

## COMPARATIVE ANALYSIS OF HALAL CERTIFICATION MECHANISMS BETWEEN MUI AND BPJPH ACCORDING TO THE PERSPECTIVE OF LAW NO. 33 OF 2014 CONCERNING HALAL PRODUCT GUARANTEE

MOCHAMAD DODDY SYAHIRUL ALAM<sup>1</sup>, ATEM ATEM<sup>2</sup>, MURNIYATI YANUR<sup>3</sup>,  
ERINDA ALFIANI FAUZI<sup>4</sup>, M. SYAEFUL ANAM<sup>5</sup>


<sup>1</sup> Universitas Palangka Raya, Palangka Raya, Indonesia, doddyfisip@gmail.com

<sup>\*2</sup> Universitas Palangka Raya, Palangka Raya, Indonesia, atem@fisip.upr.ac.id

<sup>3</sup> Universitas Palangka Raya, Palangka Raya, Indonesia, murniyatinyanur@gmail.com

<sup>4</sup> Universitas Palangka Raya, Palangka Raya, Indonesia, erindafauzi@fisip.upr.ac.id

<sup>5</sup> Universitas Palangka Raya, Palangka Raya, Indonesia, saiful.anam1308@gmail.com

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\*Correspondence

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**Abstract.** This article aims to examine the diversity of halal certification in Indonesia. It is known that 2022 Indonesia's Muslim population will be the largest in the world. In line with that, the consumption of halal products in Indonesia is relatively high; therefore, Law Number 33 of 2014 concerning Halal Product Guarantee mandates that products circulating in Indonesia are guaranteed reliability. Currently, Indonesia has a Halal Product Guarantee Agency (BPJPH), which has the task of ensuring those that enter, circulate, and are traded in Indonesia, as evidenced by the ownership of halal certification by business actors (PU) and halal labels on the products produced. This paper uses qualitative research with a literature study approach (literature review), namely conducting a descriptive analysis of secondary data. The results of this paper show a change in the management of halal certification, which was previously issued through the Indonesian Ulema Council (MUI) and is now by BPJPH. In addition, two schemes for applying for halal certification can be pursued by business actors in Indonesia, namely regular and self-declaration. Currently, halal products and the halal industry are growing not only nationally but also globally, and there are at least six halal industry sectors that are of concern halal food commodities, Islamic finance, Muslim-friendly travel (halal tourism), Modest Fashion, Media and recreation and Pharma & Cosmetic.

**Keywords:** Halal Certification; Halal Industry; Halal Products

**Abstrak.** Artikel ini bertujuan untuk mengkaji tentang diversiti sertifikasi halal di Indonesia. Di ketahui bahwa di tahun 2022 penduduk muslim Indonesia merupakan yang terbesar di dunia selaras dengan itu konsumsi produk halal di Indonesia cukup tinggi, oleh karenanya melalui Undang-Undang Nomor 33 Tahun 2014 tentang Jaminan Produk Halal mengamanatkan agar produk yang beredar di Indonesia terjamin keahliannya. Saat ini Indonesia memiliki Badan Penyelenggara Jaminan Produk Halal (BPJPH) yang mempunyai tugas untuk menjamin yang masuk, beredar dan diperdagangkan di Indonesia, yang dibuktikan dengan adanya kepemilikan sertifikasi halal oleh pelaku usaha (PU) dan label halal pada produk yang dihasilkan. Tulisan ini menggunakan jenis penelitian kualitatif dengan pendekatan studi pustaka (*literature review*), yakni melakukan analisis deskriptif terhadap data sekunder. Hasil tulisan ini menunjukkan adanya perubahan pengelolaan sertifikasi halal yang sebelumnya diterbitkan melalui Majelis Ulama Indonesia (MUI) dan sekarang oleh BPJPH. Selain itu terdapat dua skema pengajuan sertifikasi halal yang dapat ditempuh oleh pelaku usaha di Indonesia yakni *reguler* dan *self declare*. Saat ini produk dan Industri halal semakin berkembang tidak hanya secara nasional namun juga global, setidaknya terdapat enam sektor industri halal yang menjadi perhatian meliputi komoditas makanan, keuangan islam, wisata ramah muslim, fashion, media dan rekreasi serta farmasi dan kosmetik.

