) live with friend.
7. Survey data indicate that most of Muslim community in Latvia respondents (57,4%) every month buy 1-5 kg of meat for their household production.
8. Survey data indicate that most of Muslim community in Latvia respondents (55,8%) prefer to buy chicken.
9. Meat production companies in Latvia are not interested to specialise on *Halal* meat production.

SUGGESTIONS

LIAA Investment and Development Agency of Latvia (LIAA)

1. Establishment of Chamber of commerce or Trade authority for the development *Halal* segment development.
2. Formation of *Halal* control authority in Latvia to assist and support *Halal* business in Latvia and importers.

3. Participation and representation of *Halal* products in the trade fairs and through trade missions abroad.
4. To hire industry experts for promotion of *Halal* industry in Latvia.

Ministry of Economics

5. Suggest making price strategy to compete with the manufacturers of Lithuania and Poland. This could potentially bring Latvian exporters into the mainstream competition and increase demand for Latvian meat in the EU.
6. Steps to improve resource base of livestock by farming and cattle breeding programs.
7. Establishment of tax free zones for a specific time period to Attract FDI.
8. Promoting industry through *Halal* through food tourism
9. Encourage investors to enter *Halal* food segment through grants, loan and subsidies.
10. The current market is scattered and split into Farmers and Slaughter house(s). Identify measures to gather resource base under one umbrella
11. Subsidies on cattle feed to achieve cost advantage.
12. The need of time is industry development through Government support; this is the only key factor which might attract potential investors. Since the local manufacturers are occupied with the current markets it's a major problem to switch from *Non-Halal* to *Halal* meat. Establishing business on SME'S scale is beneficial to at this moment for minimum risk situation.

Suggestions for further research

This research will be guideline for the prospective individuals and organizations to understand the market trends and especially the *Halal* meat segment in the EU. Researcher may find ample data in general as this research has limitations, and will is more focused on development of an industry in Latvia. The results from the expert interviews will not be a restriction to carry further research on the same topic, and will be helpful to identify if any advancement has been made, which could lead to further addition on research and the industry development.

With the trend of *Halal* meat and food in the global market, countries with Muslim minority are embracing this industry as alternative revenue. Developed countries such as Australia, Japan and United Kingdom enhance the *Halal* meat and food industry as alternative revenue other than electronic and automotive manufacture. They assume that *Halal* meat and food segment is a catalyst in developing other potential sectors who receive negative effect from economic turmoil.

With Muslim population less than 5% in developed countries, Halal meat and food is growing very fast. These three developing countries Australia, Japan and United Kingdom put Organization Islamic Committee (OIC) and ASEAN countries as *Halal* meat and food export target. Most source of *Halal* meat and food in developed and developing countries are focus on self-production. Countries such as Japan, Australia, UK and Thailand mostly applied commercial farm in their supply chain management while most farms in Indonesia and Malaysia are using small scale.

The awareness of consuming *Halal* meat and food is not only come from Muslim but also non-Muslim because they think it is safer to purchase Halal meat and products. Besides that, focus on shelf life and freshness needed for food. That is the reason *Halal* meat and food industry is very attractive. Therefore, it is important to promote *Halal* meat and food as being safety-compliant since they undergo one of the safest methods of production. Likewise, more research work should be conducted to fill the gaps of *Halal* market development beside those six mentioned countries. The high demand of *Halal* meat and food should provide benefit for consumers in terms of giving a safer product and obligatory for Muslim to consume *Halal* meat and food.

BIBLIOGRAPHY

1. Ali, A., Xiaoling, G., Sherwani, M., Ali, A. (2017). Factors affecting Halal meat purchase intention-evidence from international Muslim students in China. *British Food Journal*, 119 (3), 527–541.

2. Ansari, H. (2009). The Infidel within: Muslims in Britain since 1800. London: Hurst & Company.

3. Araujo, B., Bogliacino, F., Vivarelli, M. (2009). The role of skill enhancing trade in Brazil: some evidence from microdata, IZA discussion paper 4213. Institute for the Study of Labor. (IZA).

4. Azariadis, C., Drazen, A. (1990). Threshold externalities in economic development. *Quarterly Journal of Economics*, 105, 501–526.

5. Balassa, B.(1978). Exports and economic growth. *Journal of Development Economics*, 5, 181–189.

6. Balbanis, G.,M. Theodosius, Katiskea, E.S. (2004). Guest Editorial: Export Marketing:Developments and a Research Agenda, *International Marketing Review*,21(4/5), 353-377.

