الغرفة الإسلامية للتجارة والتنمية
Islamic Chamber of Commerce and Development
Chambre Islamique de Commerce et de Développement

Mapping of Halal Industries

In Bosnia and Herzegovina

A comprehensive guide to Bosnia's halal ecosystem and its emergence as a new halal hub at the heart of Europe.

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Acronyms

Term	Definition
AHQC	Agency for Halal Quality Certification
BATA	Institute for Accreditation of Bosnia and Herzegovina
BAS 1049:2023	Third edition of the original Bosnia and Herzegovina standard, "Halal food - Requirements and measures"
BBI	Bosna Bank International
CEFTA	Central European Free Trade Agreement
EU	European Union
GDP	Gross Domestic Product
HACCP	Hazard Analysis and Critical Control Points
OIC	Organization of Islamic Cooperation
FDI	Foreign Direct Investment
OIC/SMIIC guidelines	Standards and Metrology Institute for Islamic Countries (SMIIC), a body affiliated with the Organisation of Islamic Cooperation (OIC)
NPISH	Non-profit institutions serving households
SAA	Stabilisation and Association Agreement
SASE	Sarajevo Stock Exchange
SDGs	Sustainable Development Goals
PPPs	Public–private partnerships

Key **Takeaways**

The EU is the main trade partner and importer of Bosnian products in general and halal products in specific.

Bosnia possess a strong certification and standardization system that positions it strongly as a trust worthy supplier and exporter of halal products especially halal food.

Bosnia marks improvements in several macro and competitiveness indicators, therefore improving its attractiveness to FDI and increasing the comparative advantage of its exports.

The 2024 export and FDI levels show slight declines as a consequence to the slow down in the EU economy.

The halal industry and certified halal companies mainly belong to the halal food industry with a weight of 80 percent.

The ranking of Bosnia as per the Muslim friendly Tourism index, has significant and gradual improvements in ranking reaching its highest levels in 2025, at the 38th place.

The Islamic Finance and FIntech sectors show immense potential for growth in the medium and long terms.

Bosnia possesses comparative advantages in exporting garments and textiles especially to the EU countries, positioning it to excel in the production and exporting of modest halal garments.

Executive **Summary**

Bosnia and Herzegovina is positioned as a leading halal production hub in Europe, where by it is targeting the Muslim population in Europe estimated to be around 25 million Muslims. This relates to several factors such as proximity to the European markets and possessing comparative advantages in several sectors.

The growing global demand on halal products encourages countries to increase their share from the growing opportunities through expanding production and international trade. As Bosnia possesses strong certification and quality standards as well as several trade treaties, Bosnia is able to boost its overall exports including halal products to the EU and gulf countries. In addition, the tourism sector has gained momentum as the rank of Bosnia witnesses annual improvements as per the Muslim travel index. These factors enables Bosnia to seize potential opportunities and plan strategically for the future which beholds more international demand.

The report highlights the strengths of the Bosnian economy and determinants that can boost halal industries as well as weaknesses and threats that can hinder the expansion. Such weaknesses are the need for more international branding, diversifying international markets to decrease risks related to regional economic slowdowns and strengthening the economic base for production expansions. Improving the investment climate to attract more FDI that would integrate domestic investments and increase its expansion is as well vital.

Finally, the halal products and services in Bosnia ranges from being in mature stages such as halal food industries to medium maturity and growth such as halal tourism sector and low size industries such as Islamic finance and fintech.

In order to effectively work on nurturing these sectors it is vital to set and implement medium to long term strategies, regularly track and monitor developments to allow policy interventions and work on improving the branding and positioning of the relevant products internationally through participating regularly in domestic and international fairs and events.

Introduction

The global halal industry has emerged as one of the fastest-growing sectors in the world economy, driven by increasing demand from Muslim consumers and a rising awareness of ethical, hygienic, and quality standards among non-Muslims as well. The term “halal” meaning permissible under Islamic law, extends far beyond food to include sectors such as Islamic finance, pharmaceuticals, cosmetics, tourism, and Islamic fintech. Their importance lies not only in serving the needs of Muslim populations but also in promoting transparency, safety, and sustainability across global markets.

Halal industries contribute significantly to economic development by creating jobs, encouraging innovation, and increasing international trade and meeting Sustainable development Goals (SDGs). Having the Muslim population growing in a sustainable manner reflects an increasing demand for halal-certified products and services correlated to the growth in population. Countries that look forward to seize these potential opportunities through investing in halal infrastructure, certification systems, and regulatory frameworks are better positioned to be granted access to export markets and attract foreign investment. Moreover, halal principles align with ethical consumption trends, making these industries appealing to a wider audience concerned with quality and responsible sourcing.

In Bosnia, the halal industry holds particular importance due to the country’s cultural, historical, and religious context. With almost half of Bosnia’s population are Muslims, it has developed a strong foundation for halal production and services. The country has established strong and sound halal certification bodies and has gained recognition for maintaining high standards in food production, especially in meat and processed goods. This enables Bosnian companies to export to markets in the Middle East, Europe, therefore enhancing the country’s economic prospects.

Halal tourism, for example, has become an emerging sector, attracting visitors seeking destinations that cater to their religious and lifestyle needs, especially in Bosnia which welcomes most of its tourism from Saudi Arabia. By leveraging its natural beauty, cultural heritage, and adherence to halal standards, Bosnia can position itself as a competitive destination in this niche market.

03

Profile:
Bosnia and Herzegovina Market

The purpose of the halal industry report in Bosnia is to provide a comprehensive overview of the current state, potentiality, and future direction of halal-related sectors within the country. Such a report serves as an essential decision – making tool for investors, businesses, and researchers by offering reliable data and insights into production, certification, market trends, and export opportunities.

The report sheds light on strengths within Bosnia's halal ecosystem as per available data and information, such as certification agencies, relations to the EU and the world, while also highlighting sectors that have potential growth prospects.

Additionally, the report aims to highlighting key areas for development and investment. By analyzing both domestic demand and international market access, this would assist in understanding the size of opportunities.

The report tackles mainly the following:

1. Macro-level Profile of Bosnia
2. Halal Industry Overview
3. Bosnia and access to the EU market
4. Sectoral analysis of Halal Industries
5. SWOT Analysis
6. SDG meeting and Halal industries
7. Conclusions and Policy recommendations

3.1 Macro-level Profile of Bosnia

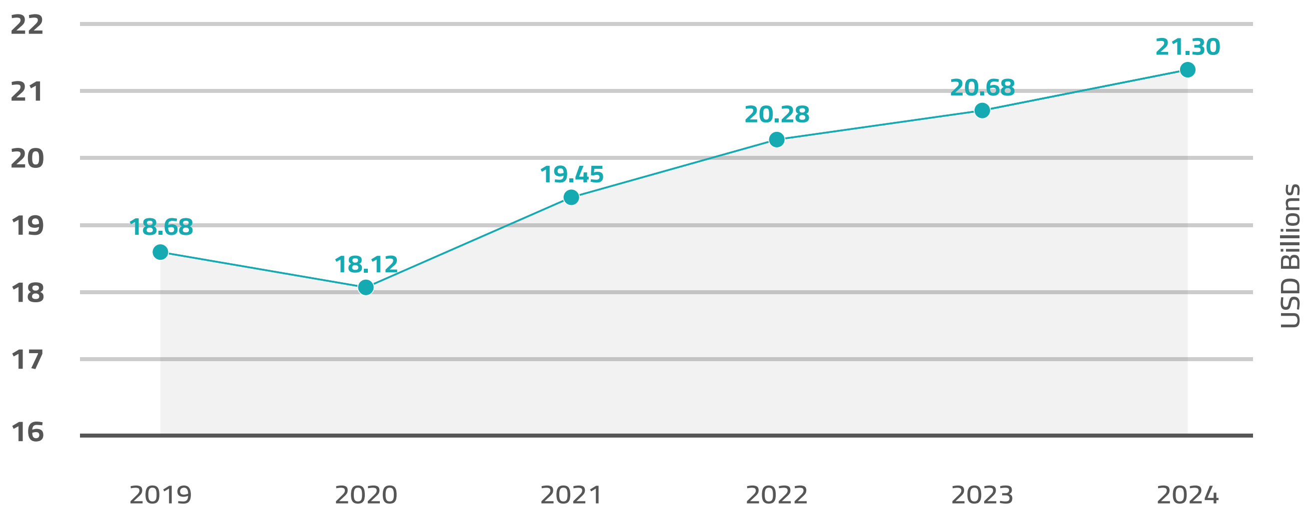
The following section focuses on the progress achieved in key macroeconomic indicators, including GDP per capita, household final consumption, total exports, and net inflows of foreign direct investment.

It further assesses a range of competitiveness indicators-namely investment, trade, tax, and transport policy scores-which together provide a comprehensive measure of the competitiveness and attractiveness of the Bosnian economy for both foreign and domestic investors.

GDP and GDP per capita

Bosnia and Herzegovina's GDP marks approximately USD 21.3 billion in 2024, according to the World Bank data. The country is classified as an upper middle-income economy with an estimated GDP per capita of around USD 6700. The economy has shown moderate growth, with an estimated annual growth rate of 3.0 percent in 2024. GDP has as well increased by around 30 percent in 2024 in comparison to 2019. The economic growth is mainly driven by the services sector which accounts for 55 percent of total GDP, followed by the manufacturing sector accounting for around 23 percent and the agriculture sector accounting for 5 percent.

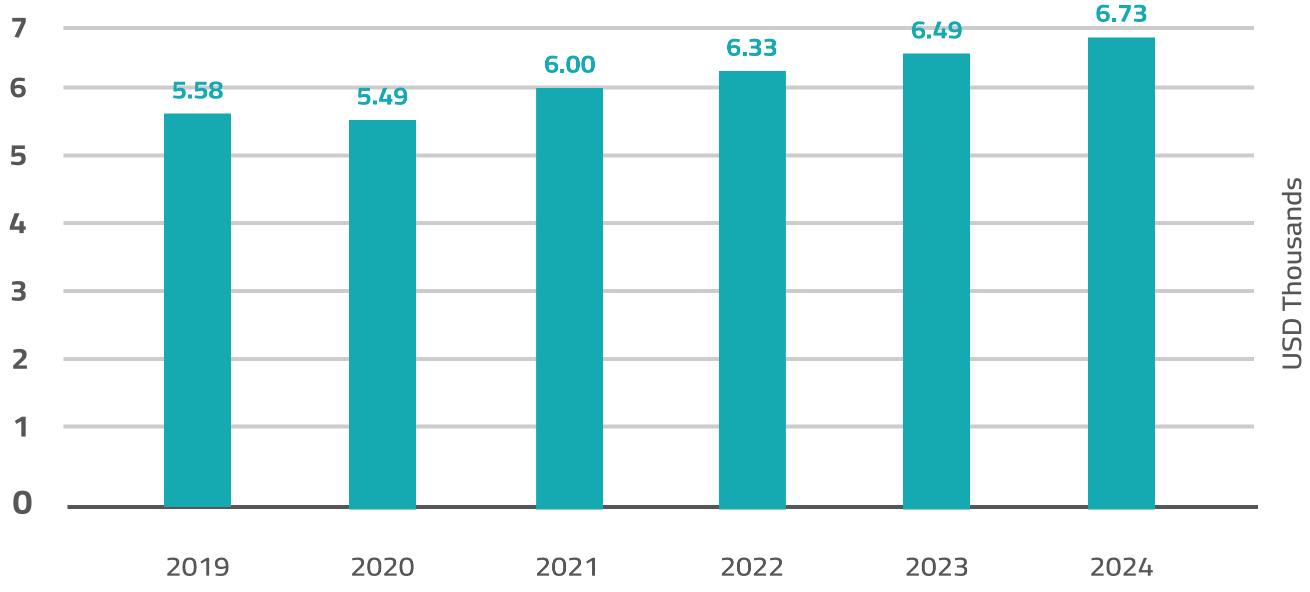
Figure 1: GDP (constant prices 2015 USD)



Source: World Bank Online Database, World Bank.

On the other hand, GDP per capita increases steadily over the recent years parallel to the growth in GDP, recording a cumulative increase of around 20 percent in 2024 in comparison to 2019. This upward trend is likely to support and boost household consumption, as rising incomes typically translate into increased consumer spending.

Figure 2: GDP per Capita (constant prices 2015 USD)

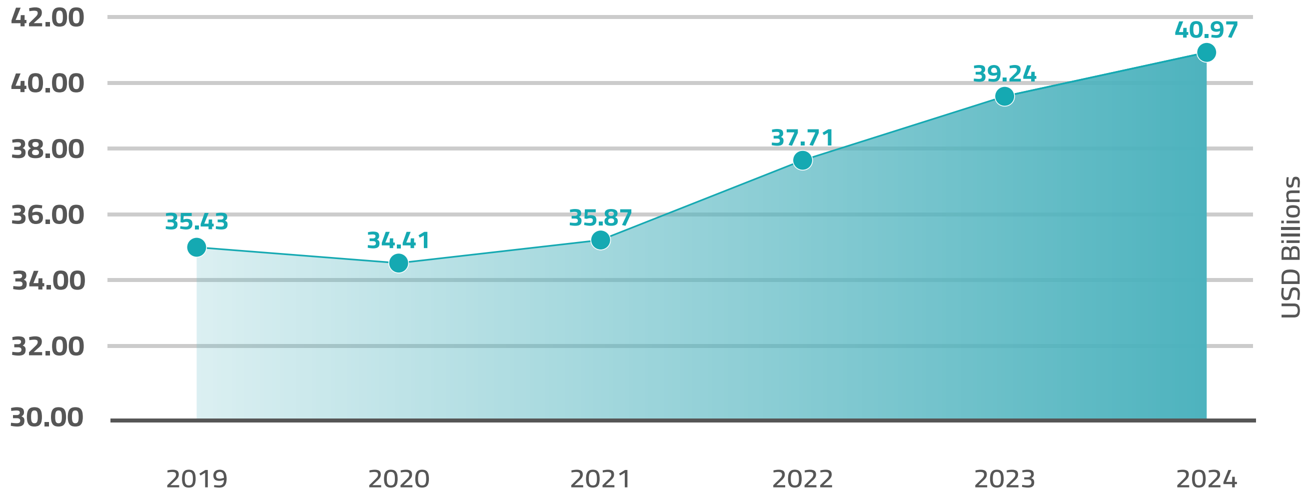


Source: World Bank Online Database, World Bank.

3.2 Household Consumption

Another indicator that reflects on domestic demand is the household and NPISH final consumption expenditure (in constant local currency units) which measures the total real spending on goods and services by individuals and non-profit institutions serving households, in constant prices. The trend is positive, with rising consumption levels reflecting on increased demand for goods and services, including halal products and services. On average, household and NPISH consumption witness an annual growth rate of 4-5 percent correlated to the increases in GDP per capita.

Figure 3: Household and NPISHs Final consumption expenditure (constant 2021 USD)

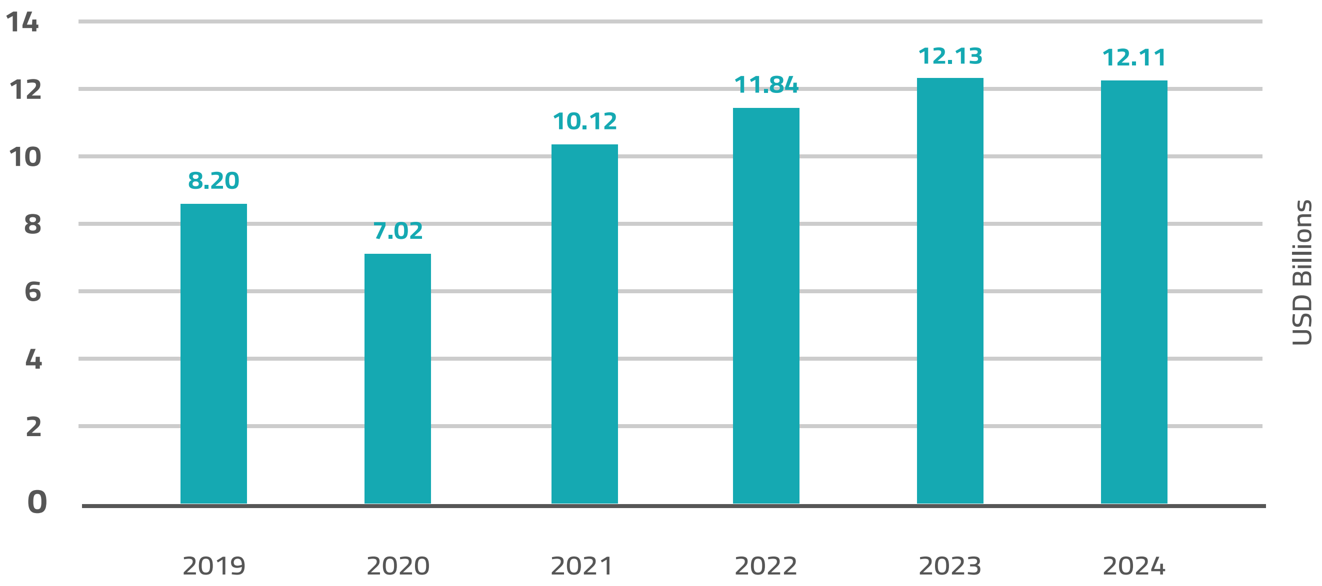


Source: World Bank Online Database, World bank.

3.3 Trade **Competitiveness**

Bosnian total exports are at a level of approximately USD 12.11 billion in 2024, driven mainly by exports of electricity, insulated wire, iron structures, furniture, and motor vehicle parts. The economy relies heavily on industrial exports, while Germany, Croatia, Serbia, Austria, and Slovenia are the primary trading partners. Annual exports follow an upward trend with moderate annual growth rates till 2023, while 2024 marks a modest decline due to a weakened demand from the main trade partners Germany and Italy. The decline in the demand from the European countries is due to the slowdown in the overall economic activity.

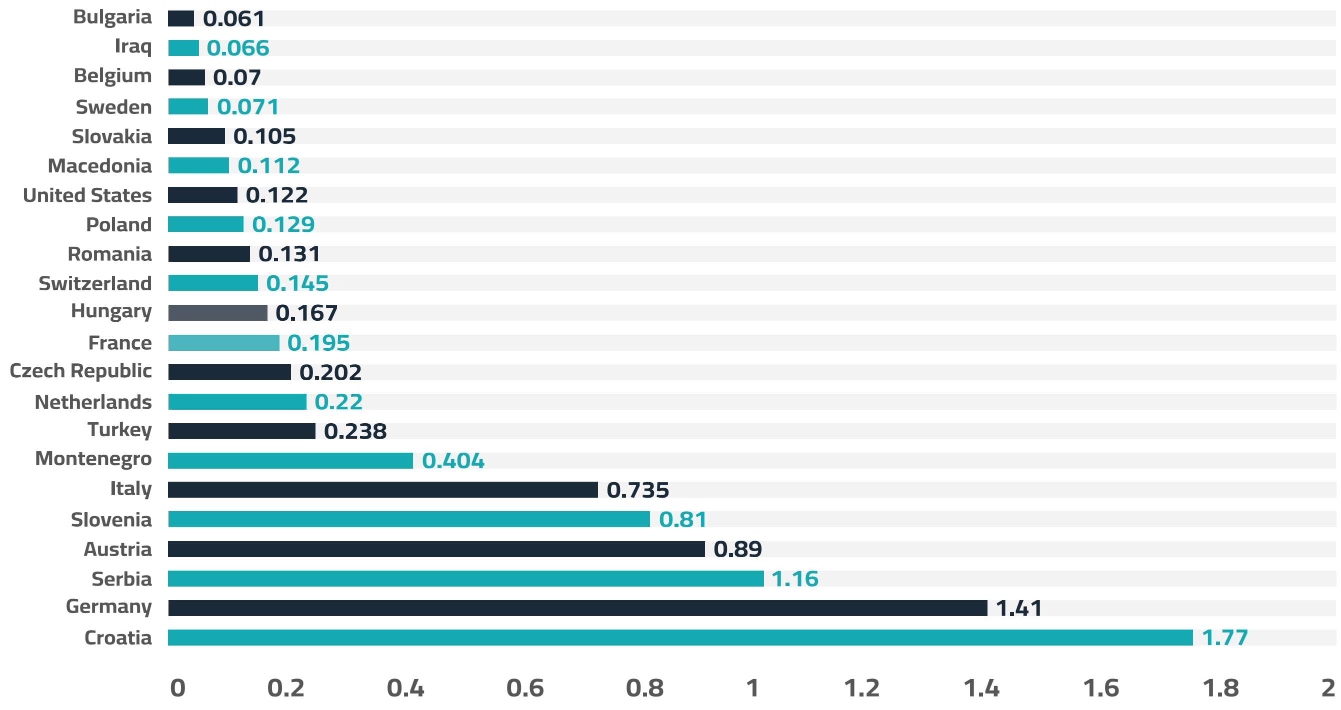
Figure 4: Exports of goods and Services (USD current)



Source: World Bank Online Database, World Bank.