**Kata Kunci :** *Industri halal; Produk halal; sertifikasi halal.*

## Introduction

The management of halal certification in Indonesia is carried out by the Halal Product Guarantee Agency (BPJPH), which is an agency formed under the auspices of the Ministry of Religion of the Republic of Indonesia. Law Number 33 of 2014 concerning Halal Product Guarantee mandates that products circulating in Indonesia are guaranteed reliability. Therefore, the Halal Product Guarantee Agency has the duty and function to ensure the halalness of products that enter, circulate and are traded in Indonesia <sup>1</sup>. There are several steps that must be taken by every business actor to obtain a halal certificate, namely: 1) apply for halal certification by completing documents: business actor data, name and type of product, list of products and materials used, product processing, halal product assurance system documents, 2) check the completeness of documents and establish a halal inspection agency, 3) examine and/or test the halalness of the product, 4) determine the halalness of the product through a halal fatwa hearing 5) issue a halal certificate <sup>2</sup>.

There were two bodies responsible for halal certification before the establishment of BPJPH. The first is the Indonesian Ulema Council, known as MUI, and the other is the Institute for Food, Drug, and Cosmetic Assessment, known as LPPOM. After the establishment of BPJPH, there has been a slight shift in the position of MUI regarding halal certification. The beginning of producing Fatwa overrides the halalness

<sup>1</sup> BPJP, "Pengantar," 2019; Sigid Widyantoro, Rafika Arsyad, and Mochammad Fathoni, "Halal Food Industry in Southeast Asia's Muslim Majority Countries: A Reference for Non-Muslim Countries," *Intellectual Discourse* 27, no. Special Issue (2019): 767–81; Ralang Hartati, "Peran Negara dalam Pelaksanaan Jaminan Produk Halal," *ADIL: Jurnal Hukum* 10, no. 1 (2019): 72–92, <https://doi.org/https://doi.org/10.33476/ajl.v10i1.10666>; Fatimah Nur, "Jaminan Produk Halal di Indonesia Terhadap Konsumen Muslim Fatimah," *Jurnal Likuid* 1, no. 1 (2021): 43–54.

<sup>2</sup> BPJPH, "Alur Proses Sertifikasi Halal," 2019.

of a product. This means that before BPJPH produces a halal label, BPJPH must obtain a halal fatwa from MUI. Second, carry out certification of the Halal Examining Organization (LPH). Third, auditors operating in the halal industry must have an acceptance<sup>3</sup>



**Figure 1. The flow Process of Halal Certification**

As shown in Figure 1. Halal Certification Process Flow above, we can see that the system and procedures carried out are very clear to understand, and this online service will greatly assist the community in obtaining halal certification. So, it is hoped that the Indonesian Muslim community, which is very large in number, has the awareness to be able to take care of halal certification for the products they produce. Indonesia will again become the country with the largest Muslim population in the world in 2022. The Royal Islamic Strategic Studies Center (RISSC) reports the Muslim population in Indonesia is estimated at 237.56 million. The number of Muslims is equivalent to 86.7% of the population in the country<sup>4</sup>.

With a large number of Muslim communities in Indonesia, the halal certification program in Indonesia should be more realized. This halal certification is not just a symbol or labeling of the products produced but rather an effort to make the goods and services produced more useful for the user community and a blessing for the producers themselves. So that the availability of goods and services in the market will be good and always maintain the quality expected by the Indonesian Muslim

<sup>3</sup> Kementerian Agama RI, "BPJPH Diresmikan, Menag: Peran MUI Tetap Penting," 2017; S Widyantoro, R Arsyad, and M Fathoni, "Halal Food Industry in Southeast Asia's Muslim Majority Countries: A Reference for Non-Muslim Countries," *Intellectual Discourse*, 2019.

