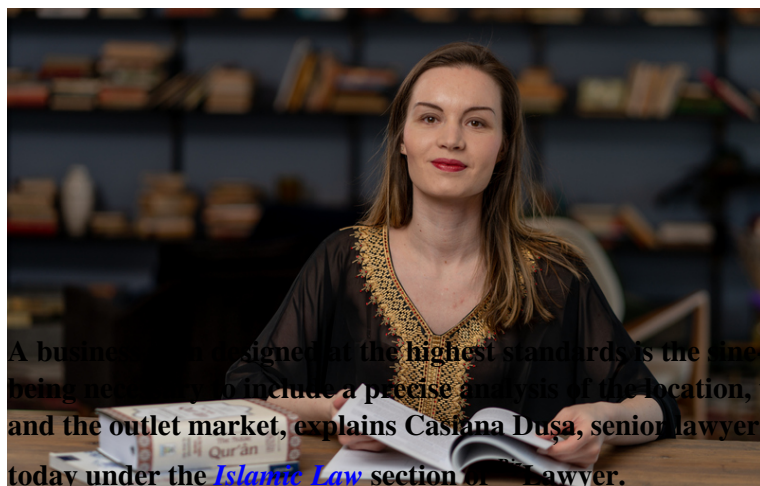


How can a 'Halal' farm be developed in Romania, financed in the first phases based on the Musharakah Mutanaqisah model and how can its products be distributed in the United Arab Emirates. The recommendations of Casiana Duşa, senior lawyer specializing in business consulting in Romania and the Middle East, a long-term partner for those who want to expand to the Islamic markets



A business plan designed at the highest standards is the sine qua non condition for operating a Halal farm, being necessary to include a precise analysis of the location, the sources of animal supply, the target buyers and the outlet market, explains Casiana Duşa, senior lawyer certified in Islamic law, in the article published today under the [Islamic Law](#) section of Bizlawyer.

Halal certified meat offers Muslim consumers the guarantee of compliance with the principles of their Islamic religion. Moreover, it ensures an increased level of product safety, being considered the cleanest meat, thanks to the processing method, a method that involves certain religious rituals by which the animal does not suffer at the time of sacrifice, and the blood from the carcass is completely in order to serve meat without toxins. Also, from an economic point of view, Halal certification offers producers access to international markets and implicitly leads to business growth.

Casiana Duşa founded the Romanian Arab Investments House and promotes the specific principles of Islamic investments in Romania, compatible with national law, through which the business environment can attract important financing to local projects of interest and access business expansion opportunities in the Middle East.

During her professional activity in Dubai, she was involved in a large-scale project developed in Romania, focused on the ritual slaughter of animals within the concept of an integrated Halal meat supply chain "*from farm to fork*", specialized in the purchase of animals, the processing and marketing of Halal beef, sheep, poultry (chickens, ducks, geese and turkeys), a project designed to establish two structures, namely the Farm supplied with animals from Romania and the vicinity, housed temporarily (7-14 days) before slaughter and Industrial park composed of slaughterhouse, processing lines, packaging, cold storage and shipping.

"According to the original business plan, specialists estimated that the new structure will generate more than 350 jobs, targeting both people from the Muslim community and from other religions. As for the value of the investment, it amounted to approximately 23M euros and the negotiations took place with potential partners from the United Arab Emirates, based on a proposal inspired by the specific principles of Musharakah, both the investor's funds and his expertise in the field, as well as the participation in management being necessary", explained **Casiana Dusa**.

She says that the most effective financing model, especially for fresh projects, is Musharakah Mutanaqisah, understood as Degressive Partnership. In this case, each partner will contribute to the capital, and as the business

becomes profitable, the investor will gradually exit from it by selling its shares at the market price. In other words, the debtor will gradually recover ownership of the shares until the financier loses all rights.

In Romania, there are a number of Halal meat producers that have already consolidated their reputation in the field, **Al Sydra** and **Prodincom SA** being among the best known.

About the international development opportunities for Romanian farmers and the economic growth of the local business environment, by stimulating meat producers to expand their existing production to Halal and opening new markets by increasing the export of meat to international Muslim markets, in the analysis published below under the signature of **Casiana Duşa**.

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The pillars underlying the success of a business in the farms field and the Halal meat's production

According to the National Institute of Statistics' records from 2022, the Muslim population in Romania has a share of 0.4% of the total number of inhabitants at the national level. However, in recent years, relations between Romania and Arab countries have started to develop organically, some of the biggest players on the Emirati market being interested in investment opportunities existent in our country. Moreover, the population's interest in Halal meat has significantly increased so far, thanks to both the health benefits of its consumption and the economic advantages that growing export to key markets could generate.