On the other hand, the top export partners are Croatia, Germany, Serbia, Austria, Slovenia and Turkey, with the European Union receiving roughly 65% of its total trade volume. The current pattern of trade partners indicate the significance of the EU as a top trade destination for Bosnian exports and hence halal products exports that target the Muslim population residing in Europe.

Figure 5: Exports by Trade Partner, 2024 (USD Billions)

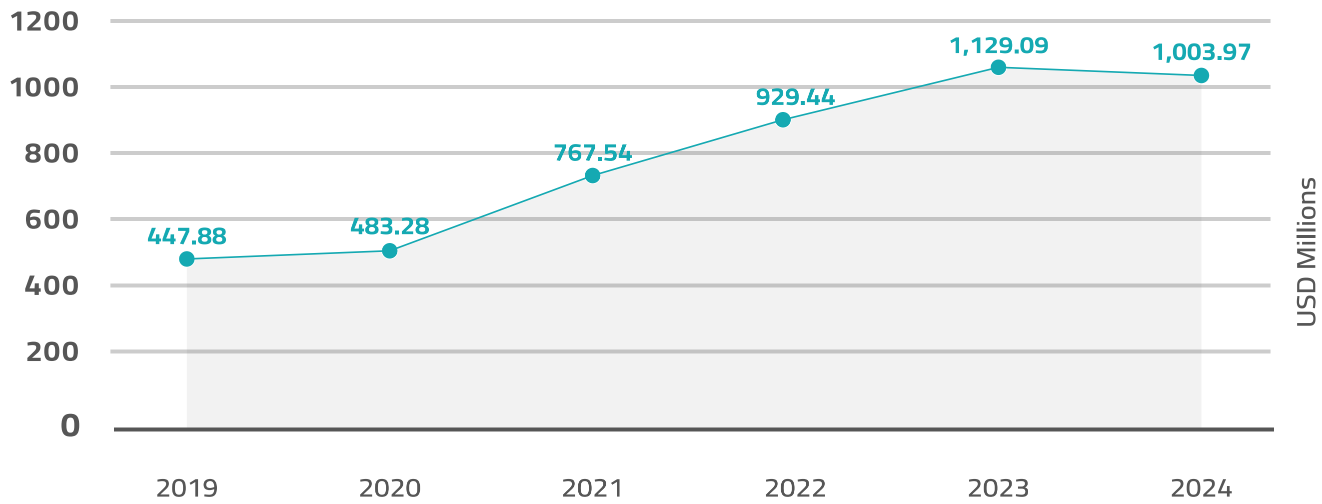


Source: United Nations COMTRADE database on international trade.

3.4 Foreign **Direct Investment**

Foreign direct investment (FDI) is approximately USD 1 billion in 2024, representing a slight decline from the strong performance recorded in 2023. Key country sources of investment include Croatia, Serbia, and Austria, with inflows primarily directed towards the production, banking, and trade sectors. The modest decrease in 2024 is due to the global uncertainty and reduced investment activity of partner European countries.

Figure 6: Foreign direct Investment, net inflows (current USD)



Source: World Bank Online Database, World Bank.

3.5 Country **Competitiveness Scores**

As for the country's competitiveness profile, its performance as measured by several indicators, show modest improvements in the performance of the investment policy and promotion dimension indicator.

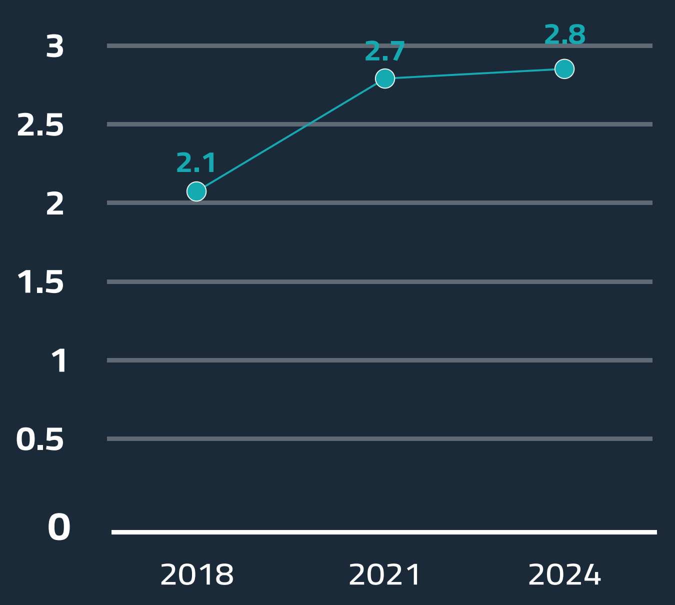
The economy's score slightly improves to a score of 2.8 in comparison to 2.7 in 2021 and realized a significant improvement in comparison to 2018 at a score of 2.1.

Despite these modest advancements, Bosnia scores relatively lower compared to the other West Balkan economies.

While progress in investment policy and promotion has been generally limited at the state level and in the Federation of Bosnia and Herzegovina there have been several important developments in Republika Srpska, including the adoption of the Strategy for Attracting Foreign Investments for the period 2021-27.

The impact of these advancements could be seen in the overall positive increase of FDI trends.

Figure 7: Investment policy and promotion scores



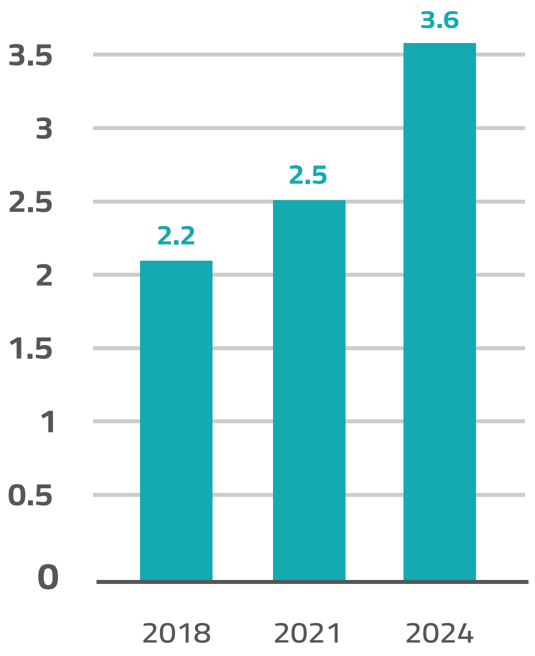
Source: OECD (2024), Western Balkans Competitiveness Outlook 2024: Bosnia and Herzegovina, Competitiveness and Private Sector Development, OECD Publishing, Paris.

Moreover, the trade policy scores 2.2 in 2021 which considerably improves reaching 3.6 in 2024. The main progress factors are under the export promotion sub-dimension, in which the trade policy framework sub-dimension, where the economy scores slightly below the regional average.

Bosnia and Herzegovina does't currently have an overarching economy-wide trade strategy governing adopting new trade policies to improve trade performance.

These improvements in the overall trade policies of Bosnia has its impacts on the improved export trends previously exhibited in the previous section.

Figure 8: Trade Policy Scores



Source: OECD (2024), Western Balkans Competitiveness Outlook 2024: Bosnia and Herzegovina, Competitiveness and Private Sector Development, OECD Publishing,Paris.

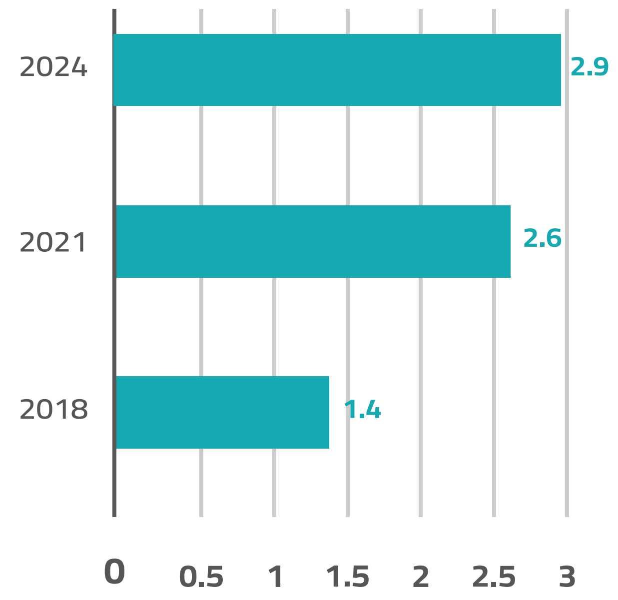
Another vital indicator is the tax policy, which scores are slightly below the regional average of West Balkan countries, but the overall performance in the tax policy framework sub-dimension improves in 2024 in comparison to 2018 jumping from a score of 1.4 to 2.9 in 2024.

However, tax administration in the economy is strengthened due to improvements in compliance assessment and risk management as well as higher rates of e-filing in both entities, i.e. the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS).

Such an indicator along with the improvements can enable attracting more domestic and foreign investments and therefore boost the investment climate making it a favorable one.

Source: OECD (2024), Western Balkans Competitiveness Outlook 2024: Bosnia and Herzegovina, Competitiveness and Private Sector Development, OECD Publishing, Paris.

Figure 9: Tax Policy Score

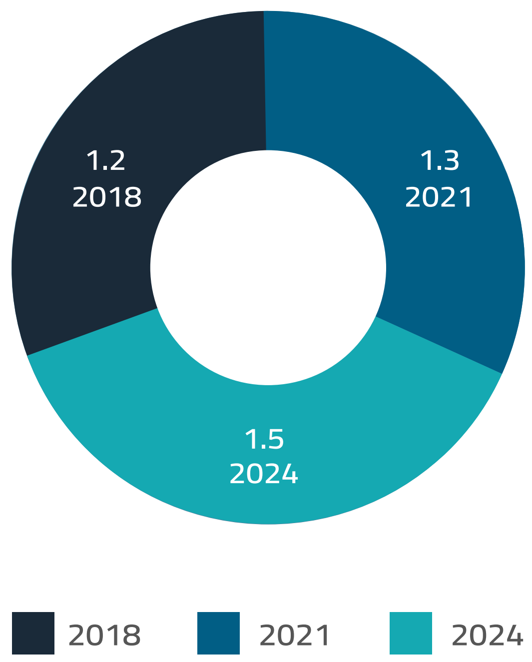


Moving forward to the transport policy scores which hosts minor progress in terms of improving its transport policies and implementation in comparison to the previous year reaching the maximum score of 1.5 in 2024.

Overall, Bosnia continues to underperform in this area compared to the region of west Balkan, despite improvements in specific sub-areas such as procurement procedures, rail reforms and some small-scale progress in developing smart and sustainable transport. Transport infrastructure is vital to improve operations of business, access to markets and pools of employment.

Source: OECD (2024), Western Balkans Competitiveness Outlook 2024: Bosnia and Herzegovina, Competitiveness and Private Sector Development, OECD Publishing, Paris

Figure 10: Transport Policy Scores



04

Halal Industry **Overview**

The key determinants of halal demand in Bosnia originate to the high levels of religious compliance, increase of awareness towards food safety, and the expanding tourism industry. The demand is driven by approximately **2 million Muslims** in Bosnia, complemented by the demand boosted by the Muslim population in the EU.

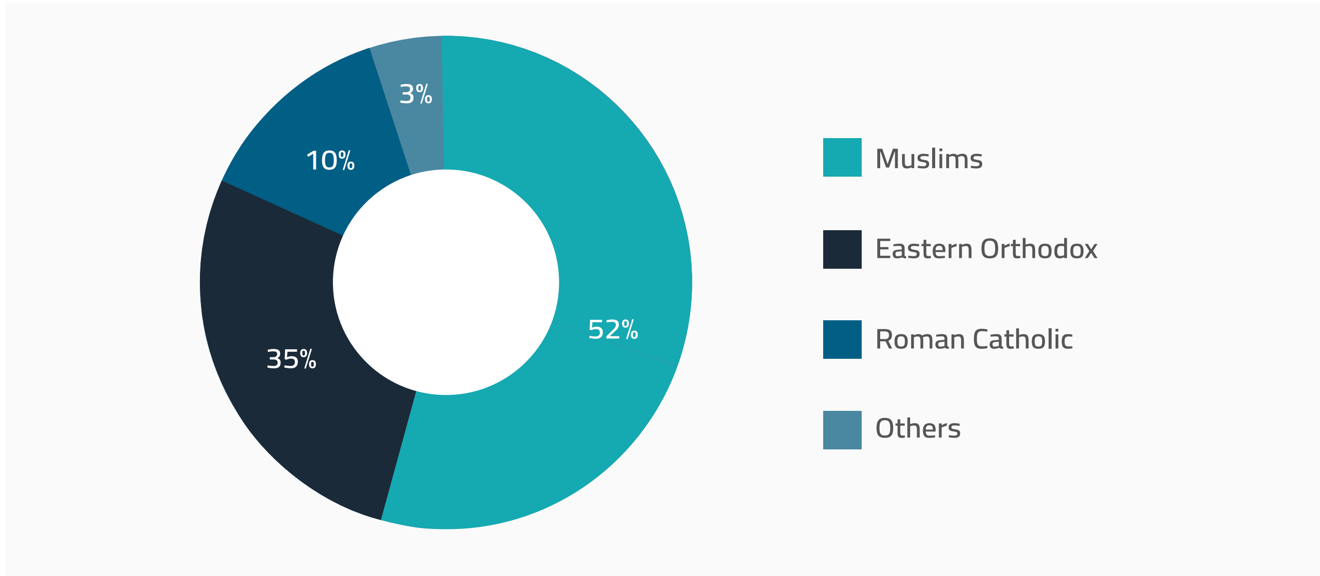
As a central hub for halal in Europe, demand is driven by local consumers requiring certified products and international travelers needing compliant options, ensuring trust in the halal supply chain. The domestic Muslim population, which follows a declining trend, indicates the increasing importance of the EU Muslim population in boosting the halal industries in Bosnia on the medium and long terms.

4.1Demographic and Religious **Landscape**

Muslim population share

As of late 2023, Bosnia and Herzegovina's religious landscape is divided along ethnic lines, primarily consisting of Sunni Muslims (approx. 51–52%), Serbian Orthodox Christians (31–35%), and Roman Catholics (8–15%). The 2013 census remains the official baseline, with 2023 estimates showing a population decline, marking a total population of 3.6 million in 2024 (Source: World bank). The population trends are following a declining pattern, due to low birth rates and external migration.

Figure 11: Distribution of Population by Religion (2023 estimates)



Source: Association of Religion data.

4.2 Domestic **halal demand**

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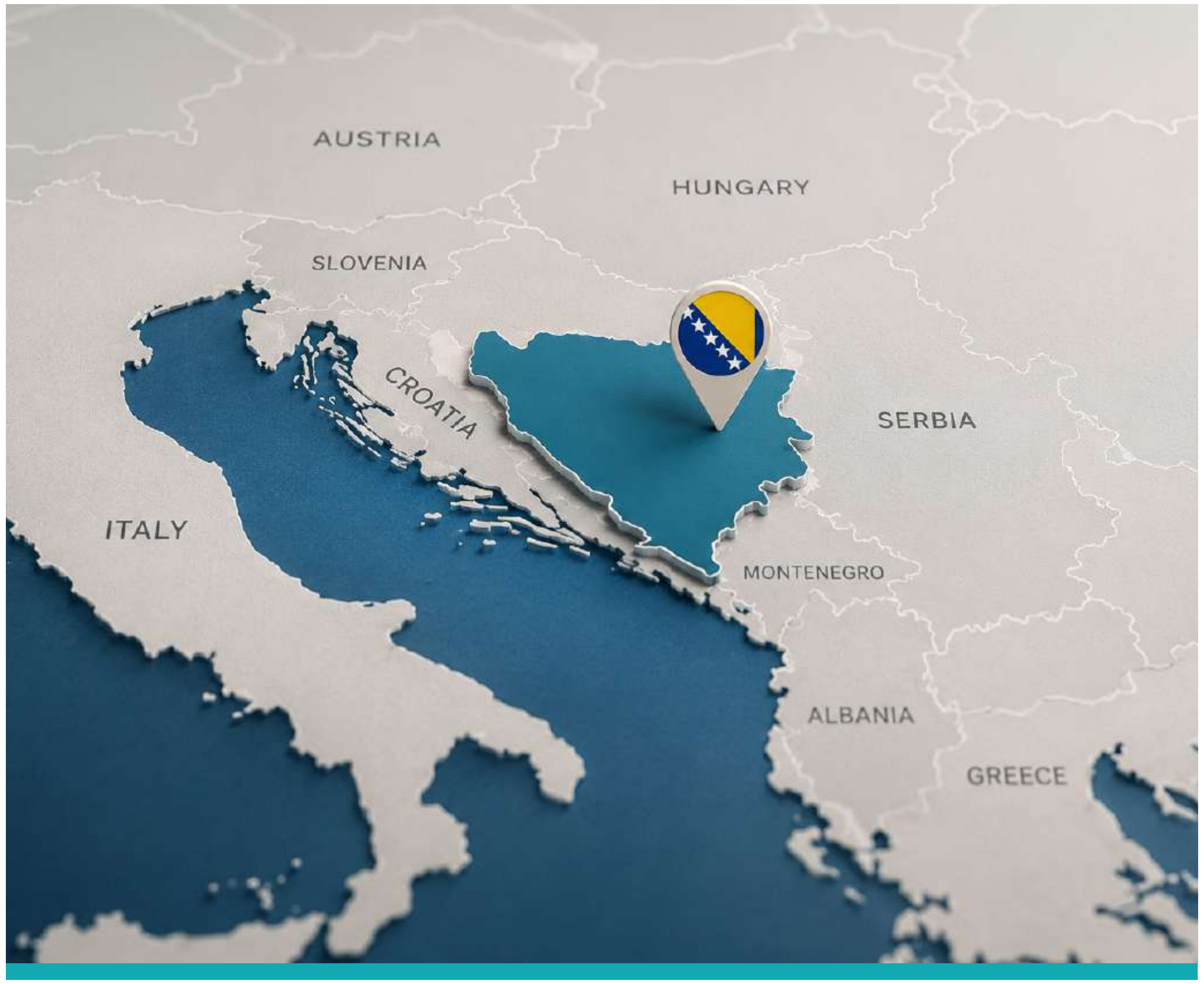

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05

Halal Industry **Ecosystem**

The **Agency for Halal Quality Certification (AHQC)** in Bosnia is the primary institution responsible for certifying halal products, services, and manufacturers in the country.