<sup>4</sup> Monavia Ayu Rizaty, "Jumlah Penduduk Muslim Indonesia Terbesar Di Dunia Pada 2022," November 2022; Aliyudin Aliyudin et al., "Sertifikasi Halal Di MUI Lampung Pasca Undang -Undang Nomor 34 Tahun 2014 Serta Problematika UMKM," *Al Maal: Journal of Islamic Economics and Banking* 3, no. 2 (2022): 194, <https://doi.org/10.31000/almaal.v3i2.5459>.

community; however, this really requires the awareness and support of the Muslim community in Indonesia to take care of halal certification through the relevant agencies, namely BPJPH. Halal awareness itself is a Muslim's knowledge of the concept of halal, including halal processes and considering using halal products as essential products for them<sup>5</sup>. Here are several factors that influence the halal awareness of consumers, including religiosity (religious belief), self-identity, marketing components (marketing mix), and halal certification<sup>6</sup>. Halal awareness is defined as an understanding of the halalness or a product of a consumer so that it makes him careful in consuming a product. The high level of halal awareness can affect the demand for halal products (purchase intention)<sup>7</sup>. Purchase intention is the tendency of consumers to buy something or action related to buying and is measured by the level of repurchase of the product<sup>8</sup>.

The most important thing is in one of the countries with the largest Muslim majority in the world, especially Indonesia, there is a need for a halal label to guarantee the safety of using a product. Products here can be food, drinks, and even tools and materials used daily. Halal products are a must for Muslims in everyday life. In Indonesia, two agencies implement the halal product mechanism, namely MUI and BPJPH. Both agencies have the same purpose and function, for issuing halal certificates by According to the Perspective of Law No. 33 of 2014 concerning Halal Product Guarantee. Although the purpose and function of these two agencies are the same, there are differences in the mechanism of providing implemented halal product guarantees. This is very interesting to study, considering the purpose and function of the two agencies are the same so that goods and services can be mapped which have been successfully certified as halal and which have not been certified as halal.

## Method

This paper was prepared using qualitative research with a literature review approach. As mentioned by Cresswell (2010), qualitative research data can be in oral and written form. The method used in this research is literature study research. The literature study in this research is a series of activities relating to methods of collecting library data, reading and taking notes, as well as managing research data objectively, systematically, analytically and critically regarding halal certification. This research using literature

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<sup>5</sup> Arif Afendi, "The Effect of Halal Certification, Halal Awareness and Product Knowledge on Purchase Decisions for Halal Fashion Products," *Journal of Digital Marketing and Halal Industry* 2, no. 2 (2020): 145–54, <https://doi.org/10.21580/jdmhi.2020.2.2.6160>.

<sup>6</sup> Suad Fikriawan, "Sertifikasi Halal di Indonesia: (Analisis Kuasa Simbolik Dalam Kontestasi Fatwa Majelis Ulama Indonesia)," *El Barka: Journal of Islamic Economics and Business* 01, no. 01 (2018): 27–52, <https://doi.org/https://doi.org/10.21154/elbarka.v1i1.1446>.

<sup>7</sup> Hendri hermawan Adinugraha et al., *Perkembangan Industri Halal Di Indonesia*, ed. Achmad Tubagus Surur (Pekalongan: Scientist Publishing, 2022); Abdul Raufu Ambali and Ahmad Naqiyuddin Bakar, "People's Awareness on Halal Foods and Products: Potential Issues for Policy-Makers," *Procedia - Social and Behavioral Sciences* 121, no. 3 (2014): 3–25, <https://doi.org/10.1016/j.sbspro.2014.01.1104>.

<sup>8</sup> Adistiary Prayoga, "Beberapa Faktor Yang Mempengaruhi Kesadaran Halal Di Indonesia – Halal UNAIR," September 2018.

studies has the same preparation as other research, but the sources and methods for collecting data are by taking data from the library, reading, taking notes, and processing research materials from research articles about the variables in this research. This literature study research analyzes it carefully and in depth in order to obtain objective results.

