

Economic Impacts of Halal-Based Tourism: Assessing Challenges in Singapore and Johor

Abdul Hakim Abdul Halim¹

Kolej Profesional MARA, Malaysia

Abstract This study examines the economic trajectory and structural challenges of halal-based tourism in the interconnected jurisdictions of Singapore and the Malaysian state of Johor. Amid a strong post-pandemic recovery, the global Muslim travel market is projected to reach 245 million international arrivals by 2030, with associated expenditure of approximately USD 230 billion (Mastercard & CrescentRating, 2025). Using a comparative case-study methodology that synthesizes data from the Global Muslim Travel Index (GMTI), the Singapore Tourism Board (STB), and Malaysia's Department of Statistics (DOSM), the study finds that Singapore, despite its status as a non-OIC nation, has sustained its leadership through world-class infrastructure and an increasingly sophisticated digital-assurance approach to halal-friendly services, while Johor has positioned itself as a high-impact industrial and heritage destination under the Johor-Singapore Special Economic Zone (JS-SEZ). Critical challenges nonetheless persist, including an over-reliance on food-based services in Singapore and significant certification barriers facing small and medium enterprises (SMEs) in Johor. The analysis suggests that aligning halal-tourism development with the Sustainable Development Goals (SDGs) and operationalizing a Responsible, Immersive, Digital, and Assured (RIDA) framework are essential for long-term competitiveness. The study concludes that regional synchronization of halal standards between Singapore and Malaysia, together with the completion of the Rapid Transit System (RTS) Link, will be among the primary drivers of economic value in the corridor's post-2026 landscape.

Keywords: halal tourism; Muslim travel market; Singapore; Johor; Johor-Singapore Special Economic Zone; halal certification; medical tourism; tourism-led growth

INTRODUCTION

The global trajectory of Muslim-friendly tourism is defined by an unusually rapid pace of post-pandemic recovery and expansion. International Muslim arrivals rose to an estimated 176 million in 2024, a year-on-year increase of roughly 25 percent that carried the market beyond its pre-pandemic level, and industry projections put the figure at 245 million arrivals by 2030 with associated spending of about USD 230 billion (Mastercard & CrescentRating, 2025). This growth is underpinned by a youthful, technologically fluent demographic for whom the availability of halal food and prayer facilities is no longer an amenity but a baseline requirement that shapes destination choice. Within this expanding market, women travelers have become an increasingly prominent sub-segment: recent industry analysis attributes close to half of all Muslim international arrivals to women, a shift that is reshaping how destinations design services and safety assurances (Mastercard & CrescentRating, 2025).

Within Southeast Asia, the Singapore-Johor corridor represents a particularly instructive intersection of these trends. Singapore has consistently held its position as the leading non-OIC (Organisation of Islamic Cooperation) destination for Muslim travelers, while Malaysia, with Johor as its southern anchor, remains among the leading OIC destinations (Mastercard & CrescentRating, 2025). Table 1 summarizes how the global Muslim travel market has evolved from its pre-pandemic baseline through the current recovery phase and into medium-term projections.

Table 1. Global Muslim Travel Market Growth Trends (2019-2030)

Indicator	2019 (Pre-Pandemic)	2024 (Recovery)	2025 (Projected)	2030 (Forecast)
International Muslim arrivals (millions)	160	176	186	245
Total Muslim travel spend (USD billion)	190	–	~200	~230
Share of arrivals attributed to women travelers	39%	–	~45%	–

Source: compiled by the author from Mastercard & CrescentRating (2025).

The relationship between Singapore and Johor is one of mutual economic necessity rather than simple competition. Tourists increasingly treat the two territories as a single destination, combining the high-value services of Singapore with the cultural authenticity and cost-competitiveness of Johor. The urgency of this research follows directly from the rapid development of the Johor-Singapore Special Economic Zone (JS-SEZ), formally established through an intergovernmental agreement signed on 7 January 2025 to synchronize the economic strengths of both territories across nine flagship areas covering roughly 3,588 square kilometers (JS-SEZ Secretariat, 2025). Understanding the role of halal tourism within this zone is critical for policymakers seeking to maximize the multiplier effects of tourism-led growth.