7. Battour, M., Ismail, M. N., Battor, M. (2011). The impact of destination attributes on Muslim tourist's choice. *International Journal of Tourism Research*, 13(6), 527–540.

8. Battour, M., Ismail, M. N. (2016). Halal tourism: Concepts, practises, challenges and future. *Tourism*
9. *Management Perspectives*, 19, 150–154.

10. Bergeaud-Blackler, F., 2004. In: Harvey, M., McMeekin, A., Warde, A. (Eds.), Social Definitions of Halal Quality: The Case of Maghrebi Muslims in France, in Qualities of Food. Manchester University Press.

11. Bon, M., & Hussain, M. (2010). Halal. In N. Scott, & J. Jafari (Eds.). Tourism in the Muslim world (pp. 47–59). Bingley: Emerald Group Publishing.

12. Bonne, K., Verbeke, W. (2007).. Religious values informing halal meat production and the control and delivery of halal credence quality. *Agriculture and Human Values*, 25, 35-47.

13. Bonne, K., Verbeke, W. (2006). Values informing halal meat production and the delivery of halal credence quality. *Agriculture and Human Values*, 25(1), 35–47.

14. Bontemps, C., Orozco, V., Réquillart, V. (2008).Private Labels, National Brands and Food Prices.*Review of Industrial Organisation, 33*(1), 1-22.

15. Boyne, S., Hall, D. (2004). Place promotion through food and tourism: Rural branding and the role of websites. *Place Branding*, 1(1), 80–92.

16. Bradley, D., Nganga, J., Marechal, A. (2015).Study on information to consumers on the stunning of animals. Final Report European Commission DG Health and Food Safety, European Commission DG SANCO.

17. Brummer, A (2014) Media driven by fear of the alien. The Jewish Chronicle, 15 May.

18. Burton, R. J. F. (2004). Reconceptualising the behavioural approach in agricultural studies: A socio-psychological perspective. *Journal of Rural Studies*, 20(3), 359–371.

19. Campbell, H., Murcott, & A., MacKenzie, A. (2011). Kosher in New York City, Halal in Aquitaine: challenging the relationship between neoliberalism and food auditing. *Agriculture and Human Values*, 28, 67-79.

20. Court of Justice of the European Union, PRESS RELEASE No 136/18 Luxembourg, 20.09. 2018,Advocate General’s Opinion in Case C-497/17 OEuvred' assistance aux bêtes d'abattoirs (OABA) v Ministre de l'Agriculture et de l'Alimentation, Bionoor, Ecocert France, Institut national de l'origine et de la qualité (INAO)

21. Crespo- Cuaresma, J., Wörz, J. (2005). On export composition and growth. *Weltwirtschaftliche Archives*, 141, 33–49.

22. Dinar standard (2012). Global Muslim lifestyle tourism market 2012: Landscape &consumer needs study. Retrieved from http://www.dinarstandard.com/travel-study/#top,Accessed date: 27 January 2017.

23. Edwards, S. (1993). Openness, trade liberalization, and growth in developing countries. *Journal of Economic Literature*, 31, 1358–1393.

24. El-Gohary, H. (2016). Halal tourism, is it really halal? *Tourism Management Perspectives*,19, 124–130.

25. Emery, R.F. (1967).The relation of exports and economic growth. *Kyklos*, 20, 470–486.

26. EU, (1993). The COUNCIL DIRECTIVE 93/119/EC of 22 December 1993 on the Protection of Animals at the Time of Slaughter or Killing.

27. European Commission Directorate-General for Agriculture (2004) The meat sector in the EU 20P available at https://ec.europa.eu/agriculture/publi/fact/meat/2004_en.pdf

28. European commission enterprise and industry ECEI (2011) Study on the Competitiveness of the European Meat Processing Industry 261p (20.12.2018)

29. European Federation of Food, Agriculture, Tourism and Trade EFFAT (2011). Putting meat on the bones a report on the structure and dynamics of the European meat industry 39P, available athttp://www.meat-workers.org/sites/default/files/documents/EFFAT_PuttingMeatOnTheBones_EN.pdf(11-11-2018)

30. Europe’s growing Muslim population available at http://www.pewforum.org/2017/11/29/europes-growing-muslim-population/(24.10.2018)

31. Evers, N., Knight, J. (2008). Role of international trade shows in small firm internationalization: A network perspective. *International Marketing Review*, 25(5), 544–562.