The data collected and analyzed is secondary data taken from several sources including Google Scholar and several references from ministry/institution websites and annual reports of related institutions, as well as e-newspaper articles. Journal article references from Google Scholar and Scopus were obtained with the help of the Publish or Perish application. Furthermore, several references taken were determined within the last five years. Furthermore, the data analysis technique in this research uses content analysis data analysis techniques. Data analysis begins by analyzing research results from the most relevant, relevant and quite relevant. Then by looking at the research years, starting from the most recent, and gradually going back to older years. The researcher then reads the abstract of each previous study to provide an assessment of whether the problems discussed are appropriate to those to be solved in the research. Next, note down the important and relevant parts of the research problem.

**Table 1. Article Sources Distribution**

| No           | Article Source                       | Number |
|--------------|--------------------------------------|--------|
| 1            | Journal Article Google Scholar index | 30     |
| 2            | Annual Report                        | 2      |
| 3            | Ministry/institution website         | 7      |
| 4            | e-newspaper                          | 2      |
| 5            | e-book                               | 1      |
| 6            | thesis                               | 1      |
| Total number |                                      | 43     |

Source: data processed by author, 2023

## Results and Discussion

### History of Halal Certification

Halal certification is something that must be done to meet the LPOM MUI halal standards; certification is carried out by auditors who are competent in their fields.<sup>9</sup> The history of halal certification began with the research of Dr. Ir. Tri Susanto, a lecturer at Brawijaya University Malang, East Java, around 1987 by testing foods such as biscuits and others derived from gelatin which may come from lard<sup>10</sup>.

<sup>9</sup> LPPOM - MUI, "Panduan Umum Sistem Jaminan Halal," *Panduan Umum Sistem Jaminan Halal*, 2008, 1–78; Wanto Wanto and Samsuri Samsuri, "Sertifikasi Halal Dan Implikasinya Bagi Bisnis Produk Halal Di Indonesia," *Al Maal: Journal of Islamic Economics and Banking* 2, no. 1 (2020): 98, <https://doi.org/10.31000/almaal.v2i1.2803>.

<sup>10</sup> Almira Kemala Dewi and Tetty Marlina Tarigan, "Analisis Hukum Standar Akreditasi Terhadap Sertifikat Halal Luar Negeri Perspektif Fatwa MUI Nomor 4 Tahun 2003 Tentang Standardisasi Fatwa Halal," *Al-Manhaj: Jurnal Hukum Dan Pranata Sosial Islam* 4, no. 2 (2022): 631–40, <https://doi.org/10.37680/almanhaj.v4i2.2036>.

In the development of halal certification that has not been determined by MUI, the warning of food containing pork is applied by using the Decree of the Minister of Health of the Republic of Indonesia Number 280/Men.Kes/Per/XI/76 regarding the decision of ingredients derived from pork with a picture that reads Contains pork printed in red inside a rectangle equipped with a picture of a pig.<sup>11</sup> The first meeting to discuss halal certification was held by the Indonesian Ulema Council (MUI) in 1989 by establishing the Food and Cosmetics Assessment Institute (LPPOM) on January 6, 1989, and MUI through LPPOM could issue halal certification five years later in 1994<sup>12</sup>.

Halal certification and declared free from ingredients that are considered haram, halal certification will be issued, and MUI will provide advice for the inclusion of a halal logo. This halal labeling is the inclusion of halal writing or halal statements on the packaging<sup>13</sup>. Furthermore, the installation of the halal logo will be carried out by BPOM in collaboration with MUI<sup>14</sup>.

Legislation relating to halal certification of products includes Law No. 8 of 1999 concerning Consumer Protection, which states the right to comfort, security, and safety in consuming goods or services; this explains how products consumed by Muslims must prioritize halalness in accordance with Islamic law. Decree of the Minister of Religion Number 519 of 2001, Article 1 of the Indonesian Ulema Council as an institution appointed to carry out food inspection which is declared halal and can be traded in Indonesia.

