The Islamic economy in Belgium: Evolution and perspectives

By Ihssane Bouhyaoui

Because of its multilingual and multucultural background, the Kingdom of Belgium has always been considered as a laboratory for various products. It is likely to be the case for Islamic products as well.

A survey by Association for the Development of Islamic Finance (ADEFI) points to a very strong interest from local Muslim consumers in Islamic finance products and services. The vast majority of the respondents interviewed have indicated their likelihood to take up such services if local banks were to begin offering them.

In Muslim countries, Muslim consumers consider that the majority of their products are Halal but with no real proof. Therefore, an attempt to establish Halal regulations is gaining interest. Generally, a government authority such as the Ministry of Religious Affairs, Mufti offices or the Standards Institute, will be the initiators of a Halal policy.

In Europe, with Brussels being the capital of Europe, many Halal certification institutions can be found but no standardization has been achieved yet. The Halal market in Europe represents approximately US$67 billion of turnover a year and Europe's Muslim population is estimated at 51.1 million, around 2.8% of its total population.

Review of 2015

Belgium is a strategic place for Halal development due to its proximity with European institutions. Based in Brussels, the Halal Food Council of Europe is a major Halal certification organization in Europe that is recognized by Malaysia, Indonesia, Singapore, the GCC countries, Iran and many other Muslim countries around the world. It is the Halal certifier of the Port of Zeebrugge in Belgium, one of the major seaports in the world that figures among the few existing Halal hubs.

According to the Flemish department of agriculture and fishing, the Halal market generates EUR1.7 billion (US$1.87 billion) per year. This segment is growing even faster than the organic market with a rising interest for 'quality Halal' or 'green Halal' (mainly meat) for Muslims that want to consume ethically.

In Wallonia, this market represents EUR620 million (US$682.08 million), as mentioned by the Wallonia Foreign Trade and Investment Agency. The Walloon region was a pioneer in this sector and as such created in 2011 the cluster 'Halal Club' that is now composed of more than 75 Belgian companies, with an impressive broad range of Halal products and services.

Islamic finance in Europe finds itself in a steady pattern of increase. In fact, different European countries have adapted their fiscal and legal policies to introduce some Islamic finance products on the market. Belgium represents a specific market, as stated by ADEFI and IFAAS (Islamic Finance Advisory and Assurances Services). These associations carried out a poll where Belgian consumers stated whether they were interested in Shariah compliant banking products or not. The study, based on a sample of 500 people, showed that 70% answered positively and showed interest in these types of products.

Preview of 2016

Islamic finance in Belgium needs to develop simultaneously on two lines: political and public initiatives. In November 2014, ISFIN



accompanied the Belgian Princely Economic Mission in Malaysia and Singapore and organized a seminar on Shariah compliant investment in Belgium. Another mission was successfully led in the GCC (the UAE and Qatar) in March 2015 with Princess Astrid of Belgium and ministers together with a delegation of 400 European CEOs. The next one is scheduled for March 2016, showing the growing interest of Belgium for Islamic markets.

There is clearly an initiative in Belgium to create a friendly environment for Islamic finance.

Major local economic actors like Febelfin and the Brussels Chamber of Commerce are organizing conferences with financial actors to clarify the needs and the regulatory framework for Islamic finance in the Kingdom.

With the University of Louvain, ISFIN created the first Islamic Finance University Certificate in the Benelux Union on the initiative of Laurent Marliere, the ISFIN CEO who lectures on marketing for Shariah compliant products in several universities.

Islamic finance is a key prospect in Belgium but has to be preceded by the development of the Halal industry in order to thrive. Belgium is exporting Halal-labeled products such as FMCG products, cosmetics, packaging, etc, allowing Belgium to be a credible stakeholder in this market.

Conclusion

With more than 700,000 Muslims in Belgium (6.25% of the Belgian population) and 1.6 billion worldwide, Halal exported goods are a key market segment for exporters. This market represents worldwide approximately US$600 billion (around 15% of the global volume of transactions of the world food industry according to Halal Expo Europe).

Islamic finance and the Halal industry have a significant opportunity to grow in Belgium in 2016. Public regulators and private initiatives have to join forces to shape, enhance and facilitate the Islamic market in Belgium. The legal and tax regime are inherently well suited to shelter Islamic finance transactions. Belgium with its central European position and a large retail opportunity could become a reference in the market of Islamic products in the near future.

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