LITERATURE REVIEW

The Halal Tourism Ecosystem

Academic discourse on halal tourism has evolved from an early focus on basic faith-based amenities toward a more holistic understanding of what Battour and Ismail (2016) describe as the “Halal-Toyyiban” concept, which integrates the lawful (halal) aspects of consumption with the wholesome and ethical (toyyib) dimensions of service delivery. This framing aligns halal tourism with broader sustainability agendas and situates it as more than a niche faith-based product: Battour and Ismail (2016) argue that halal tourism can simultaneously serve the spiritual needs of Muslim travelers, support local economic empowerment, and contribute to cultural preservation in host destinations.

The Evolution of the Islamic Economy

The Islamic economy is no longer a siloed sector but an increasingly integrated component of global trade. Malaysia's halal product exports reached RM 61.79 billion in 2024, an increase of about 15 percent over the previous year, with food and beverage, pharmaceuticals, and cosmetics leading the growth (Zafrul, 2025). This industrial strength provides a foundation for halal-based tourism services, in which the value chain from upstream production to downstream service delivery is certified and assured. In non-Muslim-majority contexts such as Singapore, Thailand, and the United Kingdom, halal tourism functions as a market-diversification strategy, extending destination appeal to affluent travelers from the Gulf Cooperation Council (GCC) states and Indonesia.

Cross-Border Tourism and Economic Integration

The “single destination” perspective in cross-border tourism scholarship holds that geographical proximity and complementary infrastructure can produce a de facto unified tourism product. Earlier accounts of the Singapore-Johor relationship emphasized the Johor-Singapore Causeway as the principal conduit for economic exchange; more recent commentary points instead to the need for digital assurance and seamless cross-border connectivity to sustain that momentum, particularly as passport-less QR-code clearance is progressively introduced at land checkpoints between the two territories (Rajah & Tann Asia, 2025). A persisting gap in the literature is the absence of detailed comparative

analysis of how Johor's state-level policies interact with Singapore's national tourism strategy in the post-pandemic, JS-SEZ era.

Gaps and Emerging Themes

One recurring gap in current research is an over-reliance on food and beverage availability as the primary metric of halal-friendliness. Singapore excels in MUIS-certified dining, yet fully integrated ecosystems that combine accommodation with specialized experiences, such as halal medical tourism or women-only wellness retreats, remain comparatively underdeveloped. The influence of artificial intelligence and digital technology on a destination's perceived "faith-readiness" is likewise an emerging theme that has not yet received sustained scholarly attention.

THEORETICAL FRAMEWORK

This study is grounded in two complementary frameworks: the tourism-led growth (TLG) hypothesis and religious consumption theory. The TLG hypothesis proposes a causal link, unidirectional or bidirectional, between tourism expansion and economic growth, in which tourism acts as a catalyst for broader socio-economic progress. Evidence for this relationship across Southeast Asia is context-dependent rather than uniform: a recent panel analysis of all eleven ASEAN economies finds that economic expansion promotes tourism development everywhere, but that the reverse relationship, tourism substantially driving economic growth, holds primarily in larger, more developed economies such as Singapore and Malaysia, while in less-developed ASEAN states neither hypothesis finds definitive support (Fan & Ha, 2025). This asymmetry is instructive for the present study, since it implies that Singapore and Johor sit on the more favorable end of the TLG relationship, where tourism receipts can plausibly be expected to feed back into broader economic performance.

Conceptually, this relationship can be expressed through a production function in which economic output in period t (Y_t) is a function of capital (K_t), labor (L_t), and tourism receipts (T_t): $Y_t = f(K_t, L_t, T_t)$. In the context of halal tourism, T_t can be further decomposed into expenditure attributable specifically to faith-conscious travelers, which often carries a higher multiplier effect owing to the specific requirements for halal-certified goods and services along the supply chain.

Religious consumption theory supplies the psychological basis for this growth pattern by categorizing Muslim travelers' needs into three tiers of priority. The first tier, "need to have," covers halal food, prayer facilities, and ablution-friendly washrooms; the second, "good to have," covers halal-certified hotels, alcohol-free environments, and Ramadan-specific services; and the third, "nice to have," covers gender-segregated recreational facilities and faith-based digital navigation tools. As destinations move from serving the first tier toward the third, they access higher-value market segments and increase average revenue per visitor. This theoretical progression helps explain how Singapore has captured a high-end medical tourism market while Johor continues to target industrial and heritage-based mass tourism.

METHODS

This research adopts a comparative case-study approach, examining the distinct but overlapping tourism ecosystems of Singapore and Johor. The design is intended to provide a nuanced account of how two structurally different policy environments, a non-OIC global financial hub on one side and a resource-rich state within an OIC leader nation on the other, respond to the same global market pressures.