The issuance of Law No. 33 of 2014 concerning Halal Product Guarantee with the active Halal Product Guarantee Agency (BPJPH) under the Ministry of Religion on October 17, 2019. BPJPH replaced the role of LPPOM in halal certification and experienced obstacles due to the unpreparedness of BPJPH and made the Ministry of Religion issue a Decree of the Ministry of Religion of the Republic of Indonesia No. 982 of 2019 regarding halal certification services<sup>15</sup>.

Initially, the institutions involved in halal certification consisted of (1) MUI through the Fatwa Commission as a fatwa and halal certificate provider, (2) LPPOM MUI as a product halal inspector from raw materials to the production process, (3) BPOM as a licenser in installing halal labels, (4) Ministry of Religion as a policy maker and conducting

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<sup>11</sup> Hayyun Durrotul Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," *Journal of Halal Product and Research* 2, no. 2 (2019): 68–78, <https://doi.org/10.20473/jhpr.vol.2-issue.2.68-78>.

<sup>12</sup> Sheilla Chairunnisyah, "Peran Majelis Ulama Indonesia Dalam Menerbitkan Sertifikat Halal Pada Produk Makanan Dan Kosmetika," *Angewandte Chemie International Edition* 3, no. 2 (2018): 10–27; H D Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," *Journal of Halal Product and Research (JPHR)* 2, no. 2 (2019): 68–78.

<sup>13</sup> W Warto and S Samsuri, "Sertifikasi Halal Dan Implikasinya Bagi Bisnis Produk Halal Di Indonesia," *Al Maal: Journal of Islamic Economics and ...* 2, no. 1 (2020): 98–112, <https://doi.org/10.31000/almaal.v2i1.2803>.

<sup>14</sup> Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," 2019; Siti Nur Azizah, "Kepastian Pengaturan Label Halal Produk Siap Saji Non Kemasan Pada Bisnis Online Bagi Masyarakat Dalam Era Pandemi Covid-19," *Palita: Journal of Social Religion Research* 6, no. 2 (2021): 117–32, <https://doi.org/10.24256/pal.v6i2.2265>.

<sup>15</sup> Warto and Samsuri, "Sertifikasi Halal Dan Implikasinya Bagi Bisnis Produk Halal Di Indonesia," 2020.

socialization to the public, and (5) other related ministries<sup>16</sup>. Meanwhile, after the Halal Product Guarantee Act, there are several changes related to the institutions involved in certification, namely (1) Halal Product Guarantee Agency (BPJPH) as the main institution authorized in the halal certification process (2) Halal Examining Agency as an institution that conducts audits or examinations of halal products. Meanwhile, LPPOM MUI will become one part of LPH along with other LPHs both established by the Government and the community (3) MUI remains a fatwa provider but does not have full authority in the halal certification process (4) MUI and BPJPH jointly certify halal auditors and accredit LPH [2]. These certification differences are more fully described in Table 2.

**Table 2. Differences in certification before and after the issuance of the JPH Law**<sup>17</sup>

| No | Befor Law of JPH                                                                                                  | After Law of JPH                                                                                                                                                                                         |
|----|-------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. | Certification is voluntary                                                                                        | Certification is mandatory                                                                                                                                                                               |
| 2. | Indonesian Ulema Council (MUI) as the main authorized institution in the halal certification process              | Halal Product Guarantee Agency (BPJPH) as the main institution authorized in the halal certification process                                                                                             |
| 3. | Certification is carried out by non-governmental organizations or non-governmental non-governmental organizations | Certification is carried out by Government Institutions under the Ministry of Religion                                                                                                                   |
| 4. | LPPOM MUI as an institution that conducts audits or examinations of halal products                                | Halal Examining Agency (LPH) as an institution that conducts audits or examinations of halal products                                                                                                    |
| 5. | Certificate valid for 2 years<br>Does not yet have strong legal legitimacy                                        | Certificate valid 4 years<br>Has a strong guarantee of legal certainty. There are sanctions, both criminal and fines, for business actors who do not maintain the halalness of halal-certified products. |
| 6. | Halal auditors can come from educational backgrounds that are not in accordance with the audit field.             | Auditors must come from appropriate scientific backgrounds, namely biology, pharmacy, food, biochemistry, industrial engineering, and chemistry.                                                         |
| 7. | Short certification flow: Business Actor → LPPOM MUI → MUI                                                        | Longer certification flow: Business Actor → BPJPH → LPH → BPJPH → MUI                                                                                                                                    |

