THE 6TH INTERNATIONAL CONFERENCE OF ISLAMIC ECONOMICS AND FINANCIAL STUDIES (ICIEFs)
Received : October 5, 2025/ Revised: October 10, 2025/ Accepted : October 24,2025

ICIEFS PROCEEDING

http://proceedings.uinbukittinggi.ac.id/iciefs/

E-ISSN : 3047-7735

Economic Growth and The Stability of The Halal Industry in The Context of Halal Tourism in Southeast Asia

Rusyaida[1*], Farhani Rafifa[2], Azkiatul Arifa Marhamah[3], Ferdi Prayoga[4], Fadhila Husna[5]

[1]*UIN Bukittinggi Sjech M.Djamil Djambek Bukittinggi, Sumatera Barat, Indonesia*
[2]*Universitas Al-Azhar Cairo, Mesir*
[3]*Universitas Al-Azhar Cairo, Mesir*
[4]*UIN Bukittinggi Sjech M.Djamil Djambek Bukittinggi, Sumatera Barat, Indonesia*
[5]*UIN Bukittinggi Sjech M.Djamil Djambek Bukittinggi, Sumatera Barat, Indonesia*

**Coressponding: rusyaida1969@gmail.com*

Abstract. *This article examines the intricate relationship between economic growth and the stability of the halal industry, with particular emphasis on Islamic tourism in Southeast Asia. Focusing on key nations such as Malaysia, Indonesia, and Thailand, the study explores how halal tourism has emerged as a powerful catalyst for economic expansion. Employing a qualitative approach grounded in a comprehensive literature review, the paper investigates the driving forces, prevailing challenges, and pertinent policy implications. Findings reveal that halal certification, strategic investment in Muslim-friendly infrastructure, and integrated marketing strategies are pivotal in fostering a resilient and sustainable Islamic tourism ecosystem contributing significantly to regional Gross Domestic Product (GDP).*

Keywords: Halal Industry, Halal Tourism, Economic Growth, Stability, Southeast Asia

1. Introduction

The halal industry has evolved from a substantial market segment into a dynamic global economic sector, projected to reach trillions of dollars in value. Fueled by the rising global Muslim population and heightened awareness of halal lifestyles, this sector presents considerable opportunities particularly in Southeast Asia. Blessed with a vast Muslim demographic and a rich tapestry of tourist destinations, the region has emerged as a leading hub for Islamic tourism. Nevertheless, scholarly inquiry explicitly linking economic growth with the stability of the halal industry within the framework of Islamic tourism remains notably scarce (Kayla Revina Nurmaulidia et al., 2024).

Undoubtedly, tourism serves as a principal engine of global economic growth, exerting profound influence on GDP, employment generation, and foreign exchange earnings. Among its most compelling contemporary manifestations is the rise of Islamic Tourism often termed Halal Tourism which has captured global attention. This market is expanding rapidly, propelled by the burgeoning global Muslim population, improving economic conditions in Muslim-majority nations, and a growing demand for services and products aligned with Sharia principles.

Southeast Asia, endowed with distinctive demographic and geographic advantages, stands at the forefront of this trend. Home to a substantial Muslim populace particularly in Indonesia, Malaysia, and Brunei Darussalam the region actively positions itself as a premier destination for Muslim-friendly tourism (Fithriana & Kusuma, 2019).

Simultaneously, countries with significant Muslim minorities, such as Thailand, Singapore, and the Philippines, are increasingly cultivating halal tourism segments to attract Muslim travelers. Halal tourism extends far beyond the provision of halal cuisine and adequate prayer facilities; it encompasses accommodation, transportation, financial services, and health and beauty products that meet halal standards. Thus, it forms a symbiotic relationship with the broader halal industry, weaving a complex and integrated value chain. The sustained growth of Islamic tourism in Southeast Asia holds the promise of becoming a new, stable, and inclusive source of economic prosperity. This trajectory is further substantiated by findings from the Global Muslim Travel Index (GMTI).

Tabel 1. Rankings and Growth of Halal Tourism in Southeast Asia (Referring to GMTI 2025)

GMTI 2025 Ranking	Country	Global Status	2025 Trend
1	Malaysia	Maintained	The most mature halal ecosystem (food, finance, tourism)
2–5	Indonesia	Varying ranks	Focus on developing key Shariah destinations (NTB, Aceh) and strengthening mandatory halal regulations
Top Non-OIC	Singapore	Leading	Successfully offers a Muslim-friendly environment through a comprehensive multicultural approach, supported by accessibility and halal services
Rising	Thailand & the Philippines	Notable increase	Expanding halal-certified services and improving prayer facilities at major tourist sites, reflecting strong efforts to attract Muslim markets

Despite its immense potential, the stability of the halal industry within Southeast Asia’s tourism context faces multifaceted challenges. These include divergent halal certification standards across countries, regulatory inconsistencies, variable service quality, and tourist perceptions regarding the authenticity or “halal-friendliness” of destinations. Moreover, external factors, such as global economic crises, pandemics, and regional political instability, can directly undermine the industry’s resilience and continuity (Saputra et al., 2025). In this context, stability denotes not merely linear growth but the industry’s capacity to withstand shocks and sustain its developmental momentum amid uncertainty. Without such resilience, investment may falter, international perceptions of destination credibility may erode, and Southeast Asian nations may ultimately fail to fully harness the economic promise of the Sharia-compliant tourism market.