In this context, the development of farms and Halal meat production is highly likely to grant Romania a privileged position on the United Arab Emirates' top partners' map.

The success of this business depends to a large extent on three main pillars, namely: know-how, relevant network and the right strategy.

Noticing the entrepreneurs' requirement to receive specific consultancy for such a business and the lack of it on the market, we designed the necessary infrastructure and network to coordinate a series of major components, that will meet the producers' needs, including: Sharia compliant business plan, market and feasibility studies, assistance in negotiations and conclusion of transactions having as object real estate acquisitions (land, production halls, etc.), compatibility analysis between Romanian and UAE law, end-to-end legal consultancy on Romanian and UAE legislation, project financing, local and international business development, specialized consultancy and strengthening distribution channels to the United Arab Emirates.

"The primary purpose underlying the Romanian Arab Investments House is to connect Romanian and Arab entrepreneurs from a legal and business point of view by creating a common multi-cultural and multi-jurisdictional language for identifying common interests, generating development opportunities in Romania and the Middle East, as well as the consolidation of a sustainable Romanian-Muslim environment. Although Romanian-Arab business relations can also take place on a conventional mechanism, it is obvious that the application of the principles specific to Islamic investments, compatible with Romanian law, can make a difference and raise the business environment in Romania to the next level by attracting important financing to key local projects and accelerating business opportunities for expansion in the Middle East. All this would not be possible without the strengthening of the Islamic component".

Read also

[→ INTERVIEW | Casiana Duşa, Attorney with experience in Dubai and specialization in „Islamic Law”, founded Romanian Arab Investments House to boost the Muslim business community with interests in](#)

Romania and the Romanian entrepreneurs wishing to expand to the Middle East. „The interaction between the business environment, society and Islamic principles set up the premises for a sustainable investment in any jurisdiction”, says the Law graduate that studied Sharia principles and the Islamic Finance principles in the United Arab Emirates

The benefits of Halal meat products

First of all, Halal certified meat gives Muslim consumers the guarantee of compliance with the principles of the Islamic religion they practice. Moreover, it ensures an increased level of product safety, being considered the cleanest meat, thanks to the processing method, a method that involves certain religious rituals by which the animal does not suffer at the time of sacrifice, and the blood from the carcass is completely removed in order to serve meat without toxins. Also, from an economic point of view, Halal certification offers producers access to international markets and implicitly leads to business growth.

Moreover, one of the intrinsic values of Halal trade is the involvement of companies that bring a positive impact on society. It is interesting to note that Halal investments actually absorb the ESG component, focusing much more strictly on ethics. Basically, Halal investments not only prohibit investments that are not beneficial to society, but also sets rules on the types of transactions it allows.

Slaughter conditions

The procedure for slaughtering the animal is complex, and among the most important criteria to be met is the requirement that the person carrying out the operation be a mentally sound Muslim who knows Islamic slaughter procedures, the animal must be alive or considered to be alive at the time of slaughter; The phrase "Bismillah" (in the name of Allah) must be recited loudly and immediately before the slaughter of each animal; The slaughtering device (knife) must be sharp and must not be lifted from the animal during the act of slaughter; The act of slaughter should sever the trachea, esophagus, and major arteries and veins of the neck region.

Farm operation and internationalization of Halal meat producers

A business plan designed at the highest standards is the sine-qua-non condition for operating a Halal farm, being necessary to include a precise analysis of the location, the sources of animal supply, the target buyers and the outlet market.

During my professional activity in Dubai, I was involved in a large-scale project developed in Romania, focused on the ritual slaughter of animals within the concept of an integrated Halal meat supply chain "from farm to fork", specialized in the purchase of animals, the processing and marketing of Halal beef, sheep, poultry (chickens, ducks, geese and turkeys), a project designed to establish two structures, namely the Farm supplied with animals from Romania and the vicinity, housed temporarily (7-14 days) before slaughter and Industrial park composed of slaughterhouse, processing lines, packaging, cold storage and shipping. According to the original business plan, specialists estimated that the new structure will generate more than 350 jobs, targeting both people from the Muslim community and from other religions. As for the value of the investment, it amounted to approximately 23M euros and the negotiations took place with potential partners from the United Arab Emirates, based on a proposal inspired by the specific principles of Musharakah, both the investor's funds and his expertise in the field, as well as the participation in management being necessary.