Established in 2006, the AHQC has been instrumental in shaping the Bosnian halal landscape. As the country's primary halal certification body, it has established strict standards and procedures, guaranteeing that products bearing the halal label meet the highest ethical and quality benchmarks.

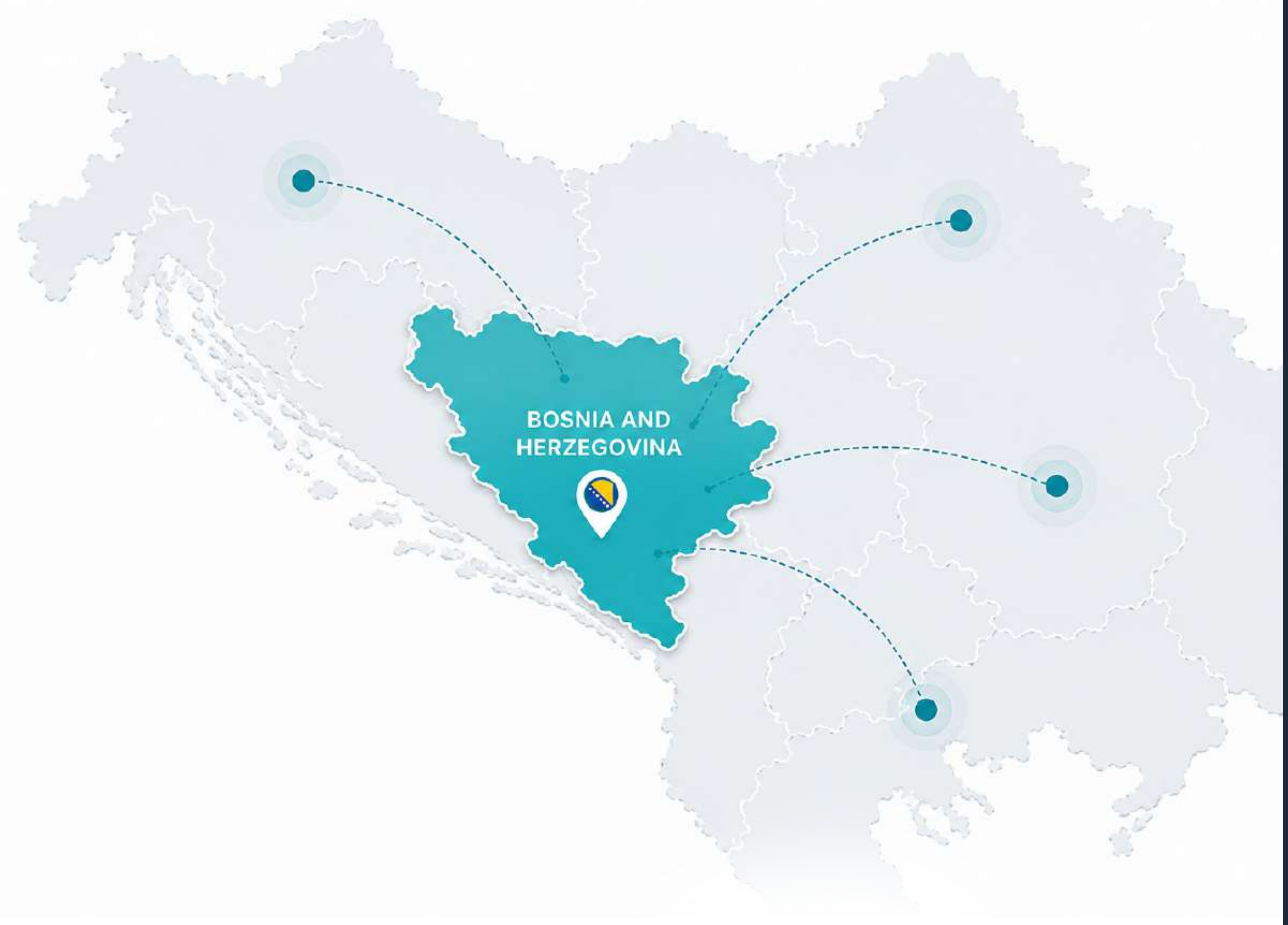
The AHQC's influence extends beyond mere certification, encompassing standard setting, education, promotion, and international collaboration.

The AHQC develops comprehensive halal standards across diverse sectors, from food and cosmetics to pharmaceuticals and tourism, aligning them with international best practices. Their rough certification process, involving audits, inspections, and continuous monitoring, ensures compliance.

The AHQC actively educates businesses and consumers about halal principles through workshops, seminars, and awareness campaigns, fostering understanding and trust.

Significantly, the collaboration with international halal organizations harmonizes standards and facilitates trade, boosting the global acceptance of Bosnian halal products.

AHQC’s Pioneering Role:
Standardizing Quality and Building Bridges



The AHQC’s contribution goes beyond Bosnia’s borders, extending its influence throughout the Balkan region. By offering certification services to neighboring countries, the AHQC has facilitated cross-border trade and supported local economies.
Their outreach programs and training initiatives have empowered manufacturers, large and small, to meet internationally recognized standards, opening doors to global markets. This harmonization of halal practices across the Balkans has fostered regional cooperation and economic integration.

Economic and Cultural Impact

The halal industry’s growth has a profound impact on Bosnia’s economy and cultural identity.
It has stimulated **local industries, created jobs** across various sectors, and generated significant **export opportunities.**

Concurrently, it has **reinforced cultural heritage** by integrating traditional practices with modern production techniques, appealing to consumers who value authenticity. The emphasis on **ethical production** and **animal welfare** further strengthens Bosnia’s reputation for providing culturally and ethically sound products.

Challenges and Embracing Opportunities

Despite its successes, the Bosnian halal industry faces ongoing challenges.

- **Maintaining consistent standards** across a growing industry is vital.
- **Combating misinformation** and clarifying halal practices remains a crucial task.
- **Expanding market access** in an increasingly competitive global landscape requires continuous innovation and strategic partnerships.
- **Supply chain complexities**, particularly for smaller enterprises, also need to be addressed.

Since some regions of the country are not open to industrialization, it became possible for Bosnia to preserve these areas' natural state and to provide suitable areas for organic production and animal husbandry for the halal certified products sector.

According to the Agency for Halal Quality Certification (AHQC), **Croatia, Serbia, Turkey, and Poland** are among the countries that have a significant share in importing halal products to Bosnia
Source: Agency for Halal Quality Certification (AHQC).

5.1 Halal **Certification Activities**

Although halal certification is not mandatory, the products which claim to be halal must have a certificate issued by the authorized institution and showing their halal status.

On the other hand, halal certified imported products to Bosnia should as well comply with Bosnia and Herzegovina's **Halal Standard (BAS 1049:2010).**

The Agency states that it provides halal certification and other services according to the requirements of the following halal standards.

a) BAS Halal Standard 1049:2010
Halal Food – Requirements and Measures

b) OIC/SMIIC 2: 2019
Conformity Assessment – Requirements for Bodies Providing Halal Certification

c) UAE.S GSO 2055- 1: 2015

Halal Food - Part 1: **General Requirements**

d) UAE.S 993:2015 - UAE.S 993:2015
Animal Slaughtering Requirements According to Islamic Rules

e) MS 1500:2019
Halal Food – Production, Preparation, Handling and Storage – General Guidelines (Third revision) –Department of Malaysia

Bosnia is an observer member in the Organization of Islamic Cooperation (OIC) and the Standards and Metrology Institute for Islamic Countries (SMIIC) and is represented in the SMIIC by the BAS.

The national accreditation institution in the country is the Institute for Accreditation of Bosnia and Herzegovina (BATA), and it does not have halal accreditation activities.

06

Country Context

This section demonstrates the regulatory and institutional framework of halal products, main components of the halal ecosystem in Bosnia, and the certification activities that help position Bosnia in relation to the European market.

6.1 Regulatory & Institutional **Framework**

Bosnia has a robust halal industry framework based on **BAS 1049:2023** standards, aligned with **OIC/SMIIC** guidelines. The Agency for Halal Quality Certification is the primary body, ensuring thorough, transparent certification. Bosnia serves as a strategic **European hub**, bridging regional production with global markets.

Key Components of the Framework and how they operate together:

Standards and Certification:
Halal certification is based on BAS 1049:2023 – Halal Food, Requirements and Measures. The Agency for Halal Quality Certification (AHQC) is the primary authorized body in Bosnia.

Institutional Framework:
The system relies on SMIIC 18:2021 for Halal Quality Management Systems (HQMS). It involves partnerships between government bodies (e.g., Federal Ministry of Agriculture) and Islamic organizations to align with international OIC/SMIIC standards.

Strategic Position:
Due to its established standards, Bosnia is positioned as a potential host for a European Halal Accreditation Agency and a key hub for the European halal market.

Industry Focus:
The framework covers food safety, quality control, ethical production, and traceability, supported by scientific exchanges, including collaboration with the University of Sarajevo and Tuzla.

6.2 Key Components of the Bosnian Halal Ecosystem

The key players involved in the halal ecosystem in Bosnia include the following:

- The **Agency for Halal Quality Certification (AHQC),** managed by the Islamic Community, is the sole authorized body responsible for certification, education, and promoting halal quality standards.
- National Standards: The official standard is **BAS 1049:2010** (formerly 2004), which is compatible with international standards **(ISO, HACCP),** ensuring products meet both Islamic and safety standards.
- The AHQC works closely with the **Halal Industry Association,** government ministries **(e.g., Federal Ministry of Agriculture),** and local stakeholders to promote the industry.
- International Collaboration: The AHQC is active in global bodies, including the World Halal Food Council **(WHFC)** and the Organization of Islamic Cooperation **(OIC)**, enhancing compliance with international best practices. Strategic Growth Focus: Bosnia is positioning itself as a regional European hub, with a recent focus on the "Halal as a lifestyle" concept, expanding into sectors like tourism, cosmetics, and pharmacy.

Diagram 1: Key player in halal ecosystem

6.3 Halal Certification System

The AHQC is known for its rigorous standards and transparent processes. But Bosnia's contribution to the halal industry goes beyond certification; it as well plays a critical role in strengthening halal supply chains across Europe.

Key factors in success of the certification process:

Setting Rigorous Standards: The AHQC's certification process is one of the most stringent in the world. It covers all stages of production, **from sourcing raw materials to packaging and distribution.** This ensures that products bearing the Bosnia Halal Certification logo meet the **highest standards of quality and compliance.**

On another note, transparency is essential in Bosnia's approach to halal certification.
The AHQC requires **detailed documentation** and conducts **regular audits** to ensure **ongoing compliance.** This level of **transparency builds trust** among consumers and businesses alike.

Leveraging Technology and enhancing the use of technology with the objective of enhancing halal supply chains. From block chain to track and trace systems, the country is leveraging innovative solutions to ensure the integrity of halal products.

Efforts in strengthening the halal supply chain involves as well the **strategic collaborations** with other **halal-certified** organizations, **businesses, and government bodies across Europe.**

These partnerships have been instrumental in creating a more reliable and transparent halal ecosystem. These collaborations not has its impacts on the certification procedures, but extends to enhancing the positioning and branding of certified Bosnian halal products.

Building strong and close partnerships with **Halal-Certified Businesses** that are committed to halal integrity has been also an important measure. In which providing them with **certification and guidance,** the AHQC helps these companies navigate the complexities of the halal supply chain. This ensures that measures and policy level commitment are being reflected to the meso and micro levels of the supply chain, where all businesses are aware and are aligned with the top level objectives and commitments of having strict certification procedures.

On the international level, collaborations with International Halal Organizations were set, where Bosnia is an active member of global halal organizations such as the **World Halal Food Council (WHFC)** and the **Organization of Islamic Cooperation (OIC).**
These collaborations ensure that Bosnia's standards align with international best practices, and therefore enhancing the presence and global demand on Bosnian halal products.

The Bosnian government has been a strong advocate for the halal industry, through providing **funding and support** for initiatives that promote halal integrity. This enables the AHQC to expand its reach and impact.

In addition to the previous interventions and measures, **investing in education and training** to raise awareness about halal standards is set as crucial and backs the efforts exerted to set the guidelines and criteria for halal certification.
These educational measures and interventions take the form of **workshops, seminars, and publications,** through which AHQC is helping to build a more informed and skilled workforce. Along with AHQC, **the European Halal congress** serves as a major platform providing education, expert training and knowledge sharing in the halal industry.

Diagram 2: Halal Qualitty Certification Interventions

International recognition

The agency proves success in gaining momentum and holds global recognition, whereby enabling Bosnian products to be exported to key markets including **the GCC, Turkey, and Southeast Asia.**

Bosnia's halal certification is known internationally, notably by **JAKIM in Malaysia,** allowing Bosnian products access to international markets like Saudi Arabia, UAE, Qatar, and Turkey.
The national standard, **BAS 1049:2010,** is rigorous, covering the entire supply chain, and aligns with international best practices.
The increased international recognition of Bosnian certification procedures paves the way for the halal products in the international market especially the EU.

07

Bosnia’s Position **in European Halal Market**

As previously mentioned, Bosnia establishes itself as a pivotal Balkan hub and **a trusted leader in the European halal industry,** driven by its Agency for **Halal Quality Certification (AHQC)**. Key aspects of the halal industry position in Europe can be demonstrated in the following lines.

Key Aspects of Bosnia’s Halal Positioning Globally

As a leader in the Balkans, Bosnia's AHQC ensures strict compliance with Sharia law from production to packaging. Over 100 companies are certified, predominantly in the food industry, with around 7,000 products complying with halal standards.

Bosnia leverages its geographical location to supply halal products to the Balkans and the broader European Union market, with growing export interest to the Middle East especially the GCC and North America.

Europe is home to over **25 million Muslims,** a number that is expected to grow in the coming years.
This demographic shift has fueled a surge in demand for halal products, from food and beverages to cosmetics and pharmaceuticals. According to a report by Statista, the European halal food market alone is projected to reach **USD 30 billion by 2025.**

On the other hand, the domestic halal industry in Bosnia is experiencing high growth **(15-20% annually)**, supported by its indigenous Muslim population and a focus on quality and standardization.

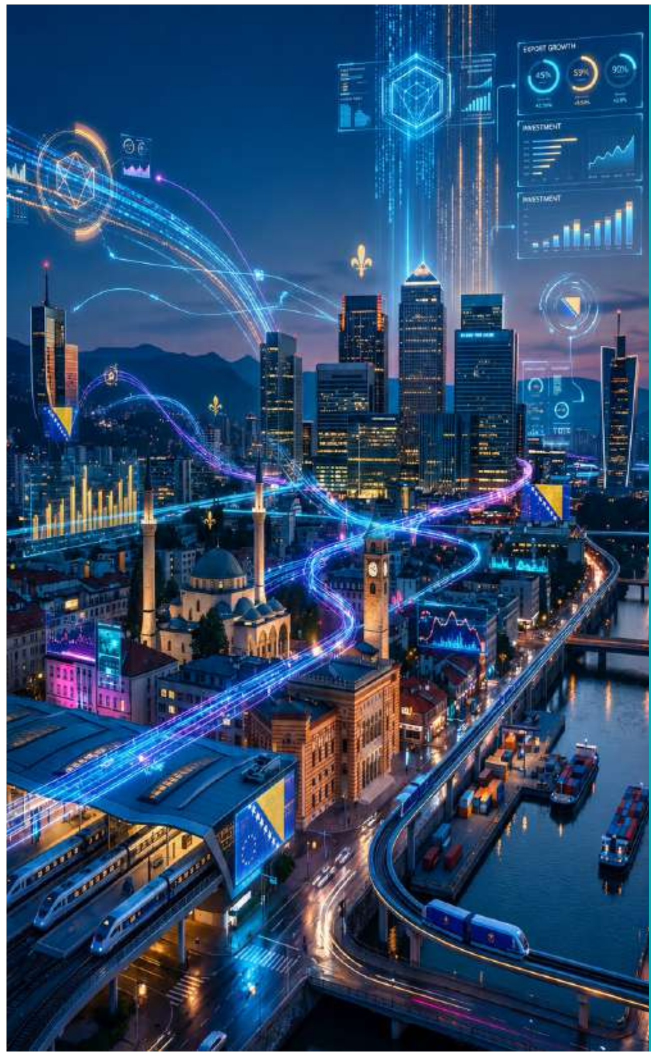
7.1 EU alignment and **access to markets**

Bosnian companies are increasingly securing access to EU markets by adopting high-quality certifications, including HACCP and ISO, which ensure compliance with EU food safety regulations. This, coupled with the Stabilization and Association Agreement (SAA), allows for duty-free access for most goods, transforming the EU into Bosnia's primary trading partner.

Key Drivers for EU Market Access:

The EU market access is in acceleration by several engines and measures, such as ensuring the Food Safety Compliance, with the widespread implementation of Hazard Analysis and Critical Control Points (HACCP) and International Organization for Standardization (ISO) standards which increases consumer confidence and facilitates export competitiveness.

Another booster is the trade Agreements (SAA), since 2008, the SAA has enabled trade liberalization, providing Bosnians duty-free access to EU markets for most products. The agreement ensures the free movement of goods are committed to gradually establishing a bilateral free trade area. The agreement sets out as well a process for reducing and removing customs tariffs and quotas on goods from both the EU and Bosnia and Herzegovina. This provides the Bosnian exports a comparative advantage with enabled access.



On the other hand, the Agency for Halal Quality Certification helps producers tap into European halal demand, with Bosnia acting as a regional hub.
Implementation of the EU Twinning projects assist in aligning national food safety legislation with EU standards. By strengthening veterinary services and regulatory capacities, these projects help enhance the quality of Bosnia's rapidly growing halal industries, aiding their compliance with European standards and increasing export potential to European markets.

Additionally, the Agency for Halal Quality Certification (AHQC) in Bosnia collaborates with international organizations **(e.g., Association of Halal Certifiers - AHAC)** and has strong engagement with partners in **Southeast Asia (Indonesia, Malaysia, Singapore) and the Middle East,** with events like the **Halal Expo 2026** serving as key networking platforms.
All these interventions and efforts combined enhances the Bosnian export readiness to the EU especially the halal certified products.

Diagram 3: Export Regulation Alignment

Veterinary and sanitary standards

Efforts exerted that relate to aligning the veterinary and sanitary standards with EU directives to facilitate exports, particularly in agricultural and animal products are ongoing in Bosnia. Key requirements include strict laboratory controls for residues, HACCP systems for food processors, and phytosanitary certificates. The Veterinary Office oversees exports, while halal certification is crucial for food industry access to global markets, ensuring compliance with Shariah-compliant hygiene standards, which mandate no alcohol or pork, and strict separation in production lines.

The Veterinary Law governs animal health and safety of animal products, enforced through official veterinary controls. While production and processing must adhere to quality management systems such as Hazard Analysis and Critical Control Points (HACCP), especially for export-oriented businesses.

7.2 Trade Agreements

Bosnia has signed mutual trade agreements, by which its export readiness and expansion potential to export markets are enhanced. These trade agreements solidifies the position of Bosnia in the European market and provides increasing opportunities.

CEFTA

In December 2006, Bosnia signed **the Central European Free Trade Agreement (CEFTA),** which became operational in November 2007. The regional trade group consists of **Albania, Bosnia, Kosovo, North Macedonia, Moldova, Montenegro, and Serbia.**

CEFTA aims to harmonize its Parties' regulatory framework with the EU and international standards. It also covers issues such as the protection of intellectual property rights, competition rules, and state aid.

