

ISLAMIC ECONOMY

Investment Opportunity Brief



DUBAI ADVANTAGE

مؤسسة دبي
لتنمية الاستثمار
DUBAI FDI



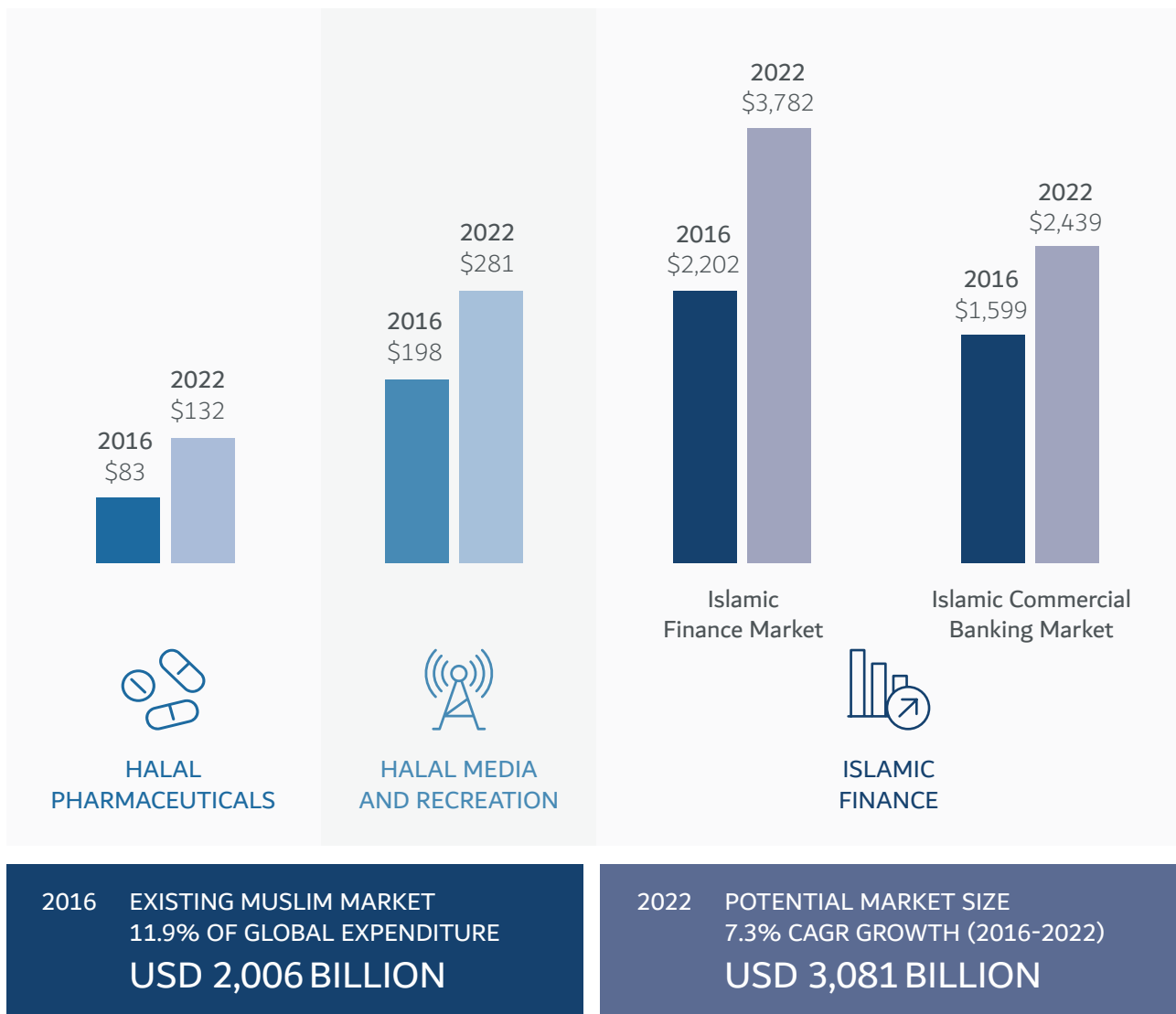
TABLE OF CONTENTS

DUBAI IS THE CENTER FOR THE HIGH-GROWTH ISLAMIC ECONOMY	3
WHAT THEY SAY	5
DUBAI ISLAMIC ECONOMY DEVELOPMENT CENTRE	13
CLEAR AND UPDATED STANDARDS AND REGULATION	14
THE GLOBAL ISLAMIC ECONOMY SUMMIT 2018	15
SECTORS IN FOCUS	15
USEFUL LINKS	20
SOURCES	21
GET IN TOUCH	22