The most effective financing model, especially for fresh projects is *Musharakah Mutanaqisah*, understood as *Degressive Partnership*. In this case, each partner will contribute to the capital, and as the business becomes profitable, the investor will gradually exit by selling its shares at the market price. In other words, the debtor will gradually recover ownership of the shares, until the financier loses all rights.

In Romania, there are a number of Halal meat producers who have consolidated their reputation in the field.

Among them, we got in touch with **Al Sydra**, a leading Romanian private company and main supplier of Halal meat, located in Sibiu. Its activity began in 2008, initially being established for the sale of agricultural equipment, but later expanding its activity in areas such as grain and fodder sale, slaughtering and export of meat under Halal conditions. The main activity is the slaughtering and butchering of animals (sheep, goats and cattle) according to Islamic rules. Meat is exported by aircraft, for refrigerated meat, or sea containers, for frozen meat at controlled temperatures. The slaughtering and export of Halal meat started in 2016 and became the main activity of the company. Currently the company has a large portfolio of customers to whom it exports Halal meat from countries such as the United Arab Emirates, Kuwait, Qatar, Bahrain, Iran and Jordan.

Also, moving to another area of the country, we mention the company **Prodincom SA**, one of the most appreciated meat producers in Romania, located in Suceava county. It has Halal certification and has developed in three large segments of its activity sector, being present on the market of prepared meat and semi-prepared meat, on the market of sliced products but also in the cattle and sheep slaughtering sector. Prodincom SA's Halal meat production is massively exported abroad to countries such as Kuwait, Sweden, France, England and others.

How can you distribute Halal meat in the UAE?

According to the latest Statista records, Brazil is the largest exporter of Halal meat in the world, followed by India, the United States, Russia and Argentina. On the other hand, according to trendeconomy.com records, the UAE imported various types of Halal meat from Brazil (72%), Saudi Arabia (6.91%), USA (5.6%), Oman (4, 39%), Ukraine (3.7%), France (1.55%), Turkey (1.45%) etc.

In order to distribute Halal meat products in the United Arab Emirates, Romanian producers must either establish a local office or conclude an agency or distribution contract with a local company. From a legislative point of view, there are major differences between the two types of contracts.

The agency contract is governed by Federal Law no. 23 / 2022 which repealed Federal Law no. 18 / 1981, the new provisions being most welcomed, aiming to neutralize a criticism that was often leveled at the old law, namely that it was too protective for local agents. The contract must be registered with the Ministry of Economy and can be unilaterally terminated by the seller who can request the deletion of the registration from the Register of Commercial Agencies, however he can be obliged to compensate the agent or even pay damages, as the case may be. On the other hand, the new law allows international companies, including those without local Emirati partners, to carry out commercial agency activities regarding their own products without the need to appoint a commercial agent in the UAE. Under the classic structure, the agent acts on behalf of the seller and trades products on his behalf. In practice, either the agent introduces the buyers to the seller or sets up a contract between the seller and the buyer, in exchange for a commission. The seller has a certain degree of control over the activities carried out by the agent, but can be held responsible for certain activities of the agent, therefore it is recommended to carry out adequate training before starting any collaboration.

According to art. 7 of Federal Law no. 23 / 2022, the seller can use the services of one agent for the UAE or one agent for each emirate, provided that the distribution of goods and services which are the object of the commercial agency is exclusive in the said territory.

The distribution contract is governed by Federal Law no. 18 / 1993, with subsequent amendments and additions, regarding commercial transactions. In this case, the distributor buys the products from the wholesaler and sells them on his own account. Unlike the agency contract, the seller invests less time but has minimal control over the activities carried out by the distributor, who operates on his own behalf. The distributor makes the marketing

strategy and sets the final price, while also taking responsibility for the activities carried out.

As regards the performance of the actual import, a series of basic documents are required, including but not limited to the commercial invoice from the exporting company addressed to the importer, detailing the quantity, description of the goods and the total value of each imported item; certificate of origin, stating the country of origin and approved by the Chamber of Commerce of the country of origin; detailed package list; Import permit; Bill of entry / air transport; Health certificate certifying the suitability of the product for human consumption; Halal certification. There are a number of entities in Romania that are authorized to grant Halal certification.

The importer must also hold the import code issued by the UAE Customs Department, which allows the import and export of goods to mainland Dubai, as well as register the products with Dubai Municipality, that will issue a certificate which shall be submitted at the time of taking over the shipment / parcel.

In order to successfully introduce products to the Emirati market, it is very important for the seller/manufacturer to know the market by preliminary participation in renown trade fairs and business missions. Before entering into contractual relations with agents and local distributors, the seller/manufacturer shall carry out appropriate due diligence before and shall request the advice of a specialist in local legislation who will protect his interests.