32. Feder, G. (1983).On exports and economic growth. *Journal of Development Economics*, 12, 59–73.

33. Ferrari, S., Bottoni, R. (2010). Legislation Regarding Religious Slaughter in the EU Member, Candidate and Associated Countries, Dialrel Research Report, www.dialrel.eu.

34. Gopalakrishna, S., Lilien, G.L., Williams, J.D., Sequeira, I.K. (1995). Do trade shows pay off? *The Journal of Marketing*, 59(3), 75–83.

35. Greenaway, D., Morgan, W., Wright, P. (1999). Exports, export composition and growth. *Journal of International Trade and Economic Developmen*t, 8(1), 41–51.

36. Grossman, G.M., Helpman, E.(1991). Innovation and Growth in the Global Economy. The MIT Press, Cambridge.

37. Hall, C. M., Sharples, E. (2003). The consumption of experiences or the experience of consumption? An introduction to the tourism of taste. In C. M. Hall, E. Sharples, R. Mitchell, N.

Macionis, & B. Cambourne (Eds.). Food tourism around the World: Development, management and markets (pp. 1–24). Oxford: Butterworth Heinemann.

38. Hansen, K. (2004). Measuring performance at trade shows Scale development and validation. *Journal of Business Research*, 57, 1–13.

39. Harper, G., & Henson, S. (2001). *Consumer concerns about animal welfare and the impact on food choice – Final report*. Reading, MA: Centre for Food Economics Research, University of Reading.

40. Harvey, R. (2010). Certification of halal meat in the UK. Cambridge: University of Cambridge.

41. Henderson, J. C. (2010). Sharia-compliant hotels. *Tourism and Hospitality Research*, 10(3), 246–254.

42. Henderson, J.C. (2016a). Halal food, certification and halal tourism: Insights from Malaysia and Singapore. *Tourism Management Perspectives*, 19, 160–164.

43. Henderson, J.C. (2016b). Muslim travellers, tourism industry responses and the case of Japan. *Tourism Recreation Research*, 41(3), 339–347.

44. Hjalanger, A.-M., Richards, G. (2002).Tourism and gastronomy. Abingdon. Routledge&-du Rand, G. E., & Heath, E. (2006).Towards a framework for food tourism as an element.

45. Horng, J.S., Tsai, C.T.S. (2010). Government websites for promoting East Asian culinary tourism: A cross-national analysis. *Tourism Management*, 31(1), 74–85.

46. Horng, J. S., Tsai, C.T.S. (2012). Culinary tourism strategic development: An Asia Pacific perspective.
International Journal of Tourism Research, 14(1), 40–55.

47. Ignatov, E., Smith, S. (2006). Segmenting Canadian culinary tourists. *Current Issues in Tourism*, 9(3), 235–255.

48. International trade centre ITC (2015).From niche to mainstr*eam; Halal goes global:* 76 P available at
http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/Halal_Goes_Global-web(1).pdf (05.01.2019)

49. Ismail, R.M. (2015). Global Issues and Challenges for the Halal Food Industry. Paper presented on China (Ningxia) International Cooperation Forum on Halal Food Certification on September 2015. Available at:doi:10.13140/RG.2.1.3096.5842.

50. Jafari, J., Scott, N. (2014). Muslim world and its tourisms. *Annals of Tourism Research*, 44, 1–19.

51. Kalam, A. (2015).The Growth and Customer Demand of Halal Meat Industry in Finland: A Case Study of Hakaniemen Lihakauppa, ARCADA, 79 p.

52. Kaldor, N., 1960. Causes of Growth and Stagnation in the World Economy. Cambridge University Press.

53. Leonidou, L.C., Palihawadana, D., M.,(2011). National export-promotion programs as drivers of organizational resources and capabilities: effects on strategy, competitive advantage, and performance. *Journal of International Marketing*. 19(2), 1-29.

54. Luo, Y. (2000).Dynamic Capabilities in International Expansion, *Journal of World Business*, 35(4), 355-378.

55. Michaely, M.(1977).Exports and growth. *Journal of Development Economics*. 4, 49–53.

56. Mohsin, A., Ramli, N., Alkhulayfi, B.A. (2016). Halal tourism: Emerging opportunities. *Tourism Management Perspectives*, 19, 137–143.