EU Stabilization and Association Agreement

In June 2008, Bosnia signed the Stabilization and Association Agreement (SAA) with the European Union, an important step toward **EU membership**. The SAA officially entered into force on June 1st, 2015. The most important part of the SAA is the establishment of a free trade zone between Bosnia and the EU, allowing for the mutual abolishment of custom tariffs and quantity limitations in mutual exchange of goods. The adapted SAA provides for unlimited, duty-free access for fruits and vegetables and allows higher quotas for fish into the EU market.

OIC trade relations

Bosnia maintains a close, long-standing relationship with the Organization of Islamic Cooperation (OIC), holding observer status within the organization. The OIC focuses heavily on supporting Bosnia's territorial integrity, stability, and post-war economic reconstruction, viewing it as a bridge between the Islamic world and Europe.

The OIC, including through the Islamic Development Bank (IDB), encourages investments and supports economic projects designed to strengthen Bosnia's development.

The OIC encourages Member States to boost trade with Bosnia, which has been described in the past as having significant room for growth.

Bosnia and Herzegovina has as well aligned its national halal standards (BAS 1049:2010) with the OIC/SMIIC (Standards and Metrology Institute for Islamic Countries) requirements, facilitating trade in halal products.

Diagram 4: Main Trade Agreements with Bosnia

08

Halal **Events/ Fairs**

Halal events and fairs help in **connecting suppliers with buyers** operating in the halal related industries, therefore enhancing Bosnian exports and possibly entering new markets and introducing new halal products in the international markets.

The following is a list of the main events and fairs that take place in Bosnia with the purpose of bringing investors and investment opportunities together, with the overall objective of boosting the halal related industries.

- **SAHAF (Sarajevo Halal Fair and Forum):**
  SAHAF, the first of which was held in 2012, was organized for three consecutive years. This event aimed to raise awareness about the halal certified products sector.

- **Sarajevo Halal Fair:**
  The first one was held in 2018. It is organized in the coordination of Bosna Bank International, which is the first and only bank in Bosnia to operate according to the principles of Islamic Finance. The fair aims to bring together halal sector stakeholders and thus strengthen halal certified products trade.

- **European Halal Congress (June 16-17, 2025):**
  Held at Hotel Hills Sarajevo, focusing on advancements in halal certification, nutrition, medicine, and finance.

- **Halal Awareness Week:**
  Held in May, featuring seminars and events promoting the industry.

- **Sarajevo Fair**
  the Fair's lead organizer, brings logistical prowess. Known for bridging Balkan and Middle Eastern markets, it orchestrates everything from booth setups to investor meet-ups. Its team ensures the event attracts distributors and retailers while promoting Bosnia as an investment destination. Together, AHQC's technical expertise and Sarajevo Fair's commercial acumen create a synergy that could elevate Bosnia's halal profile.

- **Halal Expo Sarajevo:**
  As a gateway to Adria region growing halal market, Halal Expo Sarajevo is a major international event taking place in the Bosnian capital, Sarajevo, from June 24 - 27, 2026.

09

Market Structure & Industry Mapping

As previously mentioned, Bosnia is a growing European hub for halal products, with over **110 certified companies—mostly in food sector.**

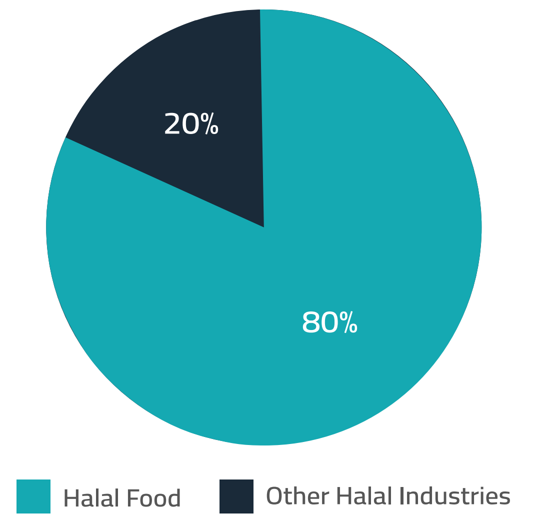
The industry is regulated by the Agency for Halal Quality Certification, certifying products like meat, dairy, and confectionery, with major players including AS Holding, Vispak, and ZIM.

9.1 Number of Halal-Certified Companies

There are over **110 local companies certified as of May 2023** (Source: Agency for Halal Quality Certification). These companies produce roughly 7,000 halal-certified products, spanning from food, pharmaceuticals, and services. The industry has experienced significant growth, with over 80% of certified firms being food producers.

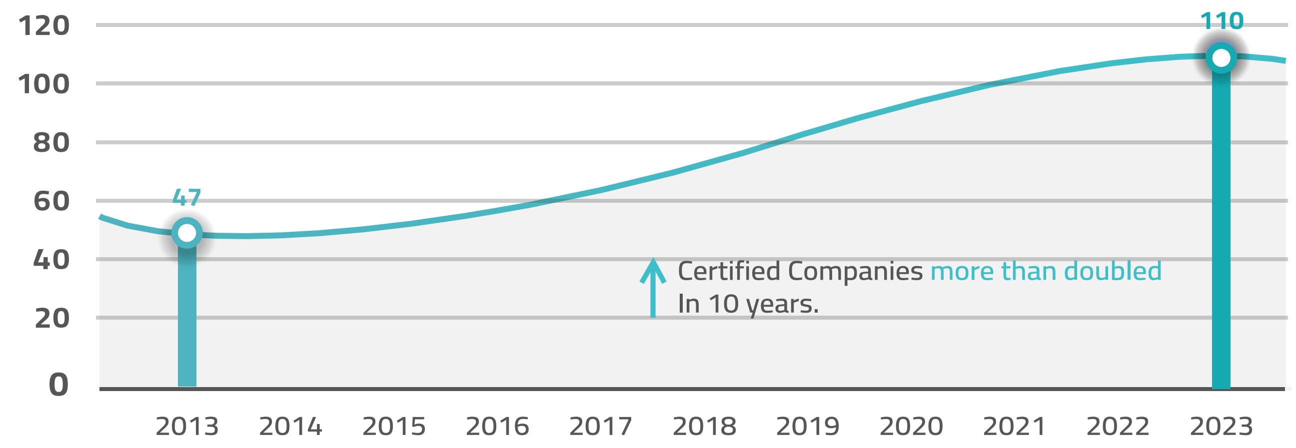
The number of certified companies has **more than doubled** witnessing a 134 percent growth rate in ten years (2013-2023), this boom in certified companies and establishments reflect on an increased number of halal products during the same time interval. Despite the doubling of number of certified companies, **the number of products more than tripled** during the same time frame increasing from 2000 products in 2013 to as high as 7000 products in 2023, and witnessing a growth rate of 250 percent, as illustrated in the below figures.

Figure 12: Distribution of Population by Religion (2023 estimates)



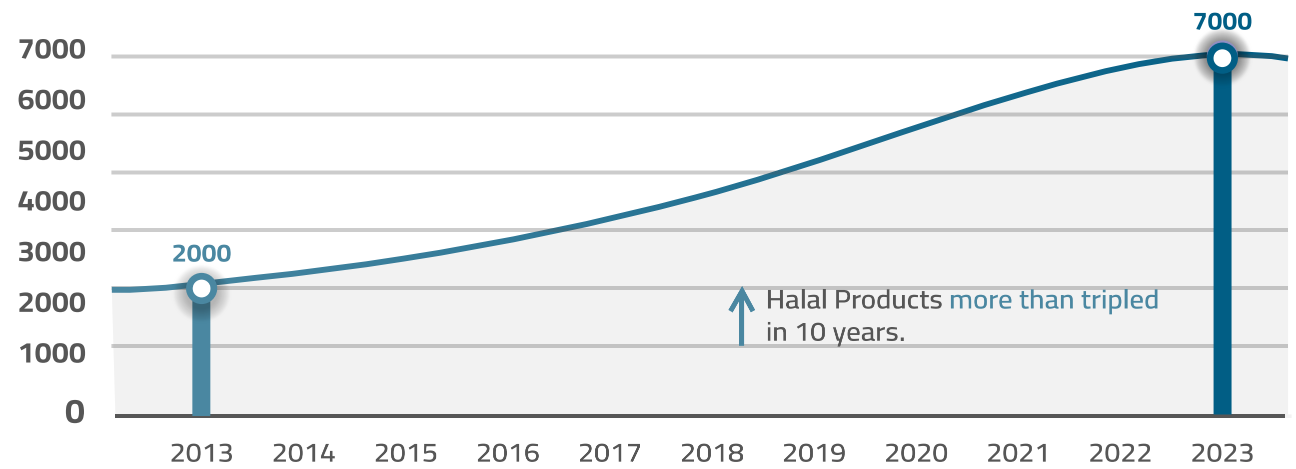
Source: Agency for Halal Quality Certification.

Figure 13: Number of certified companies (2013-2023)



Source: Agency for Halal Quality Certification.

Figure 14: Number of halal products (2013-2023)



Source: Agency for Halal Quality Certification.

9.2 Sector **Breakdown**

The current section of the report demonstrates the sectoral analysis of halal related industries in terms of growth and potential opportunities. The sectors tackled in this section comprise the **Livestock & Agriculture Base, Islamic finance, Halal stock market, halal tourism, modest clothing, halal pharmaceuticals, halal cosmetics, and Islamic fintech.**

- Livestock & Agriculture Base

Bosnia establishes itself as a significant **halal livestock and agriculture hub in Europe**, acting as a central, reliable, and compliant producer for both local consumption and export to the Gulf and European markets. The country holds a reputation for high-quality, nature-fed, and strictly monitored halal meat and agricultural products, with over 47 certified producers (almost half of the total number of certified companies) and a robust halal certification agency.

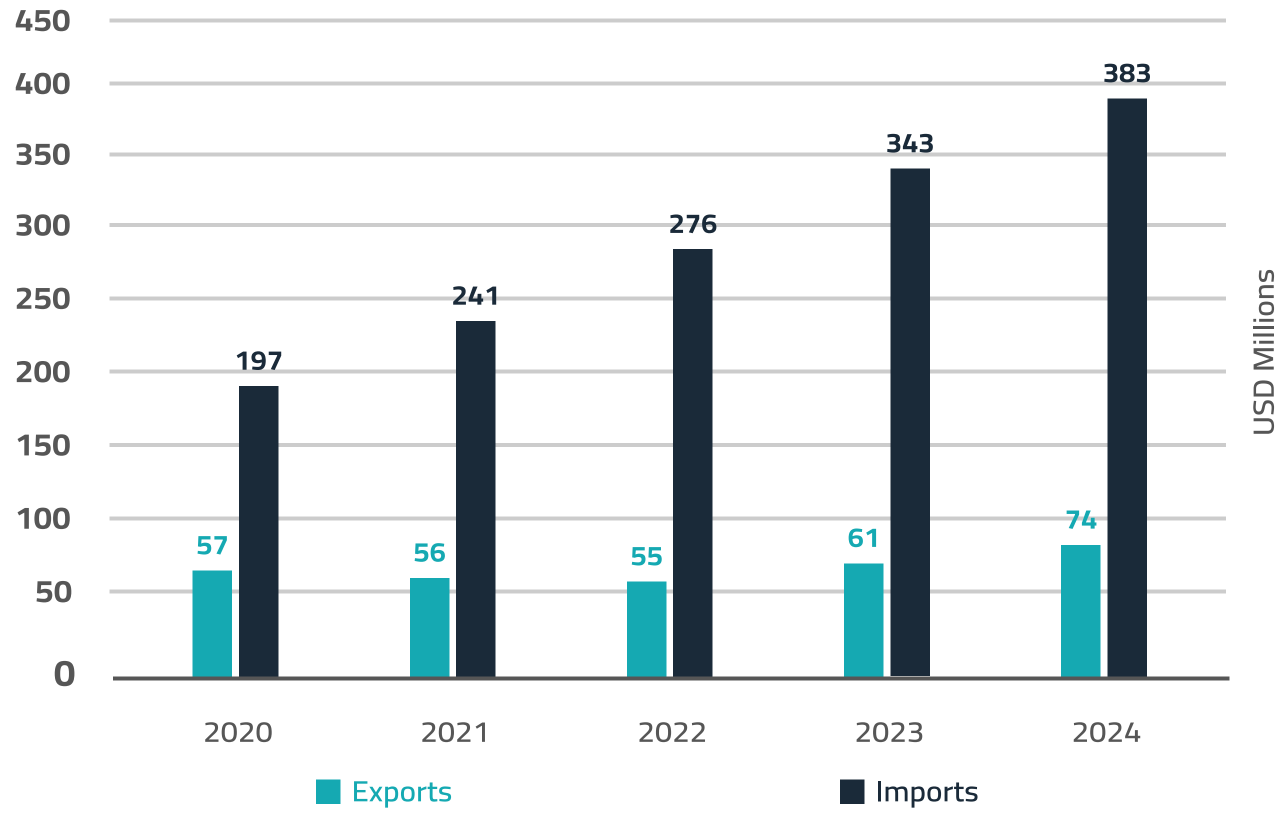
Meat Production (Poultry and Beef):
Livestock production is highly important, with a high concentration of poultry and lamb/beef farming, with a strong focus on "farm-to-fork" halal compliance, as seen in the Akova Group.

Agriculture & Organic Produce:
Due to clean environmental conditions, Bosnia is a key source of organic fruit, vegetables, and dairy, with increasing investments in sustainable and chemical-free agriculture.

Honey and Fisheries:
Honey production is a prosperous branch with over 410,000 hives, while aquaculture is expanding, offering high-quality fish.

The performance of meat and meat preparation exports witnesses an upward trend during the past five years (2020-2024), reflecting an increasing international demand on these products, as illustrated in the below diagram. This rise in exports is correlated with an increase in imports during the same time frame, indicating a trade deficit in this product and possible opportunities for implementing investments in Bosnia. Shedding light on international trade of meat and meat preparations is onsidered as an indicator for competitiveness of this sector, where the incline in total exports translate into increasing international demand and therefore implies having possible investment opportunities to meet the growing international demand. Montenegro, Croatia, Serbia, and Slovenia are the primary international markets for Bosnian meat exports, particularly for poultry and processed meats.

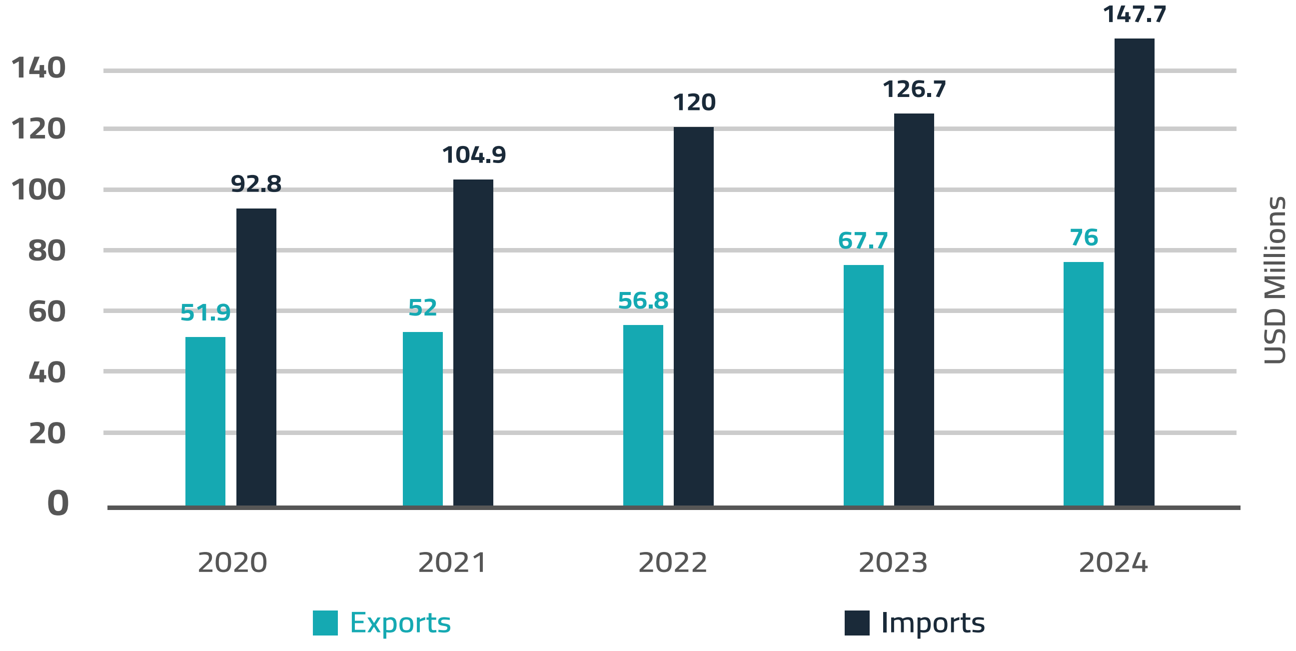
Figure 15: Value of exports/imports of meat and Meat preparations (2020-2024)



Source: Statbase, Website https://statbase.org.

Another product group that is considered to be one of the main traded and demanded products, dairy products, which has similarly witnessed a moderate pace in terms of exports growth indicating growing international demand. Imports have similarly followed an upward trend with moderate annual growth rates. Top export markets for dairy products are predominantly regional neighbors, with Montenegro, North Macedonia, and Serbia leading in 2024.

Figure 16: Value of exports/imports of Dairy products (2020-2024)



Source: Statbase, Website https://statbase.org.

Leading Halal-Certified Food Companies & Brands in Bosnia

Vispak: Recognized as one of the first companies to receive a halal certificate in Bosnia and Herzegovina, specializing in food products.
Akova Group / Ovako: A major meat producer (chicken, beef) with certified slaughtering and finished products, exporting to the EU, Middle East, and Asia.
Menprom: A prominent producer of high-quality meat products (chicken, beef, turkey) with halal certification on all production lines.
Perutnina Ptuj BH: Certified producer of poultry products in Breza.
ZIM Zenica & Mostarlic Hadzici: Noted for their early adoption of halal standards for dairy and meat products.
Bosnet Group: A leading, innovative producer of halal-certified fish feed.

- Islamic Finance

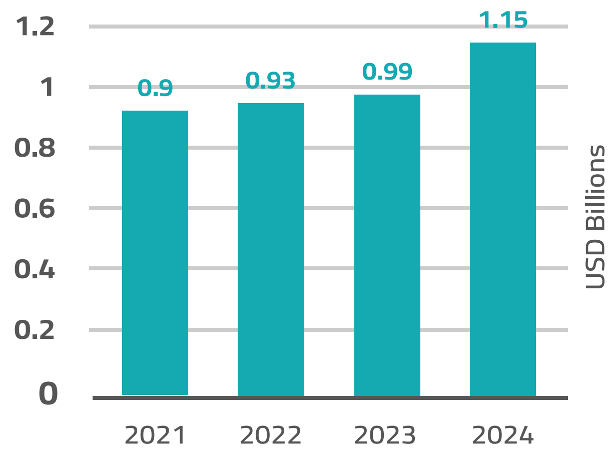
Islamic finance in Bosnia is seen as **a growing and promising sector in Southeast Europe,** largely driven by Bosna Bank International (BBI), which shows high compound annual growth. While Sharia-compliant banking is still expanding, challenges like a limited legal framework and public awareness exist. The market focuses on interest-free, halal-compliant products.

It focuses on Sharia-compliant banking and, more recently, digitalizing Islamic social finance (Waqf) to foster economic development.

The industry shows high potential, with BBI achieving an 18.1 percent compound annual growth rate . Aside from BBI bank, there are **23 commercial banks.** The founders of BBI are **Islamic Development Bank (45.46% offer), Dubai Islamic Bank (27.27% offer) and Abu Dhabi Islamic Bank (27.27% offer).**
Currently, there are around **33 branches of BBI** bank across the country.