DUBAI IS THE CENTRE FOR THE HIGH-GROWTH ISLAMIC ECONOMY

Globally, the Islamic economy, with high-growth sectors such as Islamic finance, halal food, travel, pharmaceuticals, and modest fashion, is gaining in recognition and market size.

The State of the Global Islamic Economy Report (GIES) 2017/18 estimates that Muslims worldwide spent USD 2 trillion across lifestyle sectors in 2016, and the Islamic finance sector has USD 2.2 trillion in total assets. Food and beverage spend was at USD 1.24 trillion, followed by clothing and apparel at USD 254 billion, media and entertainment at USD 198 billion, travel at USD 169 billion, and pharmaceuticals and cosmetics at USD 83 billion and USD 57.4 billion, respectively.



Islamic finance, also referred to as ethical banking, is now offered in 60 countries. The International Monetary Fund (IMF) announced in May 2018 that it would incorporate Islamic finance into its financial sector assessments of select countries starting 2019. The Islamic Financial Services Board's (IFSB) Islamic Financial Services Industry (IFSI) Stability Report 2018 says that the sector has returned to global growth of 8.3 percent, with assets worth more than USD 2 trillion globally.

The Islamic economy in the UAE is thriving with the nation ranking first among 10 countries in three sector indicators – modest fashion, halal media and recreation, and halal pharmaceuticals and cosmetics – according to GIES 2017-2018. The UAE has created a robust ecosystem for the Islamic economy within a short period by focusing on Shariah-compliant sectors and standards.

Historically, Dubai is home to the world's first commercial Islamic bank (Dubai Islamic Bank) and largest Islamic financial market (NASDAQ Dubai). In 2013, the Dubai Islamic Economy Development Centre (DIEDC) was launched with the aim of transforming the emirate into the global capital of the Islamic economy. Its refreshed Islamic economy strategy (2017-2021) focuses on identifying new key performance indicators (KPIs) for monitoring the growth of three core Islamic economy sectors – Islamic finance, halal products, and Islamic lifestyle. The latter encompasses culture, art, fashion, and family tourism.

The contribution of Islamic economy sectors to Dubai's GDP has been growing steadily. In 2016, it was assessed at USD 8.9 billion out of a GDP of USD 102.36 billion, according to the Dubai Statistics Center.



WHAT THEY SAY

“OUR GOAL TO ACHIEVE HIGHER PERCENTAGES OF THE ISLAMIC ECONOMY SECTORS’ CONTRIBUTION TO DUBAI’S 2021 GDP IS NOT FAR-FETCHED AS LONG AS WE ARE FIRMLY IMPLEMENTING OUR FUTURE STRATEGY AS PER THE PRESET SCHEDULE IN COOPERATION WITH OUR LOCAL AND INTERNATIONAL PARTNERS.”

May 14, 2018, Dubai Statistics Center
PHOTO: Government of Dubai, Media Office



H.E. SULTAN BIN SAEED AL MANSOORI
UAE MINISTER OF ECONOMY AND CHAIRMAN
OF DUBAI ISLAMIC ECONOMY DEVELOPMENT CENTRE



مركز دبي لتطوير
الاقتصاد الإسلامي
DUBAI ISLAMIC ECONOMY
DEVELOPMENT CENTRE

“ THE SUCCESS OF ISLAMIC ECONOMY STEMS FROM ITS CAPACITY TO ATTRACT EMERGING COMPANIES AND ENTREPRENEURS THAT SPECIALIZE IN RESPONSIBLE PRODUCTION, KNOWLEDGE, SCIENCE AND MODERN TECHNOLOGIES. THEIR PROSPERITY REFLECTS POSITIVELY ON THE ISLAMIC LIFESTYLE SECTOR, DRIVES SUSTAINABLE DEVELOPMENT AND HELPS ACCELERATE DUBAI’S JOURNEY TO BECOME THE CAPITAL OF ISLAMIC ECONOMY. ”