57. Mookerjee, R. (2006). A meta-analysis of the export growth hypothesis.*Economic Letters*, 91, 395–401.

58. Nocella, G., Hubbard, L., Scarpa, R. (2010). Farm animal welfare, consumer willingness to pay, and trust: Results of a cross-national survey. *Applied Economic Perspectives and Policy, 32*, 275–297.

59. Oktadiana, H., Pearce, P.L., Chon, K. (2016). Muslim travelers' needs: What don't we know? *Tourism Management Perspectives*, 20, 124–130.

60. Per capita meat consumption forecast,available at https://www.statista.com/statistics/679528/per-capita-meat-consumption-european-union-eu/(09.01.2019)

61. ProChile.(2017). http://www.prochile.gob.cl/minisitio/concursos/ Accessed on February 9, 2017.

62. Radermacher, W. (2016).*The EU in the world*. Eurostat, Statistical Books, Belgium, pp. 141-142.

63. Rahman, M., Shaarani, S. (2012). Study on the effectiveness of Halal certification in slaughtering house around kotakinabalu, sabah. Proceedings in International Conference on Food Science and Nutrition, 895–918. Retrieved from http://www.researchgate.net/profile/Mohd_Abdul_Rahman/publication/235338157_Study_on_the_Effectiveness_of_Halal_Certification_in_Slaughtering_House_around_Kota_Kinabalu_Sabah/links/00b7d51467c795a4eb000000.pdf

64. Ram, R. (1985). Exports and economic growth: some additional evidence. *Economic Development and Culture Change*, 33, 415–425.

65. Rangasamy, L. (2009). Exports and economic growth: the case of South Africa. *Journal of International Development*, 21, 603–617.

66. Rasz, H. (2005). *Przemysłspożywczyprzedipointegracji Polski z Unią Europejską*. Kancelaria Sejmu, Biuro Studiówi Ekspertyz, Wydział Analiz Ekonomicznychi Społecznych, Informacja, No. 1124, pp. 1-8.

67. Razzaque, M.A., Chaudhry, S.N. (2013). Religiosity and Moslem Consumers' Decision-Making Process in A Non-Moslem Society. *Journal of Islamic Marketing*, 4(2), 198-217.

68. Riaz, M., Chaudry, M. (2003). Halal food production. London: CRC Press.

69. Sanad, H. S., Kassem, A. M., Scott, N. (2010). Chapter 2 tourism and Islamic law. In N.Scott, & J. Jafari (Eds.). Tourism in the Muslim world (bridging tourism theory and practice, volume 2) (pp. 17–30). Emerald Group Publishing Limited.

70. Seringhaus, F. H. R., Rosson, P. J. (1991). Export development and promotion: The role of public organizations. Boston, MA: Kluwer.

71. Seringhaus, F. H. R., Rosson, P. J. (1998). Management and performance of international trade fair exhibitors: Government stands vs. independent stands. *International Marketing Review*, 15(5), 398–412.

72. Seringhaus, F. R. (1989). Trade missions in exporting: State of the art. *Management International Review*, 29(2), 5–16.

73. Smith, S. L., Xiao, H. (2008). Culinary tourism supply chains: A preliminary examination. *Journal of Travel Research*, 46(3), 289–299.

74. Spence, M.M., Crick, D. (2001). An investigation into UK firms' use of trade missions. *Marketing Intelligence &Planning*, 19(7), 464–474.

75. Spence, M. M. (2003). Evaluating export promotion programmes: UK overseas trade missions and export performance. *Small Business Economics*, 20(1), 83–103.

76. Schwartz, S. J., Montgomery, M. J., Briones, E. (2006). The role of identity in acculturation among immigrant people: Theoretical propositions, empirical questions, and applied recommendations. *Human Development*, 49(1), 1–30.

77. Szirmai, A., Naudé, W., Alcorta, L. (2013). Introduction and overview: the past, present and future of industrialization. In: Szirmai, A., Naudé, W., Alcorta, L.(Eds.), Pathways to Industrialization in the Twenty-First Century: New Challenges and Emerging Paradigms. UNU-WIDER and Oxford University Press.

78. The meat sector in the EU 20p (2004) European Commission Directorate-General Editor: Eugene LEGUEN DE LACROIX, available at https://ec.europa.eu/agriculture/publi/fact/meat/2004_en.pdf

79. Thirlwall, A.P. (2000). Trade, trade liberalisation and economic growth: theory and evidence. African Development Bank, *Economic Research Papers*, 63, 1–30.