Data Sources

The study synthesizes data from several authoritative sources published between 2019 and 2026. The Global Muslim Travel Index (GMTI) 2025 benchmarks the faith-based readiness of destinations worldwide using the Access, Communication, Environment, and Services (ACES) framework (Mastercard & CrescentRating, 2025). Singapore Tourism Board (STB) releases for 2024-2025 provide granular data on tourism receipts, visitor arrivals, and top source markets (Singapore Tourism Board, 2025). The Department of Statistics Malaysia (DOSM) and the Ministry of Investment, Trade and Industry (MITI) supply data on domestic tourism performance, halal export growth, and the JS-SEZ

investment footprint (Department of Statistics Malaysia, 2025; Zafrul, 2025). Sector-specific figures, including Singapore's medical tourism market size, are drawn from the IMARC Group (2025) market report, and SME-level certification data are drawn from a 2025 field study of food-and-beverage entrepreneurs in Muar, Johor (Yunos et al., 2025).

Analysis Structure

The analysis is organized around the four ACES pillars of the GMTI framework, read alongside the Responsible, Immersive, Digital, and Assured (RIDA) impact lens used to assess sustainability and innovation. The Access pillar covers air connectivity, visa policy, including Malaysia's 2025 visa reforms, and cross-border transport infrastructure such as the planned RTS Link. The Communication pillar covers digital marketing strategy and the role of social media in shaping traveler decisions. The Environment pillar covers safety, inclusivity, and the integration of sustainability goals. The Services pillar covers the density of halal-certified dining, prayer facilities, and specialized services such as medical tourism.

FINDINGS AND DISCUSSION

Both Singapore and Johor have moved decisively from pandemic recovery into a phase of sustained growth, though through markedly different strategic levers.

Singapore's Economic Performance and High-Value Niches

Singapore's tourism receipts reached S\$23.9 billion in the first nine months of 2025, a 6.5 percent increase over the same period in 2024 and the highest figure recorded for that period on record (Singapore Tourism Board, 2025). This growth was led by sightseeing, entertainment, and food and beverage, with the latter category growing by roughly 15 percent. Mainland China remained the top source market by receipts at S\$3.68 billion, while Indonesia was the leading Muslim-majority source market at S\$2.09 billion, underscoring the importance of Muslim travelers, particularly from Indonesia and Malaysia, to Singapore's tourism economy (Singapore Tourism Board, 2025).

Table 2. Singapore Visitor Arrivals and Receipts, January-September 2025

Metric	Value
Total international visitor arrivals	16.9 million (+2.3% YoY)
Total tourism receipts (Jan-Sep)	S\$23.9 billion (+6.5% YoY)
Top tourism-receipts source market	Mainland China (S\$3.68 billion)
Top Muslim-majority source market	Indonesia (S\$2.09 billion)
Average hotel occupancy rate	81.9% (up from 81.4% in 2024)

Source: Singapore Tourism Board (2025).

Singapore's leadership among non-OIC destinations, a position it has held consistently for a decade, rests on the extensive availability of MUIS-certified facilities and an increasingly AI-enabled airport and hospital ecosystem that personalizes the traveler and patient journey.

Johor's Industrial-Tourism Synergy

In Johor, the economic impact of halal tourism is increasingly tied to industrial development. The state's domestic tourism authorities reported a new high in domestic visitor arrivals in 2024 (Department of Statistics Malaysia, 2025), and the most significant recent industrial development is a RM10 billion (roughly USD 2.4 billion) investment announced by China's Shandong Huifa Foodstuff Co. Ltd, targeting five growth areas: frozen foods, pharmaceuticals, halal fashion, food ingredients, and halal-based tourism services. This industrial base allows Johor to market itself around "Halal Heritage and Hi-Tech" experiences, particularly in Muar and the Iskandar flagship zone.

Table 3. Malaysia Halal Industry Export Data (2024)

Indicator	Value (RM billion)	Share of Total Exports
Total halal exports	61.79	3.9%

Indicator	Value (RM billion)	Share of Total Exports
Growth versus 2023	+15.0%	–
Multinational-company contribution	56.41	91.4%
Medium-enterprise contribution	3.30	5.3%
Small-enterprise contribution	2.05	3.3%

Source: Zafrul (2025); compiled from MITI figures.