February 26, 2018, Government of Dubai, Media Office
PHOTO: DIEDC



ABDULLA MOHAMMED AL AWAR
CEO OF DIEDC



مركز دبي لتطوير
الاقتصاد الإسلامي
DUBAI ISLAMIC ECONOMY
DEVELOPMENT CENTRE



DUBAI'S RANK AMONG ISLAMIC ECONOMY
ENABLING FREE ZONE CITIES
AROUND THE WORLD

No.1

[Source: Free Zones Outlook Report 2017](#)

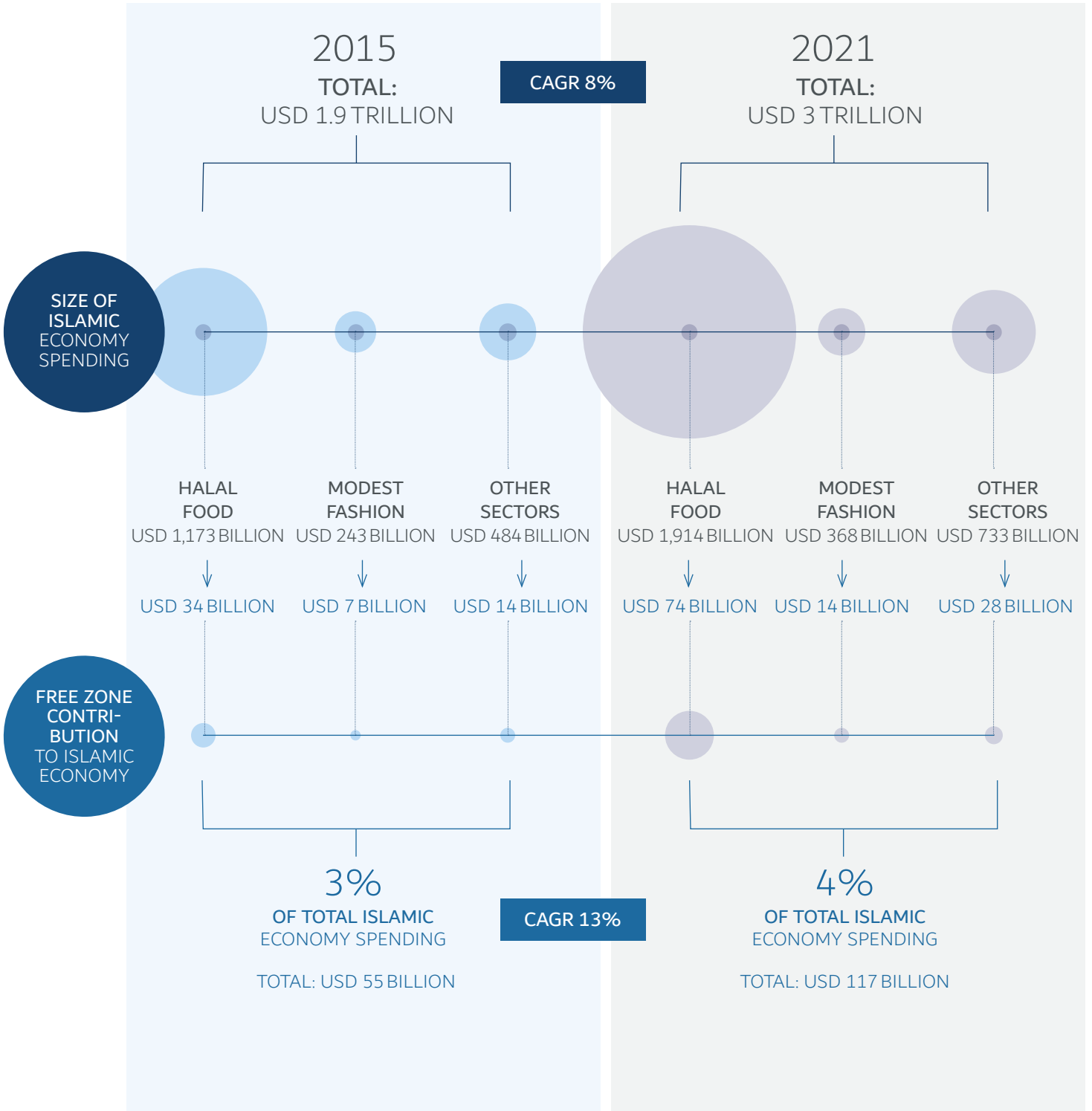


CONTRIBUTION OF FREE ZONES
TO THE ISLAMIC ECONOMY

2015	2021 (FORECAST)
USD 55 BILLION	USD 117 BILLION

[Source: Free Zones Outlook Report 2017](#)

FREE ZONE CONTRIBUTION TO ISLAMIC ECONOMY





GROWTH RATE OF ISLAMIC ECONOMY'S
CONTRIBUTION TO DUBAI'S GDP, 2014-2016

14%

CONTRIBUTION OF ISLAMIC ECONOMY SECTORS
TO DUBAI'S GDP

2014:
USD 7.8 BILLION

2015:
USD 8.7 BILLION

2016:
USD 8.9 BILLION

OF WHICH
ISLAMIC FINANCE CONTRIBUTED

2014:
22.2%

2015:
24.7%

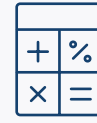
2016:
26.3%

SOURCE: Dubai Statistics Center, May 2018.



NUMBER OF SUKUK LISTED
ON NASDAQ DUBAI
(as on July 2018)

72



VALUE OF SUKUK LISTED
ON NASDAQ DUBAI
(as on July 2018)

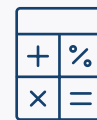
USD
59.72 BILLION

Source: NASDAQ Dubai



NUMBER OF SUKUK LISTED
ON LSE
(as on July 2018)

67



VALUE OF SUKUK LISTED
ON LSE
(as on July 2018)

USD
49 BILLION

Source: LSE Group

HALAL FOOD IS A KEY COMPONENT OF THE ISLAMIC ECONOMY

MARKET SIZE

How much does the global muslim market spend on food?



Source: State of the Global Islamic Economy, 2017/18

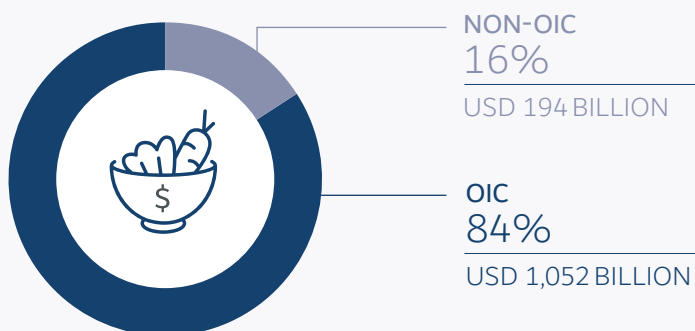
HOW DOES GLOBAL MUSLIM SPEND COMPARE TO TOTAL GLOBAL SPEND ON FOOD & BEVERAGE?

BENCHMARK



(2016 est., USD\$ Billion)