BBI's assets are on the increase, rising from USD 0.79 billion in 2020 to roughly USD 1.15 billion by the end of 2024. The bank reports a 14 percent increase in net profit in 2024. **BBI ranks 7th in the Federation of Bosnia and Herzegovina** in terms of total assets as of 2024.

Figure 17: BBI Total Assets 2021-2025 (in USD)



Source: Bosna Bank International, 2021-2024

Investor countries in Islamic finance

Islamic finance is a niche but growing sector, primarily represented by **Bosna Bank International and Dubai Islamic Bank,** alongside rising investment interest from **Gulf Cooperation Council (GCC) countries,** as previously mentioned.
Islamic finance in Bosnia is largely linked to FDI from the GCC and Turkey, focused on development projects and banking.

- Halal Stock market

Halal stocks in Bosnia and Herzegovina are classified through a specialized BBI-SASE list, which is a joint initiative between **Bosna Bank International (BBI) and the Sarajevo Stock Exchange (SASE)** to curate companies whose operations comply with Islamic economic principles.

This list includes companies that have undergone a Shariah screening process, with a segment of them forming the Islamic Index on the Sarajevo Stock Exchange.

Key Halal-Compliant Companies (Based on BBI-SASE List)

The list mainly includes large, stable firms in sectors like manufacturing, energy, and food production.
Key companies often identified on this list include:

BH Telecom d.d. Sarajevo
A major telecom operator.

Elektroprivreda BiH
A major utility company.

Klas d.d. Sarajevo:
A prominent food producer that operates under halal standards.

BBI Bank and the Sarajevo Stock Exchange have joined forces to create a List and Index of companies whose shares are traded on the SASE, and whose operations are in accordance with the principles of Islamic economics.

Basic alignment criteria

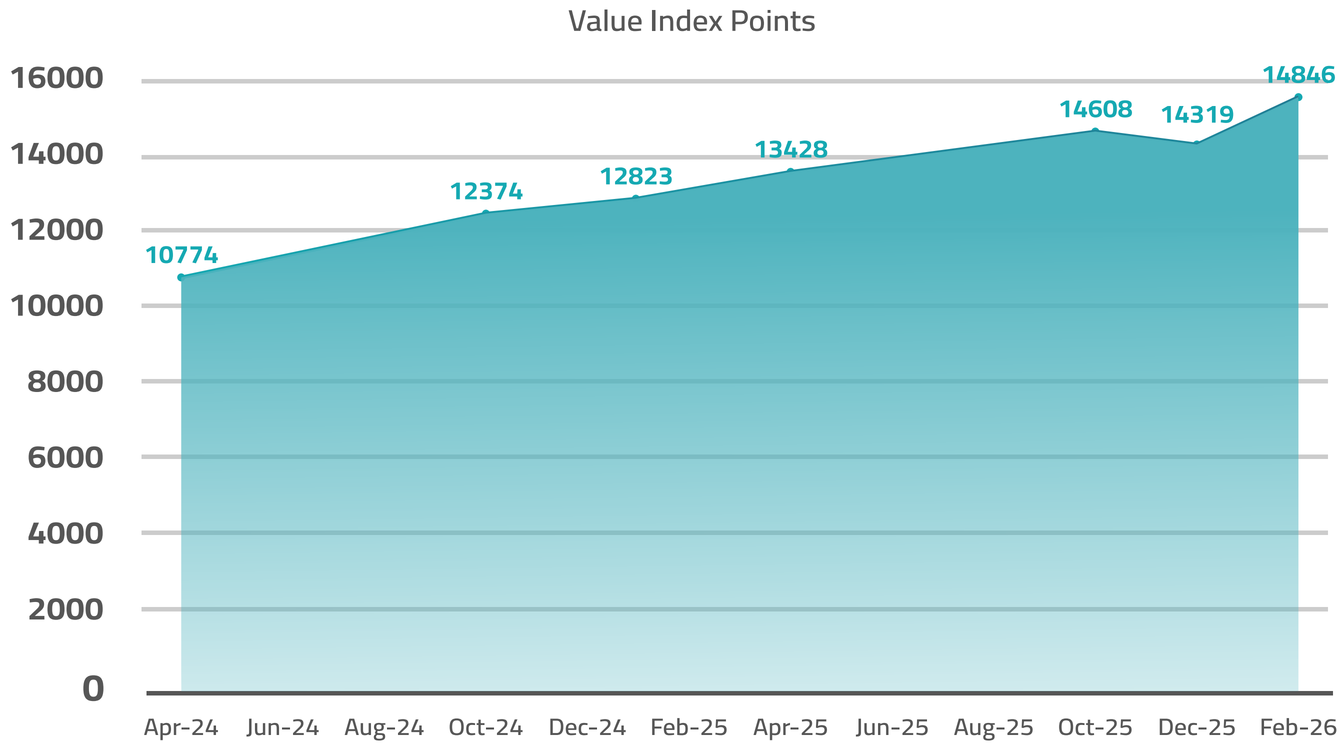
A company must prove the compliance of its operations with the principles of Islamic economics in order to be on the List. **The company testing process is overseen by the Shariah Board of BBI Bank.**

Companies whose main activity is one of the following activities **will be considered incompatible with the principles of Islamic economics:**

- Conventional finance – conventional banking and insurance.
- Production, packaging, processing, sale, distribution, marketing or any other activity **related to alcohol**
- Production, packaging, processing, sale, distribution, marketing or any other activities **related to pork and production of other non-halal food.**
- The entertainment industry (casino, gambling, cinema, music, pornography), and **hotels that do not have a halal certificate Production or sale of tobacco.**

SASE Islamic index is a benchmark index, whose goal is to enable the investors and analysts the evaluation of general movement of share prices of the companies which are in line with the conditions from the Shariah methodology of BBI, and are on the BBI-SASE List of companies.
The value of the index witnesses a positive improvement throughout the time frame 2024-2026, increasing from 10,774 in April 2024 to 14846 index points in March 2026 with around 40 percent growth rate achieved in two years and a total of 25 companies. This sustained increase in the index value indicates a growing sector accompanied with positive performance in stock market.

Figure 18: SASE Islamic Index in cooperation with BBI - SASX-BBI



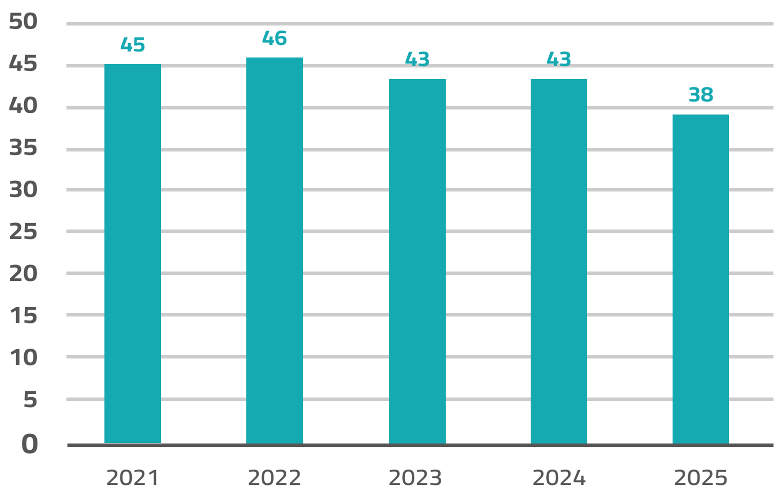
Source: Sarajevo Stock Exchange.

- Halal Tourism

Bosnia is rapidly developing as **a top European destination for Muslim-friendly tourism,** offering rich Ottoman history, abundant halal dining, and stunning nature. With a large local Muslim population, safety, and accessible prayer facilities, it serves as a "hidden gem" bridging European comfort with Islamic cultural heritage.

According to the Global Muslim Index report for the year 2023 and 2024, Bosnia ranks in the fourth place on the list of the most visited halal tourist destinations in Europe and 43rd globally and then moving to the 38th rank in 2025. The ranking of Bosnia as per the index, show significant and gradual improvements in ranking reaching its highest levels in 2025, at the 38th rank.
Sarajevo, in particular, is considered a natural halal-friendly destination with its blend of Muslim-friendly services and rich historical, cultural, and natural attractions.

Figure 19: Ranking of Bosnia - Global Muslim Travel Index



Source: Global Muslim Travel Index Report, 2021-2025.

Key Aspects of Development:

Accessible Halal Life: Sarajevo and other cities have a high concentration of halal food, with many establishments offering traditional cuisine that is inherently suitable for Muslim travelers.

Cultural Heritage: Tourism focuses on Ottoman-era mosques, museums, and sites like the Gazi Husrev-beg Madrasa (serving since 1537) and Bascarsija in Sarajevo.

Infrastructure Growth: The sector is growing, with an increase in halal-certified accommodations, spas, and travel agencies tailoring experiences for families and tourists seeking Islamic -friendly environments.

Nature & Wellness: Bosnia offers eco-tourism, mountainous landscapes, and river sites like Kravice Falls, which are popular for families.

The increase in Muslim tourist arrivals is supported by improved tourism promotion, certification of businesses, and a growing appreciation for the country's Islamic heritage in the Balkan region.

Challenges facing the sustainable development of the tourism sector in Bosnia could be summarized in the availability of Insufficient number of businesses in tourism that have a halal certificate, Lack of staff training and Insufficient promotion.

One third of the total tourist traffic in Sarajevo Canton comes from the markets of the Gulf countries, 15 percent of tourists visiting the Sarajevo Canton come from another significant global halal market which is Turkey.

As per the latest overnight data by country, issued back in August 2025 as illustrated in the below diagram, the top countries exporting tourism to Bosnia were basically **Saudi Arabia, Turkey, Serbia and Croatia** accounting for 12.8 percent, 9.8 percent, 8.8 percent and 8.1 percent respectively of total touristic over nights indicating dominance of Muslim tourists ranking top of total.

Source: Agency for Statistics of Bosnia and Herzegovina, August 2025.

Figure 20: Tourist Nights (Aug 2024 – Aug 2025)

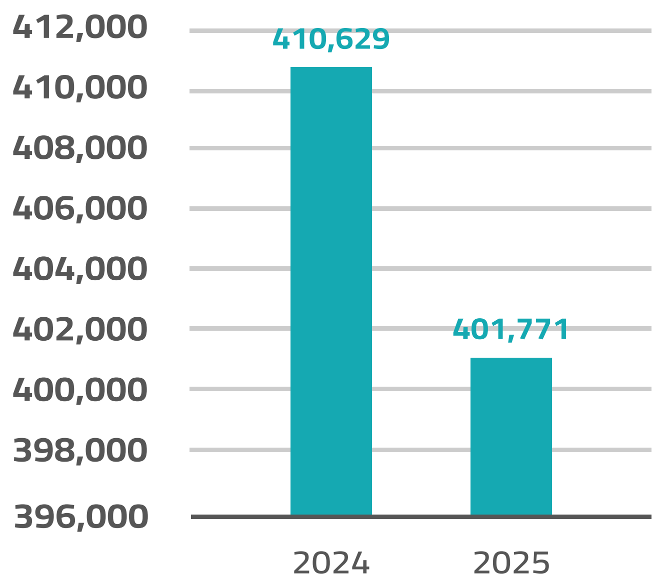
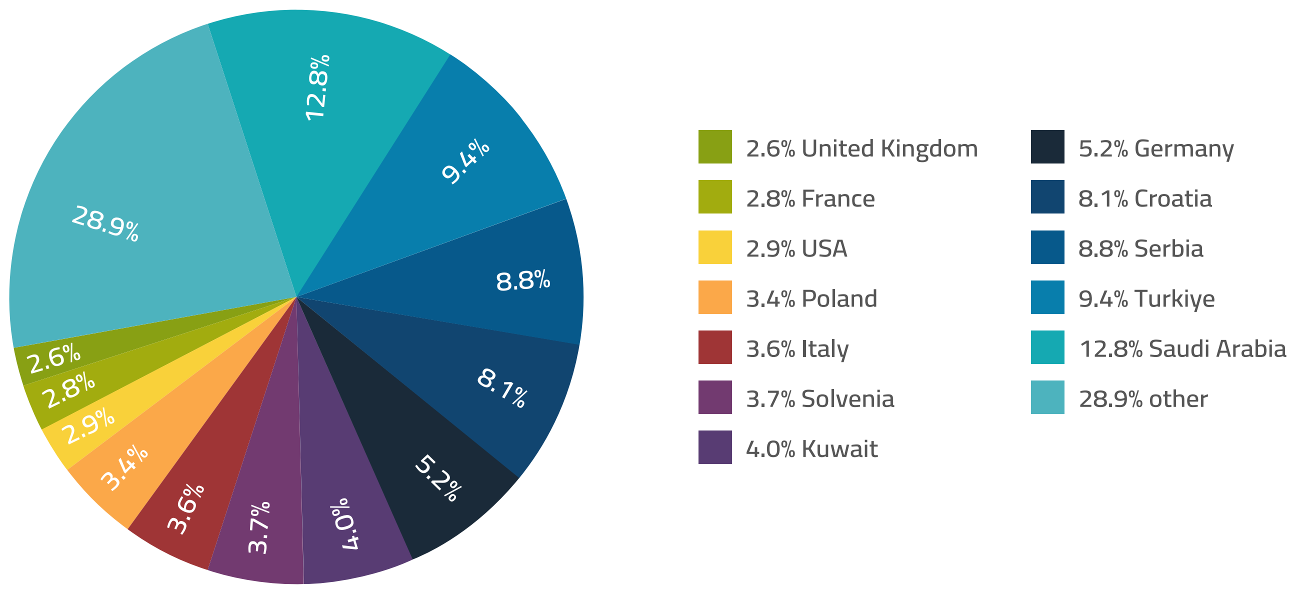


Figure 21: Overnight stays by Country, August 2025



Source: Agency for Statistics of Bosnia and Herzegovina, August 2025

- List of selected Halal-Friendly Travel & Tourism Agencies

5D Travel: Certified agency focusing on halal -friendly tours, cultural sensitivity, and prayer breaks.
Halal Odmori (Blagaj): Specializes in high quality, verified halal accommodation, particularly in homes with pools.
Relax Tours: A long-established agency in Sarajevo offering individual and group Muslim-friendly travel packages.
Halal Travel Guide (HTG): Arranges escorted tours with an emphasis on Islamic atmosphere.

- An additional list of Halal Dining & Lifestyle

Restaurant Malak Farma (Kakanj): Certified halal dining.
Cordoba Cafe (BBI Center) & Restaurant Sinija (Sarajevo): Popular certified halal dining spots.

-Top Halal-Certified Hotels & Resorts

Pino Nature Hotel (Sarajevo/Trebević): The first fully halal-approved hotel covering accommodation, kitchen, and services.
Malak Regency Hotel (Sarajevo): Alcohol-free hotel with halal food and indoor pool.
Tarčin Forest Resort & Spa (Sarajevo): Alcohol-free accommodation offering high-end privacy.
Hotel Hills Sarajevo & Hotel Hollywood (Sarajevo): Qualified kitchens for halal meals.
Grand Hotel Bristol & Hotel City Boutique (Sarajevo): Certified halal services.
Hotel Bigeste (Ljubuški) & Hotel Tehnograd (Tuzla): Certified properties outside the capital.

- Modest Clothing

Globally, this sector is represented by US$ 326.95 billion of consumer spending by 2 billion Muslims on modest fashion (2023). Reaching USD 433.28 billion by 2028 (5.8 percent CAGR). Modest fashion imports are set to grow to USD 63.8 billion by 2028, at a CAGR of 7.7 percent.

The global modest fashion industry is undergoing significant growth, with Muslim consumer spending on apparel and footwear reaching USD 327 billion in 2023, marking a 3 percent increase from the previous year. This figure is projected to rise to USD 433 billion by 2028 at a 5.8 percent growth rate.

Iran, Turkey, and Saudi Arabia lead in Muslim consumer spending on apparel, while OIC-based modest clothing businesses continue to expand internationally, attracting global brands to enter these markets. Innovation is also shaping the sector, with new products like hijab jewelry, 3D-printed hijab under caps, and modest medical scrubs gaining traction. Modest active wear remains in high demand, and Ramadan collections continue to be a key focus for mainstream brands.

Muslim consumer spending on apparel and footwear grew by 3 percent to USD 327 billion, from USD 318 billion in 2022. Iran holds the top spot, with Turkey and Saudi Arabia maintaining their second and third ranks, respectively. Forecasts indicate spending will reach US$ 433 billion by 2028, growing at 5.8 percent.

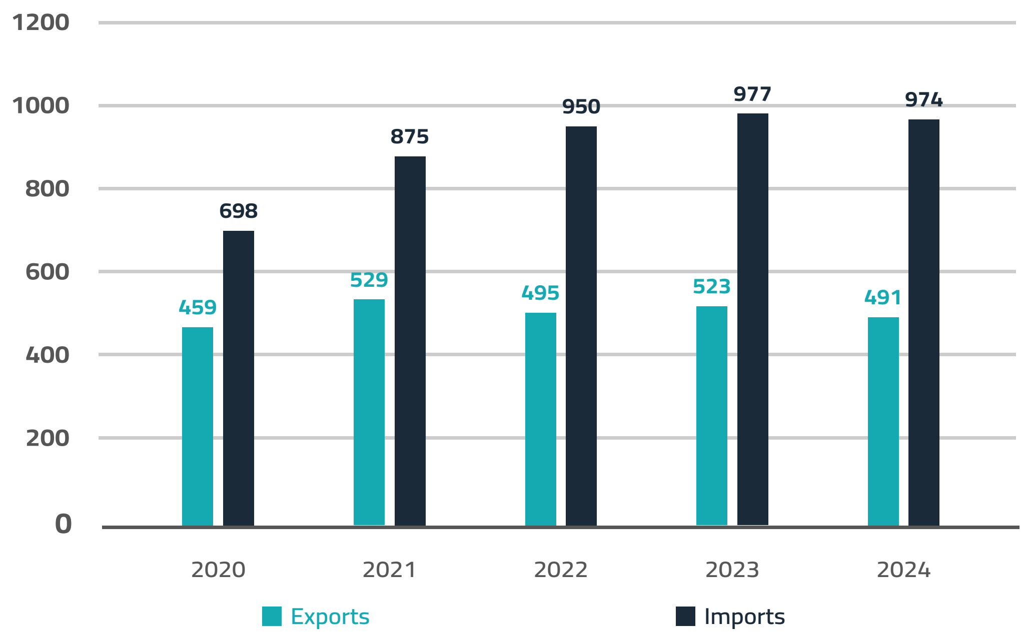
Modest clothing is experiencing significant growth in Bosnia and Herzegovina, where it serves as a crucial intersection of Islamic tradition and European fashion, strengthening cultural identity. Driven by social media and a demand for stylish yet modest attire, the market is expanding as women seek versatile, modern looks that align with religious values. There are currently no statistical evidence of the current status of production or exports in this sector to estimate the magnitude and potential opportunities, but the data related to Bosnian garments will be used as a proxy for the expected performance of modest clothing.

The garment production sector in Bosnia is heavily export-oriented (over 90 percent), dominated by "lohn" (outward processing trade) for EU markets like **Italy and Germany.**

The sector, covering apparel, textiles, and footwear, holds around 345 enterprises, with high, yet largely saturated, production capacity. The sectors exports as shown in the below diagram, indicates a moderate growth in the years illustrated 2020-2024. Parallel to this, imports seem to experience positive growth with a slowdown in pace realized in 2023-2024.

As the Bosnian overall garment industry is classified as heavily export oriented, this can imply that industries related to modest clothing are export oriented as well and have comparative advantages.