80. Tyler, W.G.(1981). Growth and export expansion in developing countries. *Journal of Development Economics*, 9, 121–130.

81. UNIDO(2013).Industrial Development Report 2013.Sustaining employment growth: the role of manufacturing and structural change. UNIDO, Vienna.

82. Valeska V. Geldres-Weiss, Monreal-Pérez , J. (2018). The Effect of Export Promotion Programs on Chilean Firms' Export Activity: A Longitudinal Study on Trade Shows and Trade Missions, *Journal of Promotion Management*, 24(5), 660-674.

83. Vanhonacker, F., Verbeke, W., Poucke, E. V., &Tuyttens, F. A. M. (2007). Segmentation based on consumers' perceived importance and attitude toward farm animal welfare. *International Journal of Sociology of Food and Agriculture*, 15, 84–100.

84. VanKleef, E., Houghton, J. R., Krystallis, A., Pfenning, U., Rowe, G., Van Dijk, H., Lans, I. A.V., Frewer, L.J. (2007). Consumer evaluation of food risk management quality in Europe. *Risk Analysis*, 27(6), 1565–1580.

85. Weiss, J.(2005). Export growth and industrial policy: lessons from the East Asian miracle experience, pp. 26.

86. Wiedenhofer, H. (2012). *Mięsodużejwagi, Raport natematstrukturyidynamikieuropejskiego przemysłumięsnego*. Projekt realizowanyprzy finansowymwsparciu Komisji Europejskiej, EFFAT, pp. 1-36.

87. Wilkinson, T.J., Brouthers, L.E. (2000b). Trade shows, trade missions and state governments: Increasing FDI and high-tech exports. *Journal of International Business Studies*, 31(4), 725–734.

88. Wilkinson, T. J., Brouthers, L. E. (2000a). An evaluation of state sponsored export promotion programs. *Journal of Business Research*, 47(3), 229–236.

89. Wilkinson, T. J., Brouthers, L. E. (2000b). Trade shows, trade missions and state governments: Increasing FDI and high-tech exports. *Journal of International Business Studies*, 31(4), 725–734.

90. Wilkinson, T., Brouthers, L.E. (2006). Trade promotion and SME export performance. *International Business Review*, 15(3), 233–252.

91. Wood, J. (2012). Food manufacture. available at http://www.foodmanufacture.co.uk/Regulation/Halal-chicken-sold-at-KFC-may-not-be-real-halal (21-02-2019)

92. Wortzel, H.V.,Wortzel, L.H. (1988). Globalizing Strategies for Multinationals from Developing Countries, *Columbia Journal of World Business*, 23,27-35

Internet Sources

1. Yousaf, S. (2016). Promotion mix management: A consumer focused Islamic perspective. *Journal of Marketing Communications*, 22(2), 215–231.

2. Constructed by the author, based on AlJazeera.com where does Halal meat come from? available at https://www.aljazeera.com/indepth/interactive/2017/11/171126063915359.html (22.01.2019)

3. Export strategy, Kemal Sucu (2017). *Your export strategy is incomplete without these 4 things available at* http://www.tradeready.ca/2017/topics/market-entry-strategies/your-export-strategy-is-incomplete-without-these-4-things/ (26.01.2019)

4. Government of Australia, Melbourne Victoria, Australia. Trade -Risk and challenges *available at* http://trade.vic.gov.au/for-exporters/get-export-ready/risk-and-challenges#(04-11-2018)

5. HFA, 2012. Halal Food Authority: Brief Guidelines for Halal Ovine. Bovine and Poultry Slaughter available at http://www.halalfoodauthority.co.uk/HFA%20Brief%20Guidlines%20for%20slaughtering.pdf.

6. Knap-Stefaniuk, A. (2010).*Polskabranżamięsna*.Cz. I, Analiz awybranyc hzagadnień. Retrieved from: http://www.wszpou.edu.pl/biuletyn/druk.php?p=&strona=biul_miesoknap ().