2. Methods

This study adopts a qualitative methodology, employing a systematic literature review. Data were drawn from diverse sources, including Scopus- and Web of Science-indexed academic journals, reports from international bodies such as the Global Muslim Travel Index (GMTI), government publications, and industry analyses. A descriptive-analytical approach was utilized to discern patterns, causal relationships, and policy implications. The research aims to: (1) analyze the tangible role and economic contribution of Islamic tourism to Southeast Asian economies; (2) identify and evaluate the determinants of halal industry stability within the regional tourism ecosystem; and (3) formulate strategic recommendations for stakeholders to maximize opportunities and mitigate challenges(Elia & Dkk, 2023).

3. Results and Discussion

Three interdependent pillars underpin the flourishing of halal tourism in Southeast Asia, wherein economic growth and halal industry stability mutually reinforce one another. First, economic and tourism sector expansion: inbound tourism generates foreign exchange earnings that stimulate GDP growth through a multiplier effect across interconnected sectors accommodation, transport, and food services. Notably, the multiplier effect of Sharia-compliant tourism may be amplified by its integration with a broader halal supply chain. This aligns with the Export-Led Growth theory. Ideally, halal tourism should be assessed through robust Economic Impact Assessment (EIA) models, such as Input-Output analysis or Computable General Equilibrium (CGE), to quantify its macroeconomic effects on GDP, employment, and investment.

The concept and dynamics of Halal Tourism transcend the conventional "sun, sea, and sand" paradigm, embracing spiritual, cultural, and Sharia -compliant dimensions evident in the availability of prayer facilities, certified halal cuisine, and privacy-conscious accommodation policies. Key drivers of this market's expansion in Southeast Asia include the rising Muslim middle class, digitalization facilitating travel, and proactive government initiatives (e.g., Malaysia's Halal Hub or Indonesia's Sharia Economic Masterplan). Intriguingly, a clear dichotomy emerges in regional approaches: Muslim-majority nations (Malaysia, Indonesia) versus non-majority states (Thailand, Singapore) adopt distinct strategies in developing halal tourism (Saputra et al., 2025).

Halal tourism in Muslim nations fosters stability and resilience within the halal industry. Crucially, stability here signifies not steady linear progression but the sector's robustness against disruptions, be they health crises, regulatory shifts, or political volatility. Central to this resilience is the integrity of the Halal Value Chain (HVC), which intersects with tourism through food, beverages, hospitality, and other Muslim-centric services. Industry stability is thus measured by the coherence and consistency of this chain, particularly in regional halal certification systems and governance frameworks. Key indicators include: investment volatility in halal sectors; consistency in Sharia compliance and certification; export/import performance of tourism-linked halal products; and the sensitivity of halal tourism revenues to external shocks (Yulia, 2019).

The halal industry now extends well beyond food and beverages, encompassing Sharia-compliant finance, pharmaceuticals, cosmetics, and tourism. The term "*halal*" denotes adherence to Islamic law, while "*thayyib*" connotes purity, safety, and ethical quality, forming the dual foundation of halal integrity. Halal Tourism more aptly described as Muslim-Friendly Tourism, refers to services and facilities tailored to Muslim travelers' needs, including halal dining, prayer spaces, and culturally sensitive accommodations (Faried, 2019). Within the broader economic discourse, both endogenous and exogenous growth theories elucidate tourism's contribution to GDP, while stability reflects the industry's capacity to endure global economic fluctuations, natural disasters, or public health emergencies.

Findings from focused analyses of Malaysia, Indonesia, and Thailand reveal distinct trajectories.

a. Malaysia, a pioneer in halal tourism, has cultivated a comprehensive halal ecosystem. Proactive government policies, rigorous certification standards, and aggressive global promotion have solidified its status as a premier Muslim-friendly destination, significantly bolstering national GDP.
b. Indonesia, home to the world's largest Muslim population, possesses immense domestic market potential. Initiatives such as the development of flagship destinations (Lombok, Aceh, West Sumatra), free halal certification for MSMEs, and inter-institutional collaborations have yielded promising results. However, challenges persist in inter-agency coordination and standardization.
c. Thailand, though predominantly non-Muslim, has adeptly attracted Muslim tourists through high-quality halal services and facilities, a compelling testament that Islamic tourism is not exclusive to Muslim-majority nations but can serve as a vital revenue stream for non-Muslim economies alike (Kayla Revina Nurmaulidia et al., 2024).