TOTAL MUSLIM SPENDING 2016



Source: State of the Global Islamic Economy, 2017/18

UAE RANKS ABOVE SAUDI ARABIA IN THE ISLAMIC ECONOMY RANKINGS

THE UAE RANKS

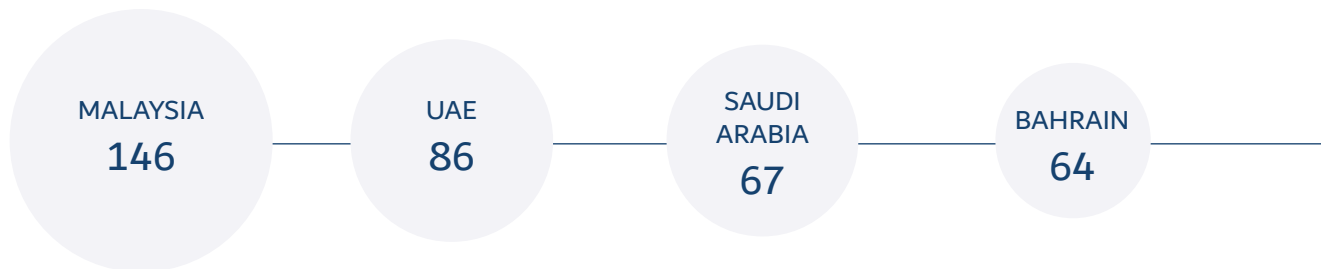
No.1

IN THE WORLD IN THREE SECTORS

– MODEST FASHION, HALAL PHARMACEUTICALS AND
COSMETICS, AND HALAL MEDIA AND RECREATION.



TOP 10 GLOBAL ISLAMIC ECONOMY INDICATOR SCORE



Source: State of the Global Islamic Economy, 2017/18

DUBAI ISLAMIC ECONOMY DEVELOPMENT CENTRE

The Dubai Islamic Economy Development Centre (DIEDC) was established in December 2013 with the aim of transforming Dubai into the global capital of the Islamic economy.

Its Islamic economy strategy (2017-2021) focuses on measuring and supporting the growth of the three core Islamic economy sectors – Islamic finance, halal products, and Islamic lifestyle. These sectors are bolstered by the cornerstones of knowledge, standards, and the digital imperative.

DIEDC also develops strategic partnerships with local and international organizations to build a robust framework and comprehensive ecosystem of Islamic economy principles and regulations, thereby creating a higher degree of clarity for businesses and investors in these sectors.

Empowering young talent with the required skillsets is an essential component of the strategy to boost growth across the strategic sectors.

The 2019 action plan includes broadening the scope of the initiatives and activities, and to boost Islamic economy's contribution to Dubai's GDP to 10 percent by 2021 through the efficient use of modern technology.



CLEAR AND UPDATED STANDARDS AND REGULATION

The UAE has taken the lead in creating a robust regulatory ecosystem across the Islamic economy. Standardized Shariah compliance norms help companies create operational efficiency while serving the regional and international markets.

Finance Products: The UAE's Securities and Commodities Authority (SCA) announced in June 2018 a general framework for disclosures in key areas such as potential disputes relating to Shariah compliance. According to the rating agency [Fitch Ratings](#), the new rules governing sukuk offerings in the UAE have the potential to support market activity in tandem with other regulatory initiatives.

Halal Certification: DIEDC is coordinating with the Emirates Authority for Standardization and Metrology (ESMA) and the independent International Halal Accreditation Forum (IHAF) to work towards multilateral recognition of halal certification, thereby facilitating halal trade. This initiative brings together all fundamental elements relating to halal commodities, destination certificates, and accreditation bodies.

HalalChain: The Dubai Airports Free Zone has launched HalalChain, a blockchain-based platform specialized in traceability of halal industry products. The comprehensive platform also provides instant e-payment, e-commerce, and other industry applications powered by blockchain and the Internet of Things. HalalChain can track and verify halal food, pharmaceuticals, and cosmetics through all stages of production, processing, and distribution across the entire supply chain, giving businesses and consumers greater confidence in the products.

THE GLOBAL ISLAMIC ECONOMY SUMMIT 2018

DIEDC and the Dubai Chamber of Commerce and Industry have jointly organized three editions of the Global Islamic Economy Summit (GIES), with the fourth scheduled for October 2018. The summit focuses on ways to enhance communication between decision makers, investors, and Islamic economy stakeholders across sectors, markets, and geographical locations.

The event serves as a platform for creative minds to share innovative ideas, stimulating cross-sector growth via alignment with policies and legislation.