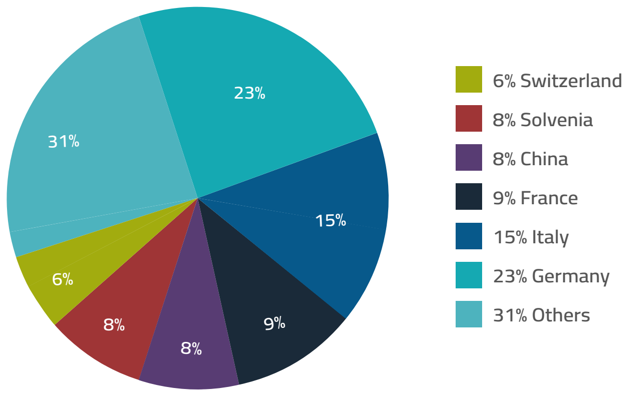
Figure 22: Garments and Textiles exports/imports (USD Millions)



Source: Data Source (HS17).

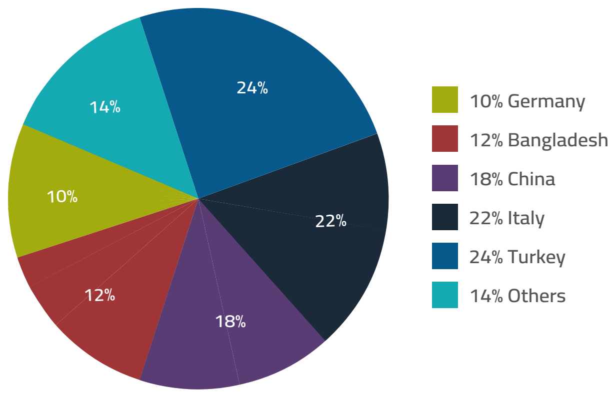
Germany, Italy, France and China dominate the Bosnian exports of textiles and footwear, accounting for 23 percent, 15 percent, 9 percent and 8 percent respectively. This indicates the significance of the European markets to the Bosnian textile industries. Despite the fact that there are no clear evidence of weight or share of halal modest clothing, but the current pattern of international trade indicate a competitive advantage of Bosnian textiles in the European market, paving the road for halal modest clothing that address and meets the demand of the Muslim population in Europe and other countries.

Figure 23: Garments and Textiles exports by Country (2024)



Source: Agency for Statistics of Bosnia and Herzegovina, August 2025

Figure 24: Garments and Textiles imports by Country (2024)



Source: : Data Source (HS17)

- Halal Pharmaceutical

Globally, Muslim consumer spending on pharmaceuticals reached USD 107.1 billion in 2023, slightly increasing from USD 106.9 billion in 2022. Turkey maintained its position as the largest market by expenditure, followed by Saudi Arabia and the USA.
This market is projected to grow at a 6.8 percent growth rate, reaching USD 149 billion by 2028.

Bosnia is a developing regional hub for halal products, including pharmaceuticals and nutraceuticals, certified by the Agency for Halal Quality Certification.
The sector includes producers of halal herbal medicines and supplements, with companies like **Cydonia, TIM MED, Sunnah Product, and Zlatni Med active in the market.** Research highlights growing consumer demand for halal-certified products, prioritizing safety and compliance, with 73.3 percent of users considering it vital.

In recent years, the halal pharmaceuticals market has witnessed several innovation breakthroughs, with key players seeking to provide advanced solutions that help meet sustainability goals. The key players in the market include **Amgen Inc., Alkem Laboratories Limited, EMBIL Pharmaceutical Co.,Simpor Pharma Sdn Bhd, Chemical Company of Malaysia Berhad, Pharmaniaga Bhd, Nutramedica Incorporated, Rosemont Pharmaceuticals, Bosch Pharmaceuticals, and Noor Vitamins.**

Bosnia has a growing pharmaceutical industry, with Bosnalijek d.d. in Sarajevo being the largest manufacturer, known for high-quality medications. Other key companies include **ZADA Pharmaceuticals (Lukavac) and various pharmaceutical** wholesalers and representatives like **Oktal Pharma, Pharma Maac, and Hercegovinalijek.**

Top halal Pharmaceutical Companies and Manufacturers:

- **Cydonia Phytopharmaceuticals (Mostar):**
A leader in halal-certified dietary supplements, medicinal herbs, plant extracts, and special -purpose cosmetics.

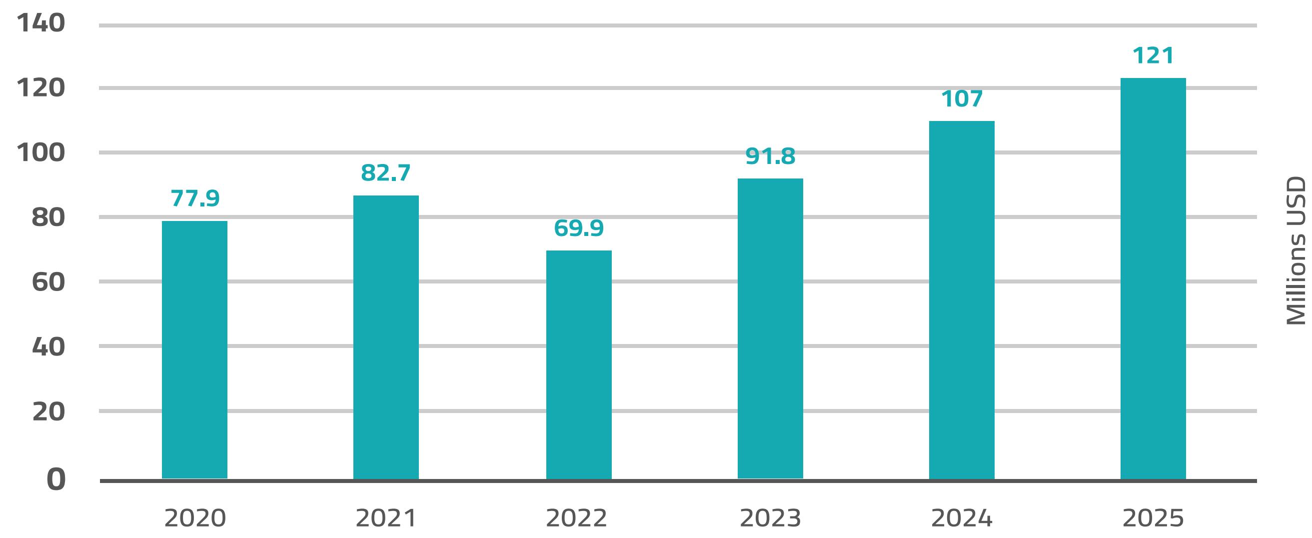
- **ZADA Pharmaceuticals (Lukavac):**
Produces tablets, capsules, and film-coated tablets, focusing on high-quality standards and certified production.

- **Bosnalijek (Sarajevo):**
As a premier pharmaceutical manufacturer in Bosnia, it is recognized as a key player in the halal pharmaceuticals market.

- **Pharma Maac (Sarajevo):**
Specialized Company engaged in pharmaceutical production and distribution.

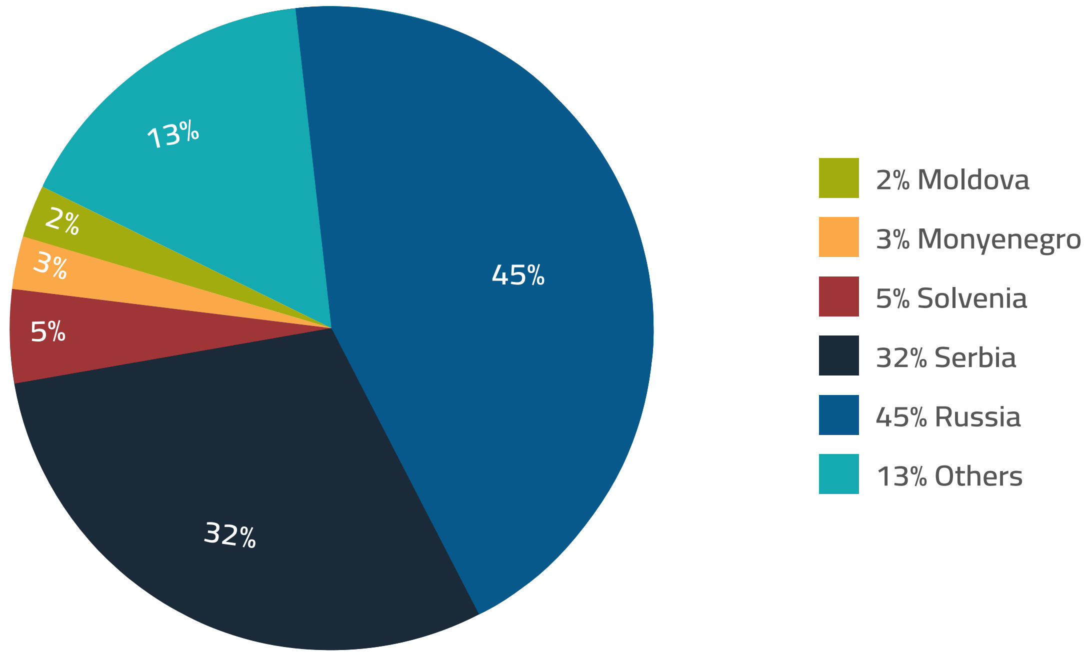
The annual exports of pharmaceutical products show a positive trend during 2020 to 2025, where value of exports has almost doubled during the time frame understudy, reflecting a growing international demand on the Bosnian pharmaceutical products. The main trade partners and country destinations of these exports are mainly Russia accounting for almost half of the exports followed in importance by Serbia and Slovenia accounting for 32 percent and 5 percent respectively. Halal pharmaceutical exports mainstream with the overall pharmaceutical exports with no evidence of its size or weight, as they all operate under the same sector guidelines and regulations.

Figure 25: Total Exports of Pharmaceuticals (2020-2025)



Source: United Nations COMTRADE database, 2020-2025.

Figure 26: Total Exports of Pharmaceuticals by Country (2024)



Source: United Nations COMTRADE database, 2020-2025.

- Halal cosmetics

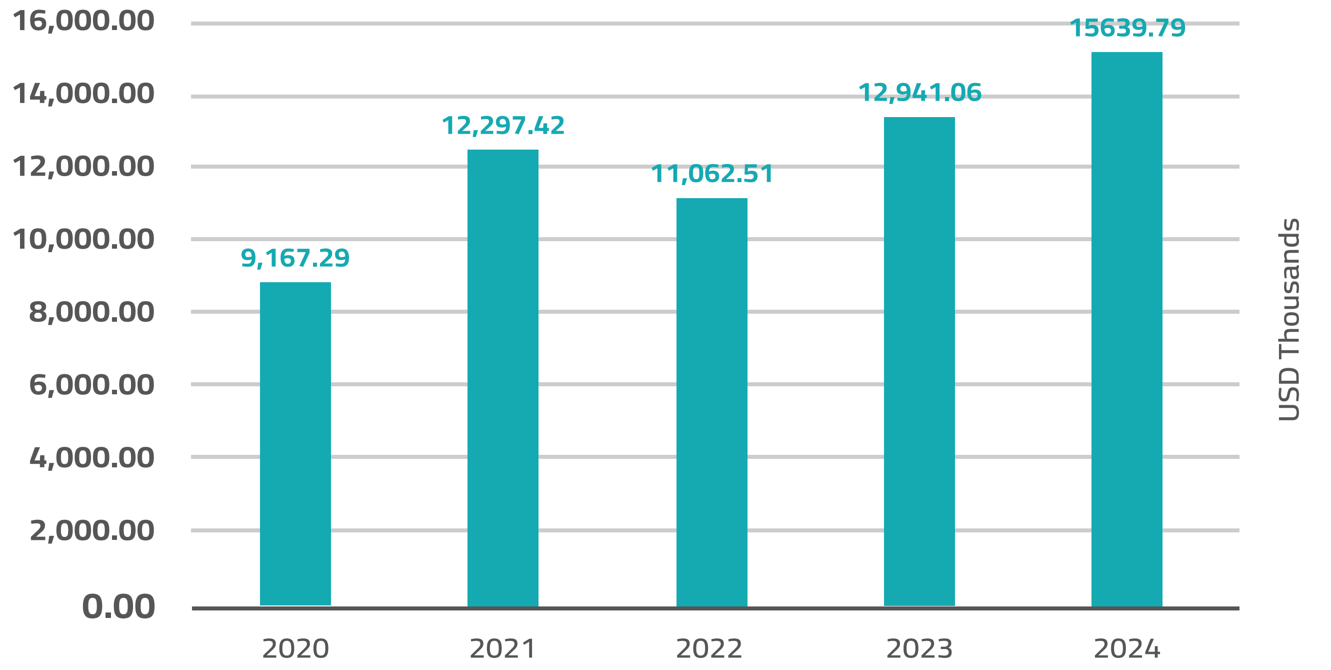
In recent years, the global halal cosmetics market witnessed substantial growth. According to Fortune Business Insights (2024), the market size was valued at approximately USD 47.76 billion in 2024 and is projected to reach USD 115.03 billion by 2032, exhibiting a compound annual growth rate of 11.67 percent during the forecast period. In recent years, the global halal cosmetics market has witnessed substantial growth.

The continued growth of Muslim consumer spending on cosmetics, which reached USD 87 billion in 2023, underscores the sustained global interest in halal-certified beauty products, driven by rising awareness among both Muslim-majority and non-majority countries. This reflects an increase of 2.9% from USD 84 billion in 2022, with India maintaining its lead position, Turkey moving up to second, and Indonesia occupying third place. By 2028, the market is projected to reach USD 118 billion, growing at a compound annual growth rate of 6.3 percent.

Despite substantial growth, the halal beauty sector faces challenges, such as inconsistent certification practices across countries, supply chain complexities, and limited R&D investments. These issues hinder scalability and global acceptance.

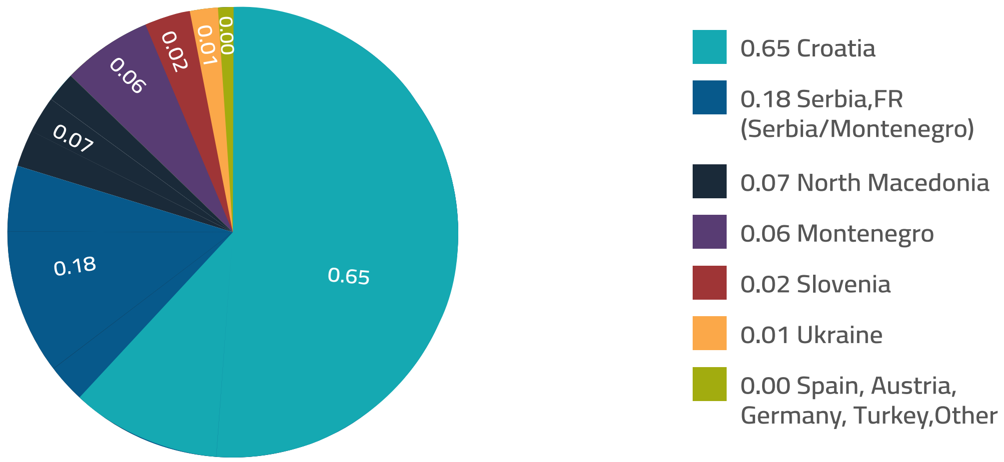
Currently, there are no evidence of data or indicators related to the size of halal cosmetics, and in this context the overall performance of Perfumery, cosmetic or toilet preparation exports (comprising halal cosmetics) in Bosnia will act as a proxy for halal cosmetics. Where the relevant data indicate growing global demand on the sector products, where an 80 percent jump takes places in 2024 in comparison to 2020, and around a 25 percent growth rate in comparison to 2021. Croatia appears to be the main trade partner accounting alone for 65 percent of total global demand, while Turkey (OIC member) accounts for less than 1 percent of total Bosnian halal cosmetics exports.

Figure 27: Total Exports of Perfumery, cosmetic or toilet preparation (2020-2024)



Source: United Nations COMTRADE database, 2020-2025.

Figure 28: Exports of Perfumery, cosmetic or toilet preparation by Country, 2024 (%)



Source: United Nations COMTRADE database, 2020-2025.

- Islamic Fintech

Islamic Fintech in Bosnia is an emerging sector focused on blending Sharia-compliant financial services with digital innovation, led by institutions like Bosna Bank International (BBI). Key focus areas include block chain-based zakat platforms, digital banking, and mobile wallets to increase financial inclusion, with potential for significant growth as a regional hub for ethical finance.

The global Islamic Fintech market size was USD 198 Billion in 2024/25, and is projected to grow at 11.5 percent compound growth rate to USD 341 Billion by 2029.

According to the Global Islamic Fintech (GIFT) Index, Bosnia and Herzegovina ranked 47th out of 64 and scored 16.1% in 2025 (Source: Global Islamic Fintech (GIFT) Index, 2025) . The 2025 index witnesses a limited deterioration in rank and in score in comparison to 2024, where Bosnia ranks in the 38th position and scored 19.6 percent. This Index represents which countries are most conducive to the growth of Islamic Fintech Market & Ecosystem in their jurisdictions. The index applies a total of 19 indicators across five different categories for each country. These five categories are: Talent; Regulation; Infrastructure; Islamic Fintech Market & Ecosystem; and Capital. These categories were weighted before an overall score was determined, with a heavier weighting given to the Islamic Fintech Market & Ecosystem category, since this is the most indicative by far of a country's current conduciveness to Islamic Fintech specifically.

There are a number of key incubators and accelerators in the IT and financial services sectors, such as HUB387, Spark Business Park, Intera Technology Park, Foundation Mozaik or even the BBI Academy, are fostering greater shifts toward up skilling of the labor force, consumer-oriented services, projects and businesses with the hope of rewinding the trend of excessive brain drain amid unfavorable socioeconomic and primarily political circumstances. These and other objectives harmonize with outstanding initiatives of BBI like near shoring and public–private partnerships (PPPs) .

Top Islamic Fintech/Digital Finance Players in Bosnia:

Bosna Bank International (BBI): As the first Islamic bank in Southeast Europe, BBI is the market leader in Shariah-compliant digital services in Bosnia. They offer mBBI (mobile banking), eBBI (internet banking), and eRežija (digital bill payment), along with digital applications for financing.

Balkan Crypto Exchange (BCX): Based in Banja Luka, this is a prominent platform for buying, selling, and exchanging digital assets, offering a potential avenue for compliant crypto currency trading.

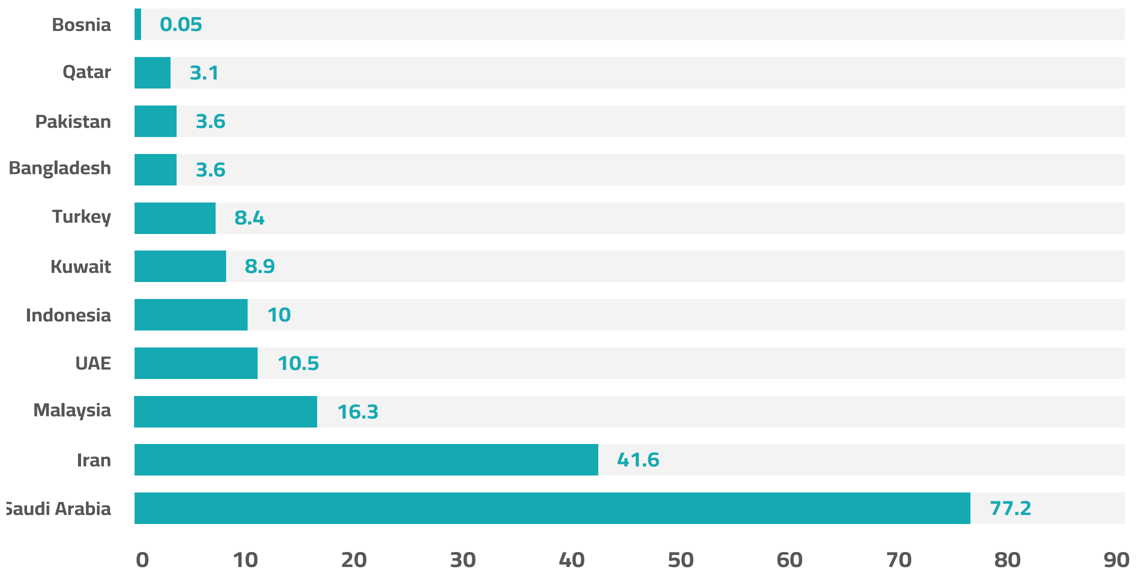
Kliker.ba: A Sarajevo-based online platform that serves as a marketplace for comparing financial products, including insurance, loans, and savings accounts, facilitating digital access to financial services.