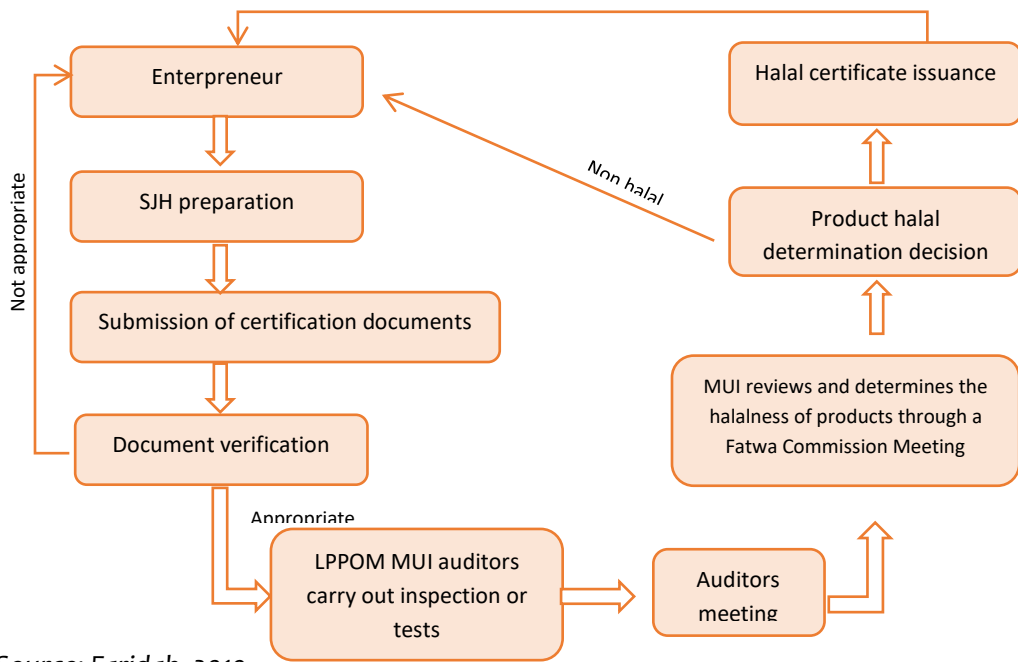
Source: Faridah, 2019

Furthermore, the flow of the halal certification mechanism carried out by MUI is not much different from the flow of halal certification carried out through BPJPH. At first, the certification was carried out by MUI with the mechanism shown in Chart 1. After the formation of BPJPH, the flow of halal certification changed slightly, as shown in Chart 2.