Cross-Border Dynamics and the JS-SEZ

The formal establishment of the JS-SEZ in January 2025 has redefined the Singapore-Johor relationship from one of competition toward one of structured collaboration. The zone's nine flagship areas, covering roughly 3,588 square kilometers, are designed to attract high-value investment in tourism, logistics, and the digital economy (JS-SEZ Secretariat, 2025). The phased rollout of passport-less QR-code clearance at land checkpoints is already changing how tourists and businesses think about the two territories as a single, integrated space, and what has been termed a “Singapore-plus-twinning” model allows businesses to use Singapore as a global headquarters and R&D hub while drawing on Johor's more abundant land and cost-competitive labor for halal production (Rajah & Tann Asia, 2025).

Case Study: Halal Medical Tourism in Singapore

Singapore's medical tourism sector illustrates a high-value niche catering specifically to affluent Muslim travelers. Market-research estimates vary considerably across providers, a pattern common in early-stage health-tourism forecasting, but the IMARC Group (2025) provides one of the more methodologically transparent baselines: it places the market at USD 701.6 million in 2025, projected to grow at a compound annual rate of 20.72 percent between 2026 and 2034. Growth is driven chiefly by Singapore's strength in high-acuity specialties such as oncology and cardiology, which together draw a substantial volume of overseas patients each year. To accommodate Muslim patients specifically, several Singaporean private hospitals have introduced faith-based concierge measures, including halal-certified meal plans for patients and caregivers, in-hospital prayer facilities with Qibla direction indicators, gender-appropriate staffing arrangements where requested, and coordinated transport from Changi Airport to medical hubs. This segment represents a deliberate fusion of health care and halal assurance, in which medical outcomes and cultural inclusivity jointly support Singapore's position in the broader regional health-tourism market.

Case Study: SME Halal Certification in Johor

While large industrial investments such as Shandong Huifa's dominate the headline narrative, the long-term sustainability of Johor's halal tourism sector depends heavily on the viability of its small and medium enterprises (SMEs). A 2025 field study of 26 food-and-beverage SME entrepreneurs in Muar, Johor, found that awareness of the business significance of JAKIM halal certification was very high, with a mean score of 4.81 out of 5, yet many of the same entrepreneurs remained reluctant to pursue certification (Yunos et al., 2025). The study attributes this gap primarily to the administrative burden of documentation and supply-chain transparency requirements, the direct and indirect costs of certification, including facility upgrades to meet sanitary and safety standards, and, for many small and traditionally run businesses, a broader reluctance to invite the regulatory oversight that formal certification entails. This creates a structural bottleneck: without a higher density of certified SMEs, the “Immersive” pillar of the RIDA framework, which depends on authentic local culinary and heritage experiences, remains underdeveloped.

Over-Reliance and Service Gaps

In Singapore, the halal tourism offer continues to rely heavily on food and beverage as its primary draw. Fully integrated halal ecosystems that combine accommodation, attractions, and specialized experiences such as Muslim-friendly wellness remain comparatively scarce, and operational service gaps persist where frontline staff lack deep cultural awareness, a shortfall that is particularly consequential for the growing segment of solo female travelers.

Socio-Economic Friction in Johor

The rapid pace of JS-SEZ development has also generated concern among Johor's local population. Public-sentiment surveys conducted around the zone's rollout suggest that local support is conditional on tangible improvements in daily life rather than unconditional enthusiasm for large-scale investment.

Table 4. Public Concerns in Johor Regarding the JS-SEZ (2025-2026)

Concern	Concern Level
Job creation (primary condition for support)	81.4%
Affordable housing	70.1%
Traffic planning and congestion	47.3%
Rising cost of living	High (qualitative)

Source: compiled by the author from public-sentiment reporting on the JS-SEZ rollout.

Johor's transformation into a higher-value regional hub carries real promise, but state economic planning already anticipates that the gains must be balanced against inclusive-growth safeguards, so that local communities are not displaced by rising property prices or overburdened infrastructure as investment accelerates.

Regulatory Divergence: MUIS and JAKIM

The absence of a single harmonized halal standard remains a structural obstacle to market entry for both large operators and SMEs. Malaysia's certification regime, administered by the Department of Islamic Development Malaysia (JAKIM), leans toward mandatory certification for a defined range of goods and services (Jabatan Kemajuan Islam Malaysia, 2025), while Singapore's regime, administered by the Islamic Religious Council of Singapore (MUIS), is voluntary and market-driven (Majlis Ugama Islam Singapura, 2025). The two bodies maintain a cooperative relationship and broadly mutual recognition, but the underlying difference in regulatory philosophy still creates friction for a business operating across the JS-SEZ that must maintain dual compliance, adding operational overhead that falls disproportionately on smaller firms.

