ABSTRACT

The development of the halal industry serves as a key indicator reflecting the competitiveness of the Islamic economy within member countries of the Organization of Islamic Cooperation (OIC). Although OIC member countries possess significant potential for halal industry growth, the pace of development varies and is influenced by diverse macroeconomic factors. This study aims to analyze the impact of Foreign Direct Investment (FDI), exchange rates, and trade openness on the development of the halal industry in OIC member countries during the 2015–2024 period.

This study employs a quantitative approach utilizing secondary panel data covering 13 OIC member countries from 2015 to 2024, resulting in 130 observations. Halal industry development is measured using the Global Islamic Economy Indicator (GIEI) sourced from the State of the Global Islamic Economy (SGIE) report, while data on FDI, exchange rates, and trade openness were obtained from the World Development Indicators (WDI). Data analysis was conducted using the panel data regression method with EViews 13 software. Based on model selection test results, the Fixed Effect Model (FEM) was determined to be the most appropriate model for this study.

The research results indicate that Foreign Direct Investment (FDI) has a positive but insignificant influence on the development of the halal industry. Exchange rates have a positive and significant impact on halal industry development. Meanwhile, trade openness has a negative and significant impact on the development of the halal industry in OIC member countries. Collectively, FDI, exchange rates, and trade openness significantly influence the development of the halal industry. These findings suggest that FDI inflows have not yet consistently yielded a direct impact on the development of the halal industry ecosystem, whereas exchange rates are a factor associated with the industry's growth. On the other hand, the negative impact of trade openness highlights the importance of strengthening the competitiveness of the domestic halal industry to ensure that trade openness does not exacerbate competitive pressures in this sector.

***Keywords**: Halal industry, foreign direct investment, exchange rate, trade openness, Organization of Islamic Cooperation, panel data regression.*