The foregoing analysis suggests that consistent enhancement of halal tourism quality across these three Southeast Asian nations, particularly Indonesia, with its demographic advantage, can reinforce market stability. A robust halal certification system functions not merely as a regulatory requirement but as a covenant of consumer trust, thereby stabilizing demand and revenue even amid economic uncertainty (Al' et al., 2014).

Furthermore, sustained economic stability hinges on the synergistic development of the halal industry and tourism sector, underpinned by strategic policy interventions. Governments must strengthen regulatory frameworks and streamline halal certification processes for businesses. Equally vital are public awareness campaigns and capacity-building among industry players. Strategic investment in Muslim-friendly infrastructure, such as airports with prayer lounges, hotels with dedicated worship spaces, and certified halal restaurants, is indispensable. Moreover, regional collaboration among Southeast Asian nations can consolidate their collective position as the world's preeminent, sustainable hub for halal tourism.

4. Conclusions

Halal tourism is not merely a rapidly expanding sector but a critical driver of both economic growth and halal industry stability in Southeast Asia. While its potential is immense, long-term resilience depends fundamentally on harmonized regulations, standardized certification, and institutional coherence. Despite existing challenges, the prospects for sustained, inclusive growth remain exceptionally promising. Future research should pursue more rigorous quantitative analyses, comparative studies with other global regions, or focused investigations into niche segments such as halal medical tourism.

References

Abdul-Rahman, A., Ismail, L., & Abidin, Z. (2021). Thayyib as a complementary concept to halal: A conceptual review. Journal of Islamic Marketing, 12(3), 543–558.

Al', M., Salleh, N. M., & Omar, M. K. (2014). Halal certification and consumer trust in Malaysia. Procedia - Social and Behavioral Sciences, 130, 358–365.

ASEAN Secretariat. (2023). ASEAN Guidelines on Halal Standard Harmonization. Jakarta: ASEAN.

Battour, M., & Ismail, M. N. (2021). Halal tourism: Concepts, practices, challenges and future. Tourism Management Perspectives, 39, 100858.

Battour, M., Ismail, M. N., & Battor, M. (2020). The impact of halal tourism on economic growth. Journal of Islamic Marketing, 11(1), 1–18.

DinarStandard. (2024). State of the Global Islamic Economy Report 2024/25.

El-Gohary, H., & Eid, R. (2019). Halal tourism, is it really halal? Tourism Management Perspectives, 29, 120–128.

Faried, A. (2019). Muslim-friendly tourism: Beyond halal food. Journal of Tourism and Hospitality, 8(3), 1–5.

Fithriana, R., & Kusuma, H. (2019). Halal tourism development in Indonesia: Opportunities and challenges. IOP Conference Series: Earth and Environmental Science, 344, 012022.

GMTI (Global Muslim Travel Index). (2025). GMTI 2025 Report: Southeast Asia Edition. CrescentRating & Mastercard.

Kayla Revina Nurmaulidia, Prasetyo, Y., & Wijaya, R. (2024). Halal tourism and economic resilience in Southeast Asia. Journal of Halal Economics, 5(1), 22–40.

Khairuddin, N., Abdullah, A., & Yusof, F. (2023). Economic impact of halal tourism in Malaysia. Malaysian Journal of Economic Studies, 60(1), 89–104.

Ministry of Tourism and Creative Economy, Indonesia. (2021). Sharia Tourism Roadmap 2021–2024. Jakarta.

Prasetyo, Y., & Wijaya, R. (2022). Challenges in halal certification harmonization in Indonesia. Journal of Islamic Business and Management, 12(2), 145–160.

Rahman, M. M., Ismail, S., & Said, J. (2021). Halal tourism in non-Muslim countries: The case of Thailand. Tourism Recreation Research, 46(3), 321–335.

Saputra, A., Hadi, S., & Nugroho, D. (2025). Policy coherence in halal tourism development: A comparative study of ASEAN nations. Asian Journal of Tourism and Hospitality, 14(2), 112–130.

UNWTO (World Tourism Organization). (2020). Measuring the Economic Impact of Tourism: A Practical Guide. Madrid.

Yulia, S. (2019). Indicators of halal industry stability in tourism-linked sectors. Journal of Halal Product Research, 6(1), 33–47.

Yusof, N. M., & Hassan, M. K. (2023). Singapore's halal governance model: Lessons for ASEAN. Journal of Islamic Marketing, 14(4), 789–805.

World Bank. (2022). Muslim Population and Economic Potential in Southeast Asia. Washington, DC.