### Chart 1. Certification mechanism by MUI

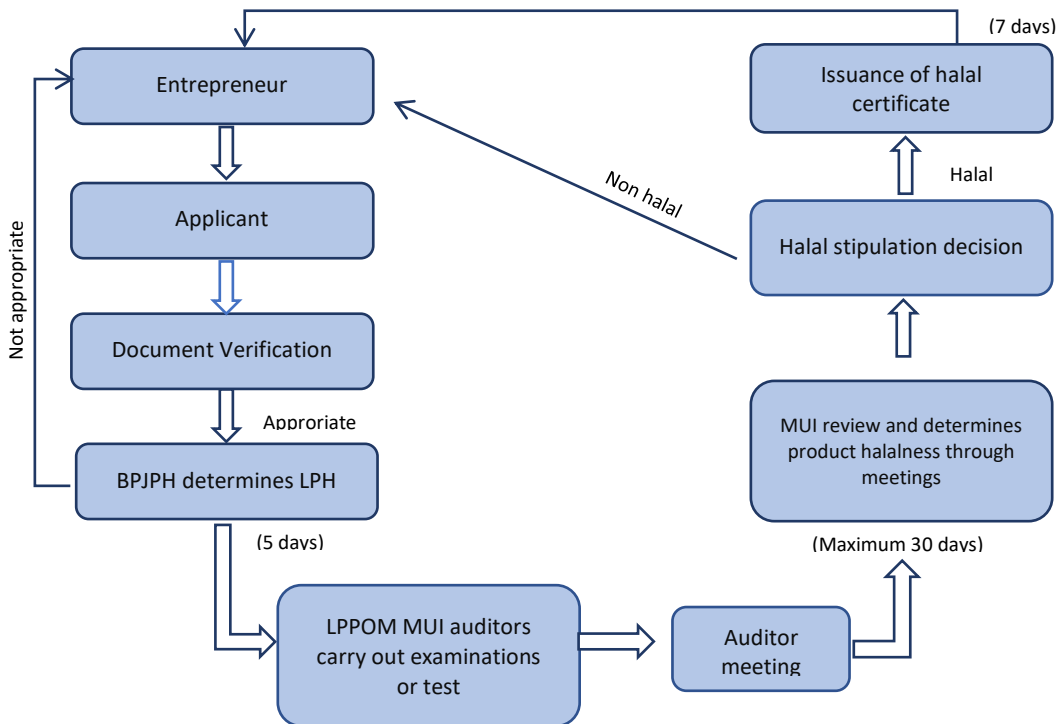
<sup>16</sup> (Faridah, 2019)

<sup>17</sup> (Faridah, 2019)



Source: Faridah, 2019

**Chart 2. Certification mechanism by BPJPH**



Source: Faridah, 2019 (Maximum 20 days)

### Types of Halal Certification

Talking about halal certification cannot be separated from the development of the halal industry in Indonesia. Halal itself is a fundamental concept in Islam which is the



substance of Islamic law. For Muslim communities, especially in Indonesia, which is the majority of Muslims, the halalness of a product is of particular concern. Therefore, the government seeks to ensure that products in circulation have guaranteed halalness, as evidenced by the halal certification owned by producers or business actors officially issued by BPJPH.

In the process of trying to increase halal-certified products in Indonesia, of course, there are dynamics where there are still many business actors, both large and micro-scale, who still have not obtained halal certification for their businesses<sup>18</sup>. Data from LPPOM MUI shows that in the period 2011-2020, from a total of 894,795 products, only 93,170 have halal certificates from a total of 53,644 companies. For more details, the accumulated data can be seen in the following table 3.

**Table 3. Halal certification data for the period 2011-2020<sup>19</sup>**

| No           | Year | Number of companies | number of halal certificates | Number of products |
|--------------|------|---------------------|------------------------------|--------------------|
| 1            | 2011 | 4.325               | 4.869                        | 39.002             |
| 2            | 2012 | 5.829               | 6.157                        | 3.289              |
| 3            | 2013 | 6.666               | 7.014                        | 64.121             |
| 4            | 2014 | 1.1018              | 10.322                       | 68.576             |
| 5            | 2015 | 794                 | 8.676                        | 77.256             |
| 6            | 2016 | 6.564               | 7.392                        | 114.264            |
| 7            | 2017 | 7.198               | 8.157                        | 127.286            |
| 8            | 2018 | 11.249              | 17.398                       | 204.222            |
| 9            | 2019 | 7.968               | 15.654                       | 176.857            |
| 10           | 2020 | 2.033               | 7.531                        | 19.922             |
| <b>TOTAL</b> |      | <b>53.644</b>       | <b>93.170</b>                | <b>894.795</b>     |

Source: BPJP, 2021

Based on the data above, it appears that the comparison between the number of products and the number of existing halal certificates does show a considerable imbalance. However, these efforts are still being improved, as the program initiated by BPJPH, which was conveyed through the minister of religion in 2022, seeks to target 10 million halal-certified products, especially targeting Micro and Small Enterprises (MSEs).