7. Lab-Grown meat available at https://www.scientificamerican.com/article/lab-grown-meat/

8. *Latvia has the fastest growing economy in the Baltics available at http://www.liaa.gov.lv/en/news/latvia-has-fastest-growing-economy-baltics(26.01.2019)*

9. Latvian Investment and Development Agency. Foreign Direct Investment in Latvia available athttp://www.liaa.gov.lv/en/invest-latvia/investor-business-guide/foreign-direct-investment (06.01.2019)

10. New Zealand Government, Trade & Enterprise, Risk of Exports *available at* https://www.nzte.govt.nz/common/risk-for-exporters (02-11-2018)

11. Pew Forum (2011)..The Future of the global Muslim population available at http://www.pewforum.org/2011/01/27/future-of-the-global-muslim-population-regional-europe/ (12.02.2019)

12. Thomson Reuters (2014). State of the global Islamic economy 2014-2015 report. Available at: www.zawya.com/ifg-publications/.

13. United States System, International Trade Centre - Export strategies for a small firm available at http://www.tradeforum.org/Export-Strategies-for-Small-Firms/ (26.01.2019)

14. World Atlas - Top 20 exporters of live cattle available at https://www.worldatlas.com/articles/top-20-exporters-of-live-cattle.html (retrieved on April 17, 2019)

Annexes

ANNEX N.1

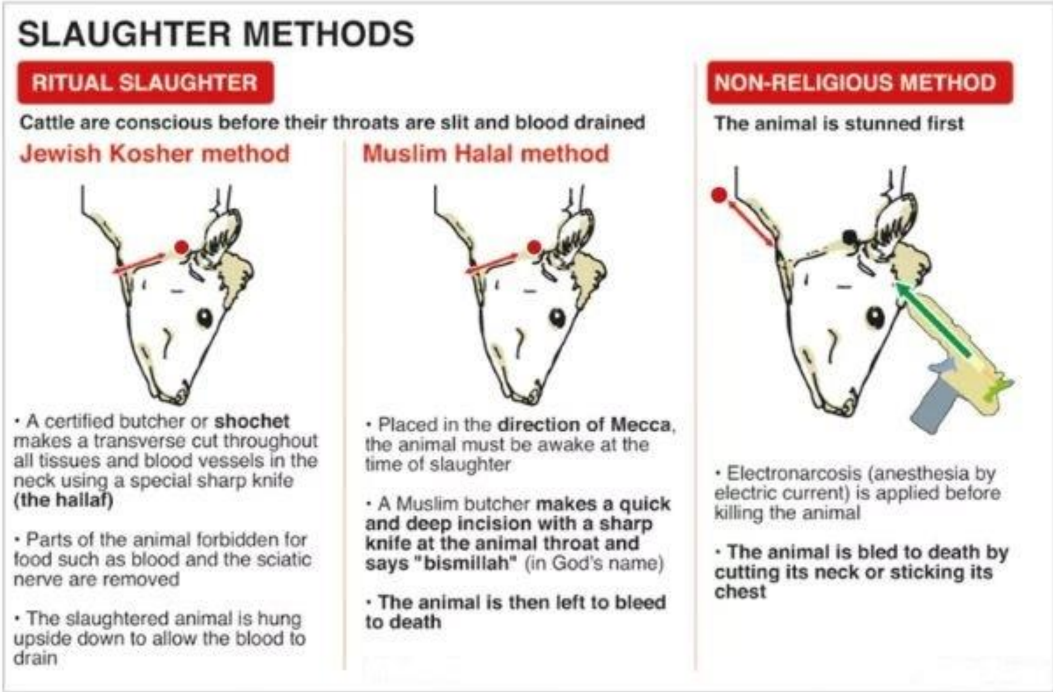

Figure 7:Ritual and Non-Religious methods
Source: Made by author, based on Regulating the sacred: why the US halal food industry needs better oversight available at https://theconversation.com/regulating-the-sacred-why-the-us-halal-food-industry-needs-better-oversight-34108 (26.10.2018)

ANNEX N.2

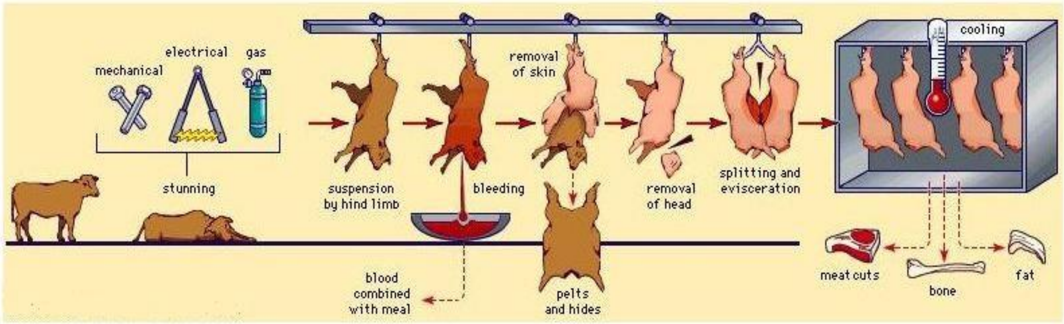

Figure 8: Slaughter Process.
Source: Made by author, based on Livestock slaughter procedure available athttps://www.britannica.com/technology/meat-processing/Livestock-slaughter-procedures/media/371756/179 (11.03.2019)