The Digital and Artificial-Intelligence Frontier

The period after 2026 is likely to mark a more sophisticated phase of halal travel, one in which confidence and inclusion matter as much as basic access and convenience. Artificial intelligence and digital tools are reshaping this experience in at least three visible ways: hyper-personalization, where AI-based tools let travelers evaluate the safety and faith-readiness of a destination before booking; the growing influence of social platforms such as Instagram and TikTok on how Muslim travelers discover and choose destinations, which is pushing tourism boards toward experiential digital storytelling rather than traditional advertising; and an emerging need to build faith-related awareness into robotics and automation as hotels and airports expand their use of service robots. Set against these opportunities, the possibility that AI-driven automation could displace jobs and reduce discretionary income is a genuine risk that could, if realized at scale, dampen travel spending among the broader global Muslim middle class.

CONCLUSION

The economic impact of halal-based tourism in Singapore and Johor is characterized by a positive, mutually reinforcing relationship with GDP growth, employment, and market diversification, achieved through two distinct strategic paths. Singapore has leveraged its status as a trusted, high-assurance base to capture high-value niches such as medical tourism, while Johor has used the industrial momentum generated by the JS-SEZ to position itself as a major halal production and heritage hub. The single-destination model, in which the two territories are treated by travelers as one integrated product, appears to be the most viable path forward for the corridor as a whole.

Several specific findings support this conclusion. The emergence of large-scale industrial investment, exemplified by the Shandong Huifa commitment, and the formal establishment of the JS-SEZ together demonstrate that halal tourism in Johor is now inseparable from broader industrial policy. Singapore's

continued leadership among non-OIC destinations depends on deepening, rather than merely maintaining, its halal-certified service ecosystem, particularly by closing the gap between food-based services and fully integrated offerings such as medical and wellness tourism. In Johor, the persistence of a certification gap among SMEs, despite very high awareness of its business value, shows that awareness alone is not sufficient to drive formalization; cost and administrative complexity remain the binding constraints (Yunos et al., 2025). Finally, the absence of a fully harmonized halal standard between JAKIM and MUIS continues to impose real compliance costs on businesses operating across the JS-SEZ, even where the two regulators maintain a cooperative relationship.

Looking ahead, the completion of the RTS Link is expected to serve as the corridor's physical anchor by the late 2020s, while the digital-assurance frameworks embedded in successive GMTI reports are likely to serve as its qualitative anchor. Ultimately, success in the post-2026 landscape will depend on how effectively Singapore and Johor can narrow their regulatory differences while ensuring that the economic benefits of tourism-led growth, including in Johor's case the JS-SEZ's industrial dividends, are felt broadly by local populations rather than concentrated among large investors.

Recommendations

On the basis of these findings, several recommendations follow for policymakers and industry stakeholders. For regional policy coordination, MUIS and JAKIM should consider establishing a joint task force to streamline certification procedures for businesses operating within the JS-SEZ, which would directly reduce the dual-compliance costs identified above, and infrastructure planning for the zone should extend beyond transport to embed accessible-tourism and inclusive-design principles that serve both faith-specific needs and the needs of senior travelers. For industry players, travel operators should move from merely advertising the availability of halal options toward providing verifiable, digitally assured proof of compliance in line with the RIDA framework, and there is a clear market opportunity in developing curated itineraries for Muslim women and solo travelers that foreground safety, empowerment, and authentic cultural immersion. For SME development specifically, larger halal-sector multinationals should be encouraged to engage smaller Johor-based producers through structured sourcing partnerships that help them meet international quality standards, and government agencies should consider targeted fiscal support or Islamic microfinance instruments to offset the upfront costs of certification that this study finds to be a binding constraint on SME formalization (Yunos et al., 2025). Finally, on technological innovation, tourism boards should invest cautiously but deliberately in faith-aware AI platforms that can deliver hyper-personalized recommendations for halal dining, prayer times, and faith-ready medical facilities, while remaining attentive to the labor-market risks that accompany rapid automation in the tourism and hospitality sector.

Ultimately, the future of halal-based tourism in the Singapore-Johor corridor will depend on the ability of both jurisdictions not only to adapt to new geopolitical and social realities, but also to build the human and institutional capital needed to translate rapid market growth into broadly shared, durable economic value.

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