MKF Mikra: A Sarajevo-based lending platform providing micro-business and consumer loans.

Lova: A fintech company based in Banja Luka working on digital wallet and mobile payment solutions.

As per the Global Islamic Fintech Report issued in 2025, the top OIC countries by estimated Islamic fintech market sizes are Saudi Arabia, Iran, Malaysia and UAE, while the fintech market in Bosnia in general and the Islamic fintech market in specific are still considered as emerging sectors characterized by moderate growth, primarily focused on regulated payment services, digital banking tools, and specialized technology, rather than rapid consumer-facing disruption. Despite the non-availability of exact market size, but there are estimates that indicate an initial size of USD 300 million in 2024 of the whole fintech market in Bosnia, while the Islamic fintech sector accounts for an insignificant fraction of the total.

Figure 29: Ranking of OIC Countries by Islamic Fintech Market Size, 2024/2025



Source: Global Islamic Fintech Report, 2025.

10

SWOT **Analysis Map**

The following SWOT diagram summarizes the main **strengths, weaknesses, opportunities and threats** facing the Halal industries in Bosnia.

The halal industry in Bosnia possesses several strengths that can elevate its position in this sector, but faces threats and obstacles that can hinder their growth and development.

The strengths:

The Bosnian halal market is backed up with a strong certification and halal guidelines and restrictions that adds credibility to the halal products especially the halal food products. The strong certification process and affiliated activities can assist certified companies to access new markets and increase their portfolio of exports. In addition, this can help the companies in having access to finance with the objective of expanding their businesses.

Another major strength possessed by the Bosnian halal market is its proximity to the EU market which has around 25 million potential customer, in addition to the fact that the European countries are the main trade partners and the main countries investing in Bosnia through foreign direct investment flows. Current trade agreements signed with the EU enhances the chances before Bosnia to boost their exports in general and the halal products exports in specific.

Weaknesses:

On the other hand, the weaknesses that can hinder the development and growth of this sector can be stated in the relatively low branding of halal products in the global market, despite the growth but the global branding of the Bosnian product needs more efforts.

The data gaps that relates to tracking, monitoring and periodically evaluating performance of halal industries needs to be resolved with regular data collection of production, exports and possible obstacles. The continuous monitoring and evaluation can help set medium to long term strategies, objectives, measures of intervention and assessing risks regularly.

Opportunities:

The Bosnian halal sector can seize and work on expanding its capacities to benefit from the prevailing opportunities. The Muslim friendly tourism sector in Bosnia is gaining increasing momentum, its rank as per the Muslim friendly tourism index improves annually, therefore setting the foundation for expanding the tourism arrivals especially from the GCC countries.

The Islamic finance and Islamic fintech sectors have the BBI as a major and key player, are still striving to grow and are described as still relatively small in size. But these sectors along with the global growth of Islamic finance and fintech can be potentially stronger in Bosnia in the medium and long terms.

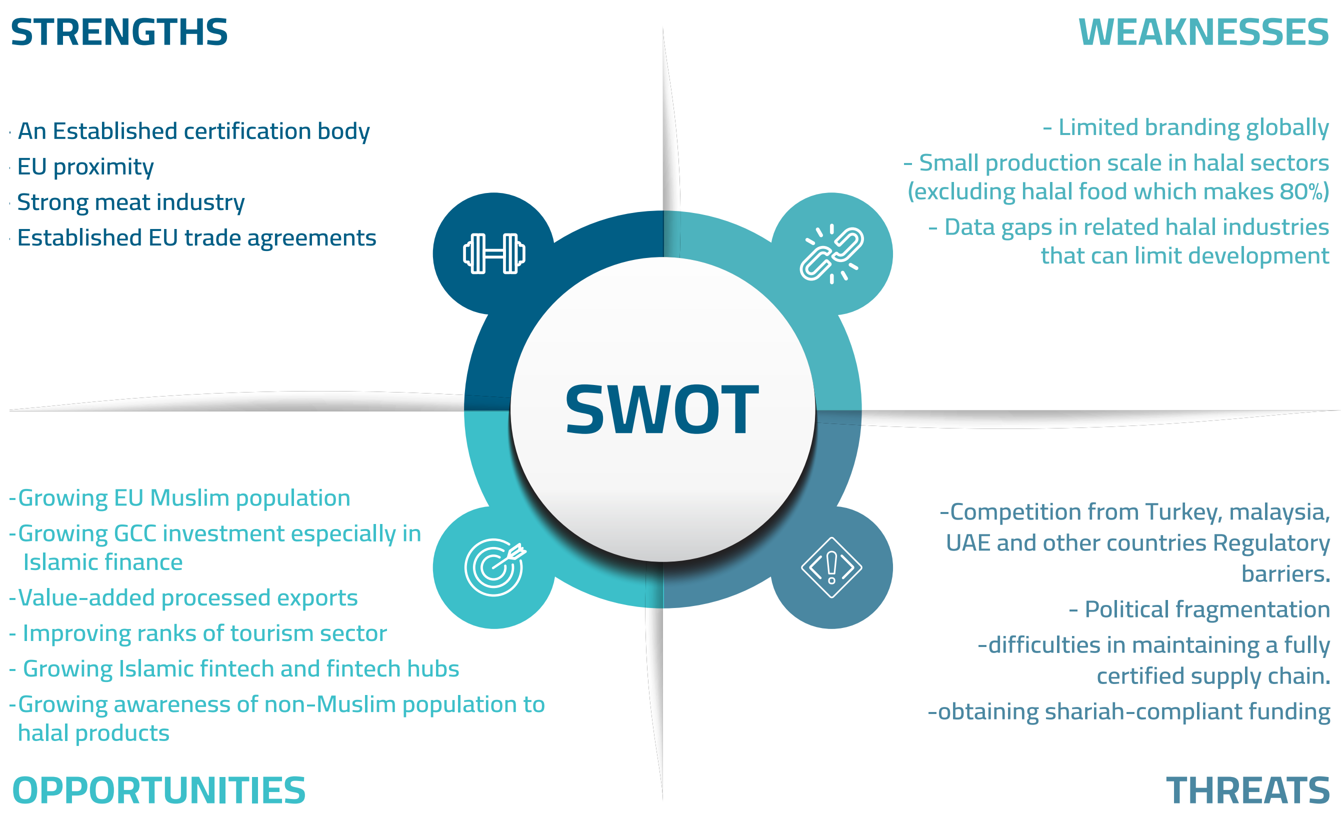
The Government of Bosnia has exerted efforts to elevate and enhance its external trade through enhancing its trade policy and offering an open and liberal market regime. As previously mentioned, the country is a signatory to the Central European Free Trade Agreement (CEFTA) and has free trade agreements with Turkey, allowing duty-free access to a large consumer market.

Threats:

Global shocks that might erupt global supply chains can have negative impacts on Bosnian exports and their sustainability. The solid trade and investment partnership with the EU countries can be source of multiple opportunities, but can as well be source of possible threats in case of regional economic slowdowns.

This is valid as records of FDI and exports in 2024 are below levels in previous years due to the slowdown in the EU region. This requires the diversification of export markets and FDI to minimize possible risks that associate with unprecedented slowdowns and to hedge affiliate risks.

Diagram 5: SWOT Analysis



11

International **Competitive Benchmarking**

Bosnia's performance can be further assessed through international competitive benchmarking against peer economies, particularly in halal products and services.

Countries such as **Malaysia and Turkey** provide relevant benchmarks, given their advanced halal certification systems, strong export orientation, and supportive policy frameworks. In comparison, Bosnia and Herzegovina benefits from a strategic geographic location and cultural alignment with halal market requirements, positioning it as a potential emerging player in Europe.

However, benchmarking results point to the need for strengthening institutional frameworks, enhancing halal certification and standardization processes, and improving export readiness to fully capitalize on growing global demand for halal products and services in Bosnia.

As per the 2024/2025 the Global Islamic Economy Indicator (GIEI) which offers a comprehensive picture of countries currently best positioned to address the multi-trillion-dollar global halal economy opportunity. The GIEI is a composite weighted index that measures the overall development of the Islamic economic sectors by assessing the performance of its parts in line with its broader social obligations. As per the 2024/2025 index, **Malaysia ranked top of Islamic countries leading the Halal food sector, as well as the Islamic finance, halal tourism while ranked second of total OIC countries operating in modest clothing sector.**

Malaysia's Department of Islamic Development (JAKIM) continues to spur the development of the Islamic economy in the country as well as globally through its collaboration and recognition of other halal bodies.

While **Turkey ranked among the top ten Islamic countries,** where it ranked 7th as top countries in the halal food sector, 5th globally among the halal tourism sector, 4th in the modest clothing and 5th in the pharmaceutical sector.

Despite the progress and achievements realized in the **Bosnian halal food trading, halal tourism and Islamic finance,** it still faces global competition from countries such as **Malaysia and Turkey** as well as countries striving and booming in the global market such as United Arab Emirates, Saudi Arabia and Indonesia. The latter countries ranked among top 10 countries that exceled in Islamic finance, halal food, halal tourism and halal pharmaceuticals.

12

Case Study:
SASX-BBI Islamic Index

Sarajevo Stock Exchange and BBI joins forces with the goal of creating the List and the Index of companies which are traded on SASE, and whose business is in line with principles of Islamic economy.

The aim of the project is to encourage investment and interest in companies and capital market in Bosnia. It is as well the first bourse in the region to introduce this index. It is **partner to Istanbul bourse, a global player,** where millions of investors tracking the Turkish bourse will have the opportunity to track the Islamic index that exists on the Sarajevo bourse. Therefore the final goal is to attract foreign investors operating in accordance with the Islamic principles.

This data is created based on the most up-to-date information on companies whose shares are traded on SASE. This comes as a response to the increased demand for investment products which are in line with the principles of Islamic economy on the global stage, **Sarajevo Stock Exchange, in cooperation with BBI, has initiated the project of introducing Islamic index on SASE.**
On that list can only be the companies which are traded on SASE, and whose business is in line with principles of Islamic economy. Compliance is tested through a screening process, during which it is examined if the companies satisfy the criteria described in the methodology set by BBI bank.

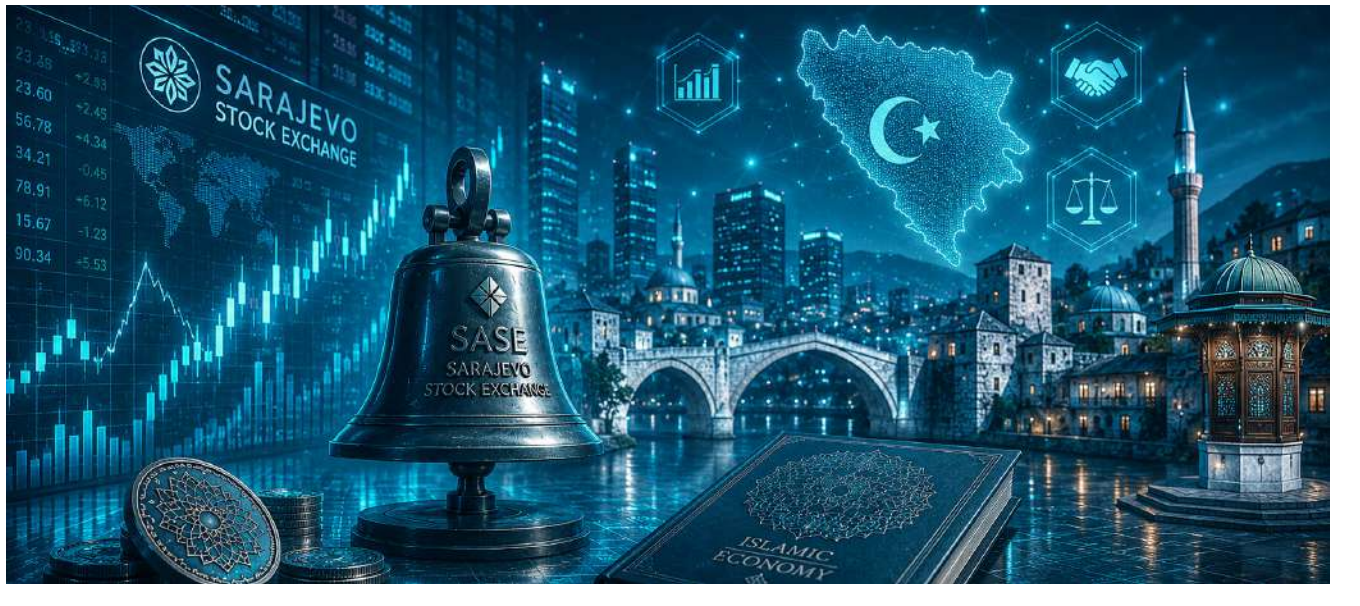
Later on, from that List and based on SASE methodology, the composition of the Index is determined in the way that first 25 symbols (shares) based on a combination of ranks of market capitalization and exchange turnover in the reference period will enter the Index.

Starting (base) value of SASX-BBI index is 10.000, and base date is October 7th, 2016.

SASX-BBI, SASE Islamic index – in cooperation with BBI, is:

- Price index
- Benchmark index, whose goal is to enable the investors and analysts the evaluation of general movement of share prices of the companies which are in line with the conditions from the Shariah methodology of BBI, and which are among the companies with the largest market capitalization and turnover.
- Index pondered with adjusted market capitalization of the issuers which enter the composition of the Index, with the capping factor being 15 percent of the total market capitalization of the Index.

The Islamic stock index, is expected to boost Bosnia's economy by helping companies attract fresh capital to expand production and facilities. The Islamic index includes some of the biggest companies listed on SASE. Among them are BH Telecom, Elektroprivreda BiH, Bosnalijek, Elektroprivreda HZ HB, the cement factory Tvornica Cementa Kakanj. Each of the above, except Bosnalijek, have 15 percent share in the index, while the blue-chip drug maker has a 7.69 percent share. The shares of the companies included in the index depend on their market capitalization and the turnover with their shares on the bourse.



13

Investment **Opportunities**

The current section of the report presents the main investment opportunities for foreign direct investment as stated and pinpointed by the :

1- AGRICULTURE AND FOOD PROCESSING INDUSTRY

Enlarging production of fresh raspberries, plums, cherries, grapes, cabbage,

- Cucumbers, and young potatoes.
- Cold storage and deep freeze centers for various fruits and vegetables.
- Further development of the existing Agro Logistic Business Park.
- Processing centers for plums, peppers, cucumbers, and cabbages.
- The high potential of meat and milk processing.
- Development of an Air Cargo Center in a site located in the most prominent agricultural area which has an existing suitable landing air cargo runway.
- Investment in replacement and procurement of new, specialized agricultural machinery.
- Investment in Irrigation systems.

2- Key Investment Areas & Opportunities in Islamic fintech:

- Islamic Crowd funding & P2P: Development of alternative financing platforms is considered a high-potential area to serve small and medium enterprises (SMEs) that have limited access to traditional bank financing.
- Digital Banking & Payments: Opportunities exist for fintech startups to introduce digital wallets, mobile apps, and online banking, reducing the need for physical infrastructure.
- Wealth Management (Robo-advisory): Growth potential exists for automated, Sharia-compliant wealth management and robo-advisory platforms.
- Supporting Infrastructure: Developing block chain, Artificial Intelligence (AI), and machine learning to support ethical and transparent investment services.

3- Halal Tourism

Tourism sector in Bosnia has an enormous potential for development, possessing all preconditions to play a significant role within the country economy. Consequently, tourism development is recognized as one of the top priorities of an overall national economic development policy.

With its rich tourist offer Bosnia can satisfy the needs of the global travelers regardless of their budget and preferences.

The most promising tourism segments:

- Ski and Mountain tourism.
- Ecotourism.
- Spa tourism.
- Cultural Heritage & Religious tourism.
- Adventure & Sports tourism.
- Sea tourism.
- Halal certified dining and hotels.

Figure 30: Summary of Halal Sector Opportituties

Sector	Opportunity	Key Stakeholders
Meat and diary	- Development of salers (type of breed of cattle) breed located in: Una-Sana Canton. - Development Goat Farming, located in Posusje. - Expanding the capacity of Cattle per Cow-Calf system, located in: Tomislavgrad and Kupres. - Slaughterhouse and meat processing, located in Orasje. - Goat farm and agro tourism development located in: Milo Selo Lukavac - Livno Cheese, Dairy Livno (Bosnian cheese) located in: Rama Munic ipality - Milk Processing Plant, located in: Prnjavor.	- Trade agreements with the EU - investment in EU-compliant veterinary and food safety standards.
Tourism	- Ski and Mountain tourism. - Ecotourism. - Spa tourism. - Cultural Heritage & Religious tourism. - Adventure & Sports tourism. - Sea tourism. - Halal certified dining and hotels.	- Halal Food & Infrastructure. - Deep-Rooted Islamic Heritage. - Strategic Location and Accessibility: Proximity to the European Union and Muslim countries. - Increased investment in hotel services tailored to Muslim families. - Strong certification guidelines for the halal dining and hotels.
Islamic Fintech	- Islamic Crowd funding & P2P: Development of alternative financing platforms. - Opportunities exist for fintech startups to introduce digital wallets mobile apps, and online banking, reducing the need for physical infrastructure. - Developing block chain, Artificial Intelligence (AI), and machine learning.	- Increasing use of digital banking and mobile platforms. - Adoption of block chain-based, Shariah-compliant digital platforms for zakat. - Rising awareness among Muslim consumers and businesses. - advancements in regional digital infrastructure, growing internet penetration.

Source: Investment Opportunities in B&H, Foreign Investment Promotion Agency of Bosnia and Herzegovina - FIPA, 2025.

14

Halal industries and achieving SDGs

The Halal industry, anchored in Islamic jurisprudence, exerts growing influence within the trajectory of the Sustainable Development Goals (SDGs). Rising worldwide demand for Halal goods coincides with global commitments to environmental, economic, and social sustainability, positioning the sector as a critical conduit for advancing the sustainable objectives.

Comprehensive certification not only authenticates religious compliance but also safeguards product quality and hygiene, whereby **advancing SDG 12 indicators,** which emphasizes judicious consumption and production. Simultaneously, innovations in Halal production systems—such as the application of effective microorganisms for organic fertilization—yield both ecological dividends and improved socio-economic resilience. The sector's responsiveness to disruptive technological revolutions, particularly those espoused by Industry 4.0, further optimizes operational efficiencies in logistics and manufacturing, amplifying the Halal contribution to SDG attainment.

Consistent with Sustainable **Development Goal (SDG) 3,** which aspires to guarantee good health and promote well-being, the Halal industry can advance health-oriented consumption choices. The Halal-Tayyiban doctrine foregrounds the intertwined values of health affirmation, environmental responsibility, and social equity, articulating a core ethical consumption message that reinforces the sector's compatibility with the SDG imperative.