The fourth edition of the summit will discuss how traditional companies can utilize technologies to communicate with consumers, thereby driving demand and further boosting competition in the era of the Fourth Industrial Revolution.

SECTORS IN FOCUS

Dubai's efforts have resulted in creating an ecosystem where stakeholders from around the world can come and function effectively. The key sectors are supported by knowledge, standards, and the digital Islamic economy and prepare the ground for sustainable investments and growth for both public and private sector companies.

The most vibrant sectors under the Islamic economy in the UAE are:



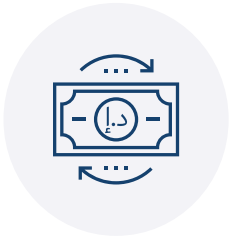
ISLAMIC FINANCE



HALAL PRODUCTS



ISLAMIC LIFESTYLE



ISLAMIC FINANCE

Policy efforts focus on developing the Islamic financial services sector by expanding the customer base and introducing financial and banking instruments suitable for contemporary times in compliance with Shariah.

The sector comprises banking services offered by Islamic banks including deposits and funding of various types, and Shariah-compliant debt instruments that are tradable on exchanges. Sukuk is a key financing tool finding increasing worldwide popularity.

MILESTONES:

- FinTech Hive, an accelerator at Dubai International Financial Centre (DIFC), became a key partner of the DIEDC in increasing the number of financial technology start-ups in Islamic finance.
- Dubai Investments has announced plans to lead a consortium of investors to launch Arkan Bank, a wholesale Islamic financial institution with an initial paid-up capital of USD 100 million, as the first home-grown Islamic bank to operate from the DIFC.



HALAL PRODUCTS

The halal sector reaches more than 1.7 billion consumers globally, and is expected to grow to 2.2 billion consumers by 2030. Accounting for about 16 percent of global food and beverage consumption, the halal products sector is one of the most dynamic agri-food sectors in the world. Four leading companies within the halal sector in Dubai include Abbot Laboratories, Hershey's, Natura Bisse, and Spanish Kits.

MILESTONES:

- The DAFZA Strategy for Islamic Economy was launched in 2017, with three main orientations and 20 strategic initiatives aimed at attracting more foreign direct investment to the Islamic economy.
- DAFZA and DIEDC launched Goodforce Labs, the first Islamic and global social impact themed start-up incubator, in February 2018. The purpose is to select a group of start-ups and small and medium enterprises and support them in generating revenues and social impact.
- In April 2018, Dubai Airport Free Zone Authority (DAFZA) launched a guide 'Dubai: The Global Gateway to Halal Industries' in Spanish, including recommendations and information on the halal sector's strategic features, along with procedures, standards and services provided by governmental entities to facilitate the entry of investors.
- As of May 2018, organizations from 46 countries, including Russia, Argentina, Canada, and Australia are on the list of halal certification bodies registered with ESMA.
- In October 2018, DAFZA and DIEDC launched a Halal Trade and Marketing Center (HTMC), a global business development center focused on the halal economy opportunities for manufacturers, suppliers, and distributors of Halal economy products and services. Seventeen partners from federal and local government bodies and institutions as well as international banks and organizations will facilitate services in three key categories; market intelligence, halal compliance, and growth support services. HTMC delivers a one stop solution for the global halal product manufacturers, suppliers, and distributors. partners include Emirates International Accreditation Centre, Dubai Chamber of Commerce, Department of Economic Development represented by Dubai Exports, Noor Islamic Bank, Emirates Islamic Bank, Dubai Islamic Bank and Standard Chartered Bank - Saadiq. Other partners also include, the International Halal Accreditation Forum (IHAF), the World Free Zones Organization, the International Center of Islamic Economy (ICIE), the Indonesian Halal Lifestyle Center (IHLC), Dar Al Shariah, Dagang Halal (Malaysia), Salaam Gateway, Karavan Consulting, International Trade Centre (ITC) and DinarStandard.