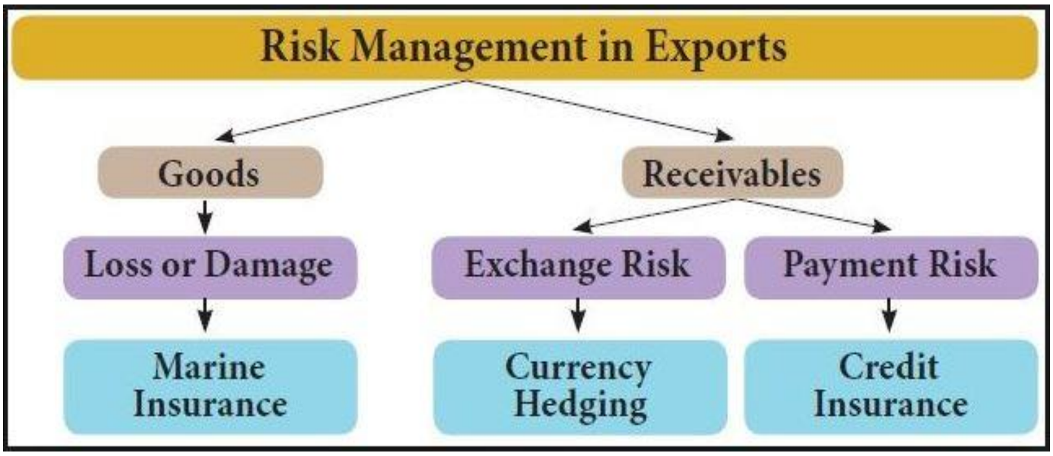

Figure 9:Risk Management in Exports.
Source: Made by author, based on Livestock slaughter procedure available at https://www.thedollarbusiness.com/magazine/export-credit-insurance-please-dont-brand-it-adams-sin/7150 *(23.05.2019)*

ANNEX N.4

Survey#1

Findings of survey with the Latvian manufacturers for Halal manufacturing

1. What is your approach regarding Halal meat manufacturing and exports?

SIA *Jassine*: Open to manufacture and exports from Latvia if demand arise, state patronage is required.

2. Do you think organizations current setup is operational for Halal meat manufacturing?

SIA *Jassine*: Company is associated with the trading business only. Sourcing products from Lithuania and Poland, for the Latvian market.

3. Halal meat industry is growing with higher demands across globe, are you ready to invest in new setup if your existing setup is not sufficient to run Non-Halal and Halal meat simultaneously?

SIA *Jassine*: The company deals only in *Halal* meat, and the current setup has enough capacity to cater Halal requirement in Latvia.

4. What are the main obstacles to start *Halal* meat manufacturing? How the Government may help in this regard.

SIA *Jassine*: Requirements that makes *Halal* manufacturing in Latvia is a bit complicated because of *Halal*, also lack of attention from the Government towards the Halal sector

5. Is it possible for the company to start Halal meat manufacturing with the help of State grants, partnership and subsidies?

SIA *Jassine*: For sure because the company is paying logistic cost to source products from Lithuania and Poland. This ultimately increase in the products price and shifts extra burden on company and consumers.

6. If entering into Halal meat segment which EU countries will be your target market for exports?

SIA *Jassine*: France and Germany with high population and demand.

7. Your organization is ready to provide manufacturing and processing service for private labels/organization?

SIA *Jassine*: Yes and it that also depends on the Order quantity.

8. Does the company has *Halal* certification?

SIA *Jassine*: Yes

9. Already manufacturing or exporting *Halal*?

SIA *Jassin*e: Yes but not from Latvia

10. Possibility of MOQ to proceed for *Halal* manufacturing?

SIA *Jassine*: Depends on the requirement and price.

Thank you!