Advance in technological applications in food traceability as a means of upholding Halal integrity, thereby recommending sustainable frameworks specifically for the meat processing sector.
By systematically tackling traceability, their analysis advances the broader objective of embedding sustainability within the Halal food industry, consonant with the imperatives of Sustainable Development Goal 12, which focuses on responsible consumption and production.

- Halal Food and Agriculture & achieving SDG 2, 12, 14, 15:

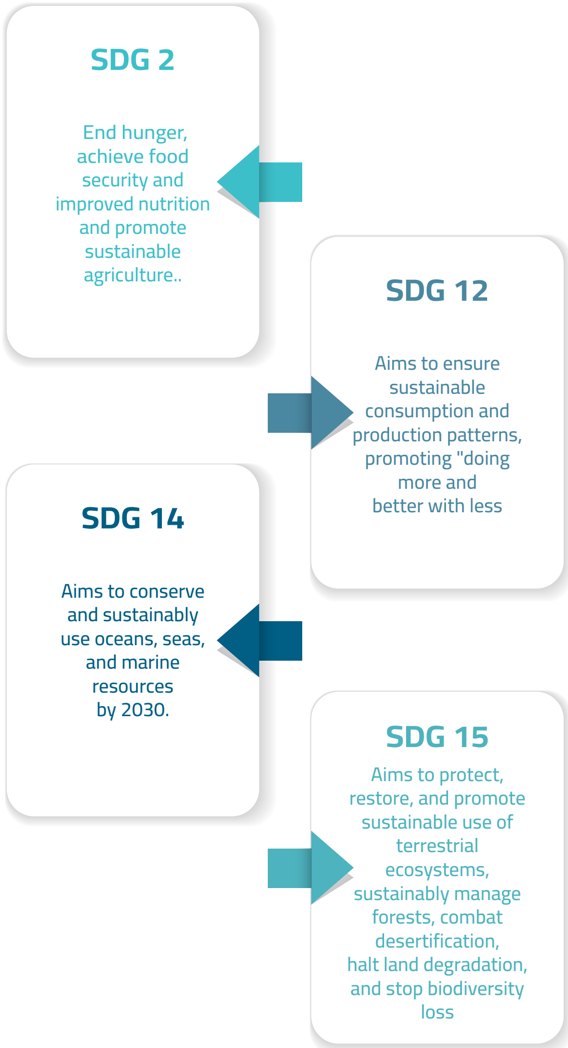
The industry focus on Halalan Tayyiban (lawful and wholesome) emphasizes sustainable farming, food safety, waste reduction, and eco-friendly packaging. It contributes to food security by ensuring nutritious, non-contaminated food supplies.

Halal food contributes to SDG 2 (Zero Hunger) by enhancing food security, safety, and traceability through a sustainable, ethical supply chains. The halal industry promotes sustainable agriculture, hygiene, and animal welfare, aligning with the "Tayyiban" (pure) principle, which improves nutrition and supports ethical food consumption for over 1.9 billion Muslims.

Halal food directly as well supports SDG 12 (Responsible Consumption and Production) by enforcing ethical sourcing, hygiene, and waste reduction through the Halal-Tayyiban (lawful and pure) principle.

It also directly supports SDG 14 (Life Below Water) and overall sustainability by prioritizing ethical sourcing, cleanliness, and animal welfare, which reduces marine pollution and promotes responsible consumption.
The "Halal-Tayyiban" (pure and wholesome) concept aligns with environmental stewardship, encouraging sustainable fishing, safe, waste-reducing supply chains, and reduced reliance on harmful, high-emission, or heavily polluting practices.

Diagram 6: Halal food and agriculture and SDGs



- Islamic Finance and achieving SDGs 1, 8, 10

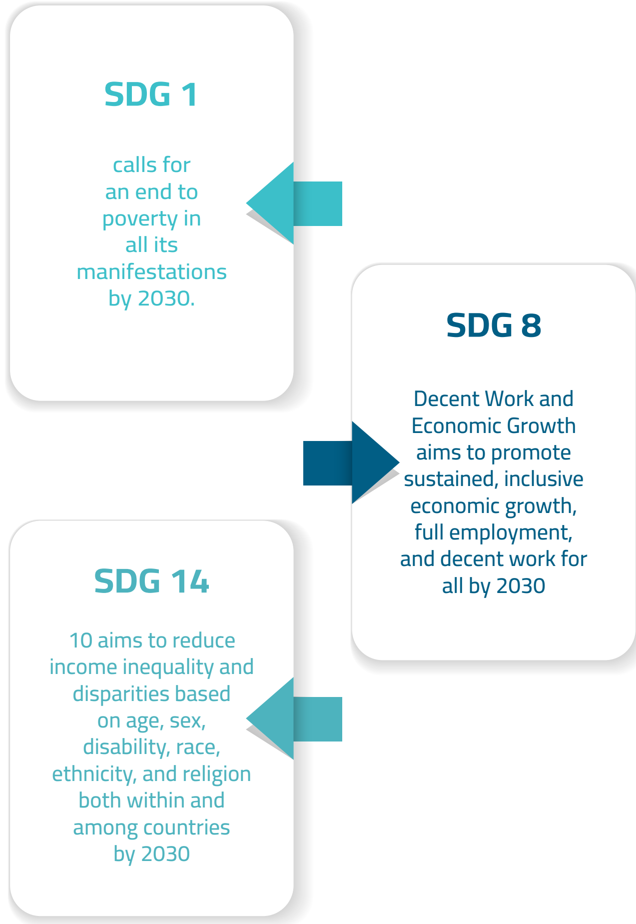
Prohibiting riba (usury) and gharar (uncertainty) supports equitable economic growth, reduces poverty, and promotes financial inclusion through instruments like zakat and waqf.

Islamic finance is inherently aligned with SDG 1 (No Poverty) through its focus on ethical investment, risk-sharing, and social justice, offering specialized instruments for poverty alleviation.

Core tools like Zakat (mandatory charity), Waqf (endowments), and Qard al-Hasan (benevolent loans) are directly utilized to support vulnerable populations and redistribute wealth, contributing to sustainable development and reduced inequality.

On the other hand, Islamic finance is a vital tool for advancing SDG 8 (Decent Work and Economic Growth) by promoting asset-backed financing, ethical investing, and profit-sharing models (mudarabah/musharakah) that directly fund the real economy.
While Islamic finance is highly compatible with SDG 10 (Reduced Inequalities) through principles of social justice,profit-and-loss sharing, and redistribution. Instruments like Zakat, Waqf, and Sukuk help redistribute wealth and fund social development.

Diagram 7: Islamic Finance and SDGs



- Halal Pharmaceuticals and Cosmetics and achieving SDG 3

Both sectors promote "good health and well-being" by ensuring products are safe, clean, and free from prohibited substances. Halal Pharmaceuticals & Ethical Healthcare seeks to redefine global healthcare systems by integrating Islamic principles with science, innovation, and sustainability. This platform promotes the development, certification, and distribution of halal-compliant medicines, supplements, and medical practices - ensuring access to ethical and inclusive healthcare for all.

- Halal Tourism and Logistics and achieving SDG 8 and 12:

Provides sustainable and ethical alternatives for travel and services, supporting local economies and promoting respectful, clean, and safe environments.

Halal tourism significantly advances SDG 8: Decent Work and Economic Growth by tapping into a rapidly expanding market and fostering inclusive, ethical employment. The sector creates diverse employment in developing regions, especially in local guiding, Sharia-compliant accommodations, and halal-certified culinary services.

Additionally it supports meeting SDG 12 (Responsible Consumption and Production) as they are deeply connected through the Islamic principle of Toyyib (wholesomeness and quality), which advocates for ethical and sustainable resource use. This sector contributes to SDG 12 by emphasizing waste reduction, ethical sourcing, and the preservation of natural resources.

Diagram 8: Halal Tourism and SDGs

SDG 8

Decent Work and Economic Growth aims to promote sustained, inclusive economic growth, full employment, and decent work for all by 2030.

SDG 12

Aims to ensure sustainable consumption and production patterns, promoting "doing more and better with less"

According to the 2025 Sustainable Development Report, Bosnia and Herzegovina has an SDG Index **Score of 73.75** which witnesses improvement in comparison to 2010 where the score marks 70.52 (source: sustainable Development Report, 2025) The country ranks 57th out of 167 nations. SDG 1 of achieving No poverty is the only goal that is on track before 2030 .

On the other hand, the goals related to life below water (SDG 14) and partnerships for the goals (SDG 17) are close to meeting the set goal but challenges remain.

While the goals of zero hunger (SDG 2), good health (SDG 3), quality education (SDG 4), clean water (SDG 6), affordable and clean energy (SDG 7), industry innovation and infrastructure (SDG 9), reduced inequalities (SDG 10), sustainable cities (SDG 11), responsible consumption (SDG 12), climate action (SDG 13), life on land (SDG 15) and peace, justice and strong institutions (SDG 16), still have persistent significant challenges that requires extra efforts.

Finally, both the goals of gender equality (SDG 5) and decent work and economic growth (SDG 8) still face major challenges and obstacles to meeting by 2030.

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Future **Outlook**

Globally, Muslim spending across the Islamic economy sectors (excluding Islamic finance) witnessed an expansion estimated by 5.5 percent in 2023. Looking forward, this spending is projected to rise to USD 3.36 trillion by 2028, indicating a compound annual growth rate of 5.3 percent over the upcoming five years.

(Source: State Of The Global Islamic Economy Report, Dinar Standard, 2024/2025) indicating rising demand on halal products.

The halal industry in Bosnia and Herzegovina is projected to grow by 15-20 percent annually, driven by its strategic role as a gateway between Southeast Europe and Muslim-majority markets in the Middle East. With over 110 certified companies and 7,000 certified products, the sector is heavily focused on food (80% of certifications) but is expanding into tourism, cosmetics, and pharmaceuticals which in turn carry potential growth.

The Muslim population in Europe, one of the key determinants and drivers of growth of halal industries in Bosnia, is projected to rise to approximately 8% of the total population by 2030, increasing from around 6 percent in 2010. Driven by immigration and higher fertility rates, the total number of Muslims in Europe is expected to exceed 58 million by 2030.

Therefore, Bosnia and Herzegovina faces potential prospects for sustainable growth in different halal industries, backed with the strong presence of Muslim population in the country and in Europe, backed with its strong institutional and certification capabilities and current competitive advantages as an export hub to Europe.

The potential for Islamic fintech in Bosnia and Herzegovina on the other hand is significant, driven by a growing demand for Shariah-compliant digital services, a need for financial inclusion, and a young, tech-savvy population. In addition to a growing consumer preference for Shariah-compliant and environmental, social, and governance (ESG) products, which Islamic fintech can provide efficiently.

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Conclusions

The report goes through the macro level and competitiveness indicators of the Bosnian economy, which indicates the progress on the macroeconomic level and in terms of country competitiveness and attractiveness to FDI and to expand its exports globally.

The number of halal certified companies and products indicate increase in awareness and demand on halal products, where number of companies double in a spam of ten years 2013 through 2023. In terms of analyzing the halal industries by sector, the degree of progress and maturity varied across the halal products and services. Beginning with the meat and dairy products which show continuous annual increases in their exports, indicating and highlighting growing international demand on these products. The main trade partners appear to belong to the EU and Turkey primarily.

The Islamic finance sector is one of the promising sectors in Bosnia and Southeast Europe, where the BBI dominates assets and investments in the sector. The industry shows high potential, with BBI achieving an 18.1 percent compound annual growth rate. BBI's assets are on the increase, increasing from USD 0.79 billion in 2020 to roughly USD 1.15 billion by the end of 2024. Investments in the sector are primarily sourced from the GCC countries and Turkey.

Another sector found jointly by BBI and the Sarajevo Stock Exchange (SASE), the Islamic stock market, classified through a specialized BBI-SASE list. This list includes companies that have undergone a Shariah screening process, with a segment of them forming the Islamic Index on the Sarajevo Stock Exchange. The value of the index witnesses a positive improvement throughout the time frame 2024-2026, increasing from 10,774 in April 2024 to 14846 index points in March 2026 with around 40 percent growth rate achieved in two years and a total of 25 companies. The continuous increase in the index value indicates a growing sector accompanied with positive performance in stock market.

In the Halal tourism sector, and according to the Global Muslim Index report for the year 2023 and 2024, Bosnia ranks in the fourth place on the list of the most visited halal tourist destinations in Europe and 43rd globally and then moving to the 38th rank in 2025. As per the latest overnight data by country, issued back in August 2025 as illustrated in the below diagram, the top countries exporting tourism to Bosnia were basically Saudi Arabia, Turkey, Serbia and Croatia accounting for 12.8 percent, 9.8 percent, 8.8 percent and 8.1 percent respectively of total touristic over nights. Indicating dominance of Muslim tourists ranking top of total. The halal tourism sectors seems to be a promising one with high potential to further grow and attract increasing tourists especially from the GCC countries.

The garment production sector in Bosnia is heavily export-oriented (over 90 percent), dominated by "lohn" (outward processing trade) for EU markets like Italy and Germany.The sector, covering apparel, textiles, and footwear, holds around 345 enterprises, with high, yet largely saturated, production capacity.

As there are currently no statistical evidence of the current status of production or exports in this sector to estimate the magnitude and potential opportunities, but the data related to Bosnian garments are used as a proxy for the expected performance of modest clothing.
Accordingly, the overall garment industry is classified as heavily export oriented and witnesses growing international demand especially from EU countries, this can imply that industries related to modest clothing are export oriented as well and have comparative advantages.

Bosnia is a developing regional hub for halal products, including pharmaceuticals and nutraceuticals, certified by the Agency for Halal Quality Certification. The sector includes producers of halal herbal medicines and supplements, with companies like Cydonia, TIM MED, Sunnah Product, and Zlatni Med active in the market. Research highlights growing consumer demand for halal certified products, prioritizing safety and compliance, with 73.3% of users considering it vital.
The annual exports of pharmaceutical products show a positive trend during 2020 to 2025, where value of exports has almost doubled during the time frame understudy, reflecting a growing international demand on the Bosnian pharmaceutical products. With no evidence of the size of halal pharmaceuticals, there are estimates that it is a small share of the total sector and is still in an immature phase, nevertheless these products enjoy the same comparative advantages as the whole sector.

In the case of halal cosmetics, there are no evidence of data or indicators related to its size, and in this context the overall performance of Perfumery, cosmetic or toilet preparation exports (comprising halal cosmetics) in Bosnia will act as a proxy for halal cosmetics.

Where the relevant data indicate growing global demand on the sector products, where an 80 percent jump takes places in 2024 in comparison to 2020, and around a 25 percent growth rate in comparison to 2021.

Croatia appears to be the main trade partner accounting alone for 65 percent of total global demand, while Turkey (OIC member) accounts for less than 1 percent of total Bosnian halal cosmetics exports.

The Islamic fintech sector is another promising sector of great potential, according to the Global Islamic Fintech (GIFT) Index, Bosnia and Herzegovina ranked 47th out of 64 and scored 16.1 percent in 2025 (Source: Global Islamic Fintech (GIFT) Index, 2025) .

The 2025 index witnesses a limited deterioration in rank and in score in comparison to 2024, where Bosnia ranks in the 38th position and scored 19.6 percent.

This Index represents which countries are most conducive to the growth of Islamic Fintech Market & Ecosystem in their jurisdictions. Despite the non-availability of exact market size, but there are estimates that indicate an initial size of USD 300 million in 2024 of the whole fintech market in Bosnia, while the Islamic fintech sector accounts for an insignificant fraction of the total.

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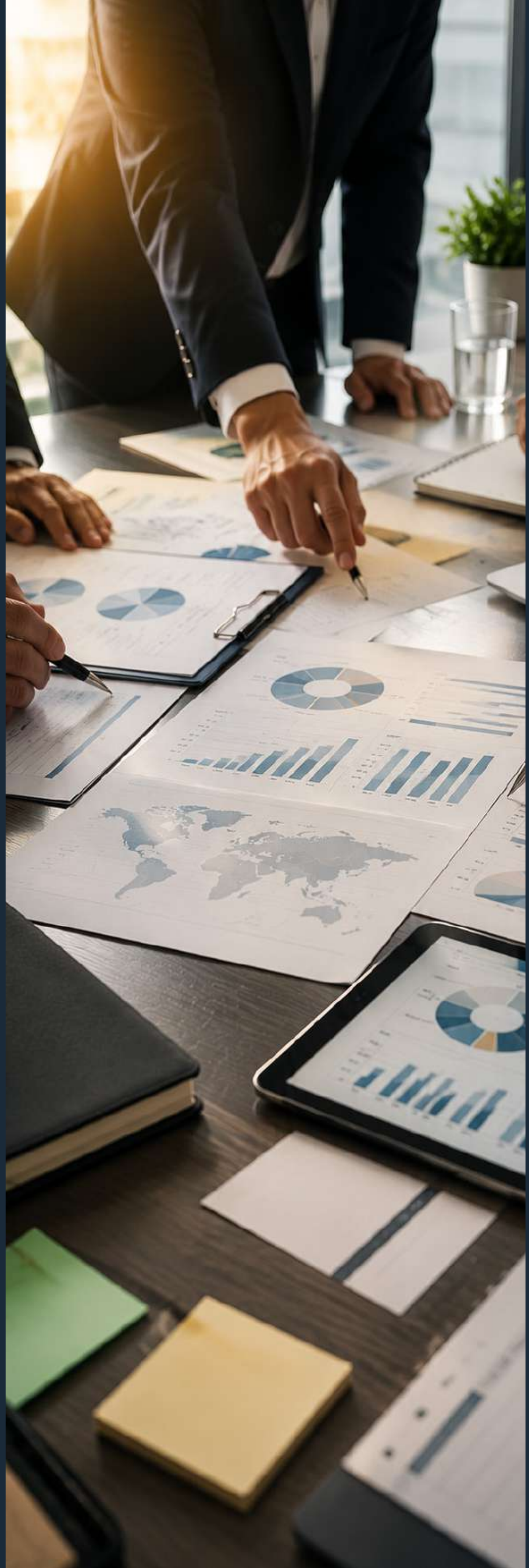
Policy **Recommendations**

As Bosnia positions itself as an export hub serving the EU, which in turn hosts around **25 million alongside the domestic population,** it is vital to design an overall strategy for the halal industries, with SMART objectives, milestones and measurable results and goals. This would include making available regular data and statistics about the halal industries in order to measure and assess current status, then monitoring and tracking performance. Regular monitoring and evaluation, enables government entities to intervene with policy measures to rectify or amend any distortions.



The proximity and importance the EU countries form to the Bosnian economy is inevitable and is one of the comparative advantages of the economy.Nevertheless, it is recommended to diversify exports and FDI geographically to avoid or minimize any negative implications caused by regional slowdown. **This appears in the decline of 2024 exports and FDI mainly caused by the economic slowdown in the EU countries.**

Encouraging investments through applying tax holidays and favorable incentives, to sectors with high potential to grow **such as halal tourism** is essential to resolve challenges facing the sustainable development of the tourism sector in Bosnia. These challenges take the form of insufficient number of businesses in tourism that have a halal certificate, lack of staff training and insufficient promotion. Attracting foreign investment enhances halal sectors not only with financial support but as well through technology transfer, ideation and innovation that travel with FDI to host countries.

Lack of data and information is a crucial hurdle that negatively impacts any assessments or future planning or setting strategies for these sectors, it is recommended to build and design data management systems responsible for data collection and analysis.
The data management systems assist policy makers, investors and researchers in taking data supported and evidence based decisions.

Investing in branding and elevating the positioning of Bosnia as a hub for halal products and services in Europe is as well essential to increase shares of global trade, through strengthening the certification and procedure guidelines, gaining more international recognitions, increasing the participation and conduct of halal related events, fairs and exhibitions.

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