ISLAMIC LIFESTYLE (CULTURE, ART, FASHION, AND FAMILY TOURISM)

According to the Global Muslim Travel Index (GMTI) 2018, the Muslim travel market is estimated to reach USD 220 billion by 2020 and to USD 300 billion by 2026. In 2017, there were an estimated 131 million Muslim visitor arrivals globally – up from 121 million in 2016. This is forecast to grow to 156 million visitors by 2020 representing 10 percent of the overall travel segment.

The UAE is among the top 10 Organization of Islamic Cooperation (OIC) countries as a destination. It is the third highest outbound market for Muslim travel globally, according to the Mastercard-CrescentRating [Global Muslim Travel Index 2018](#).

Dubai is launching initiatives that focus on various sub-sectors within the Islamic lifestyle sector. This includes developing and promoting the Islamic fashion sector. DIEDC is also mandated to build partnerships with international museums to display Islamic art in Dubai, and with international auction houses to develop trade in Islamic art. It will focus on Islamic art education in academic institutions and launch awards and competitions for Islamic architecture and Islamic fashion design.

In the family tourism sector, Dubai already is a key stakeholder and among the most popular international destinations. The strategy will help further streamline Dubai's tourism sector, in conjunction with stakeholders in the field, and make it the preferred destination globally for family tourism.

MILESTONES:

- An Islamic Lifestyle Mini Bootcamp targeting start-ups in the Islamic arts and culture, architecture and design, family-friendly and halal tourism, modest fashion, as well as entertainment, communication, and media domains took place at the Dubai Technology Entrepreneur Campus with 10 start-ups from four countries receiving training in December 2017.
- Dubai Culture launched in October 2017 a book, 'Global Perspectives on the Islamic Creative Economy', featuring interviews that present the opinions of local and international experts charting a course for the Islamic culture and art economy.

USEFUL LINKS

[Dubai Islamic Economy Development Centre Signs MoU with Tatarstan Investment Development Agency](#)

[Dubai Islamic Economy Development Centre collaborates with NASDAQ Dubai to develop new initiatives](#)

[Dubai Investments to launch Shariah-compliant Arkan Bank](#)

[DAFZA Issues the first 'Dubai: The Global Gateway to Halal Industries' in Spanish](#)

[DAFZA 2017 milestones](#)

[DAFZA launches Goodforce Labs, the first Islamic and global social impact themed start-up incubator](#)

[Blockchain Powered HalalChain Launched in Dubai will Revolutionize Halal Products' Compliance](#)

[Region's first Islamic lifestyle mini bootcamp concludes on positive note](#)

[MoE launches halal accreditation service, ESMA interactive global map](#)

[Fitch: UAE Reforms Aid Sukuk Market; Implementation Still Key](#)

[Forty-Six countries registered with UAE Scheme for Halal Products](#)

[Mohammed bin Rashid launches Marsa Al Arab tourist destination](#)

[Mastercard-Crescentrating Global Muslim Travel Index 2018](#)

USEFUL LINKS

[Dubai Islamic Economy Development Centre Outlines 2019 Action Plan](#)

[DAFZA and DIEDC launches first of its kind Halal Trade and Marketing Center](#)

[Dubai's Islamic economy targeted to make up 10% of GDP by 2021](#)

SOURCES

Sources not already mentioned in the text:

[IMF Executive Board Adopts Decisions to Formally Recognize the Core Principles for Islamic Finance Regulation \(CPIFR\) for Banking](#)

[IMF to add Islamic finance to market surveillance in 2019](#)

[DIEDC: Islamic economy contributes 8% of Dubai's GDP](#)

[Qualitative Addition to "Post-Oil Economy" Plan and Put Productive Sectors Forward](#)

[FREE ZONES OUTLOOK REPORT 2017: Shaping the Growth of the Islamic Economy](#)

[Dubai to Host Fourth Edition of Global Islamic Economy Summit in October 2018](#)

[Fitch: UAE Reforms Aid Sukuk Market; Implementation Still Key](#)

BROUGHT TO YOU BY



Business Village,
Block A, 9th Floor
Near Clock Tower



+971 4 4455964,
+971 4 4455939



+971 4 4455940



info.fdi@fdidubai.gov.ae



DubaiFDI



DubaiFDI