ANNEX N.5

<u>Survey#2</u>

1. What is your approach regarding Halal meat manufacturing and exports?
2. Do you think organizations current setup is operational for Halal meat manufacturing?
3. Halal meat industry is growing with higher demands across globe, are you ready to invest in new setup if your current setup is not sufficient to run Non-Halal and Halal meat simultaneously?
4. What are the main obstacles to start Halal meat manufacturing? How the Government may help in this regard.
5. Is it possible for the company to start *Halal* meat manufacturing with the help of State grants, partnership and subsidies?
6. If entering into *Halal* meat segment which EU countries will be your target market for exports?
7. Your organization is ready to provide manufacturing and processing service for private labels/organization?

<u>Forever's</u> **<u>Reply</u>**

- The particularity of our business is not aimed at the production of *Halal* products.
- Our production is loaded by 120% and there is no possibility in today's areas to increase the assortment.
- In the near future we do not consider exports, but to concentrate on the local market.
- Latvia has a poor resource base, there are no high-quality raw materials to produce *Halal* products.
- Here will arise the question of assistance from the government side in the form of subsidizing the industry.

ANNEX N.6

Survey#3

Hello:

You are invited to participate in our survey Halal meat manufacturing and exports from Latvia. In this survey, the aim is to identify the Halal meat buying pattern of Muslim community in Latvia. It will take approximately 5 minutes to complete the questionnaire. Your participation in this study is completely voluntary.

There are no foreseeable risks associated with this project. However, if you feel uncomfortable answering any questions, you can withdraw from the survey at any point. It is very important for us to learn your opinions.

Your survey responses will be strictly confidential and data from this research will be reported only in the aggregate. Your information will be coded and will remain confidential. If you have questions at any time about the survey or the procedures, you may contact Muhammad Adnan by e-mail atmadnanaq@gmail.com

Findings of survey with the Muslim community in Latvia

1.Do you prefer Halal meat?

a. No

b. Yes

2. If you answered question 1 "No", Is it because Halal meat is:

a. Expensive

b. Not available everywhere

c. I am not religious

d. All of the above

3. How often do you buy meat?

a. Once a month

b. Twice a month

c. Every week

d. Sometimes

e. Never

4. With whom do you live?

a. I live alone

b. With a friend

c. Family with ___ members

5. Approximately, what amount of meat do you buy every month for your household?

a. 1 to 5kg

b. 6-10kg

c. More than10 kg

6. What kind of meat do you prefer to buy?

a. Beef

b. Chicken

c. Goat/Lamb

7. Which of the following most important factor you consider when buying meat?

a. Price

b. Freshness

c. Special discounts

d. Other, please, specify____________________

Thank you!

ACKNOWLEDGMENTS

First and foremost, I would like express my gratitude to the supervisor of my research, Prof. Dr.oec. Birtua Sloka, who was giving helpful feedback during the working process, shared experience and her knowledge, and devoted lots of time in order to facilitate me to complete present research.

Secondly, I would like to express my gratitude to the Student Advisor, Mrs. Astra Zaļkalne, for her assistance from the beginning, her patience for the duration of the whole time and given valuable suggestions.

Thirdly, I would like thank my family and my friends for their support, pieces of advice, belief.

Lastly, I would like thank all other individuals who invested energy and time in order to take part in the interviews and answer all questions. Information I received during the conversations allowed me to collect all necessary data and answer the questions I am interested in.

Muhammad Adnan

University of Latvia, May 2018

Documentary page

The master`s thesis "Halal Meat Manufacturing and Exports from Latvia" is worked out at the faculty of Business, Management and Economics of University of Latvia in the professional MBA program "International Business".

With my signature I certify that the research is made by myself, the information sources shown in the work are truly represented and the electronic copy is corresponds to printed version.

Author: Muhammad Adnan ________________ ____27._05___.2019
(Name Surname) (*signature)* *(date)*

I recommend/ I do not recommend the work for the presentation
Supervisor: professor Dr.oec.Biruta Sloka________________ ____.____.2019
(acad. degree Name Surname (*signature)* *(date)*

Reviewer: Professor Dr.oec. Viesturs Pauls Karnups

The work is submitted at the Study Center on ____.____.2019

Person authorized by Dean: Astra Zalkalne _______________(*signature)*

Work is presented in the meeting of master`s final probation committee
__.___.2019. protocol N.___

Secretary of committee: ________________________________(*signature)*