The small number of businesses that have halal certificates so far is also due to a lack of understanding regarding access and procedures in halal certification and cost issues. Generally, business actors have only known the regular procedures for registering for halal certification, but since 2021 through the issuance of the Minister of Religion Regulation (PMA) no 20 of 2021, it has provided a breath of fresh air, especially for MSEs, where there is a self-declaration scheme in accessing or obtaining halal certification. Actually, this halal self-declaration is not a new scheme; previously, in 1996, a Decree of the Minister of Health No. 82 / Menkes / SK / I / 1996 was issued that halal

<sup>18</sup> Arif Pujiyono, Ro'fah Setyowati, and Idris, "Strategi Pengembangan Umkm Halal Di Jawa Tengah Dalam Menghadapi Persaingan Global," *Indonesia Journal of Halal* 1, no. 1 (2018): 1–7, <https://doi.org/https://doi.org/10.14710/halal.v1i1.3109>; Faqiatul Mariya Waharini and Anissa Hakim Purwantini, "Model Pengembangan Industri Halal Food Di Indonesia," *Jurnal Muqtasid* 9, no. 1 (2018): 1–13, <https://doi.org/http://dx.doi.org/10.18326/muqtasid.v9i1.1-13>.

<sup>19</sup> "Laporan Kinerja Tahun 2020 Halal, Badan Penyelenggara Jaminan Produk," 2021.

labeling can be given unilaterally from business actors if the business actor provides information on the composition of the product used there are no non-halal elements <sup>20</sup>.

Currently, the mechanism that can be accessed by business actors, especially MSEs, in the halal certification process is through two schemes, namely regular and self-declaration. The most prominent difference between the two schemes is in the financing aspect, where if you use the regular mechanism, the service fee will be charged to business actors with a total cost of IDR 650,000, including financing for registration, inspection, and determination of product halalness. Meanwhile, certification services with a self-declaration scheme for MSEs are not subject to tariffs or free of charge because the financing is charged to the budget from the APBN, APBD, or facilitators who facilitate MSEs <sup>21</sup>.

### **Halal Certification in Halal Industry Development**

So far, the general awareness of the public about the halalness of products is still limited to food/food products and their derivatives; it is also undeniable that halal certification issued by halal guarantee institutions is also dominated by these products considering that food products are the most basic needs that must be guaranteed halal for Indonesian Muslims. In Indonesia itself, the consumption of halal products is among the largest in the world, reaching USD 200 billion or 36% of total household consumption in 2017. In the global halal industry, based on The Global Islamic Economy Indicator report in 2022, Indonesia's position ranks 4th, increasing from 2019 when it ranked 5th. The first rank is led by Malaysia; however, the potential development of Indonesia's halal industry shows a sharp increase; it is believed that the halal industry has strategic opportunities nationally and globally.

Another industry sector that is also growing is the fashion sector or Muslim clothing. If we look at the trend of the last few years, the development of Muslim fashion in Indonesia has increased considerably. In the creative industry sector, the Muslim style contributes directly to the increase in GDP and employment in Indonesia <sup>22</sup>. Indonesia's huge demographic bonus benefits the national Islamic fashion industry. The Indonesian Muslim fashion industry has also expanded to the international market; in 2019, exports of the Muslim fashion sector reached USD 9.2 billion or equivalent to 9.8% of total exports from the processing industry, and when viewed in the domestic market, consumption of Muslim fashion products is around USD 20 billion <sup>23</sup>. In addition,

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<sup>20</sup> Istianah Istianah and Gemala Dewi, "Analisis Masalah Pada Konsep Halal Self-Declare Sebelum Dan Pascaenachment Undang-Undang Cipta Kerja," *Al-Adl : Jurnal Hukum* 14, no. 1 (2022): 84–109, <https://doi.org/10.31602/al-adl.v14i1.5870>.

<sup>21</sup> Halal Center Cendikia Muslim, "Perbedaan Sertifikasi Halal Skema Reguler Dan Self Declare," 2022.

<sup>22</sup> Riska Delta Rahayu and Riski Delta Ningtyas, "Halal E-Commerce in the Muslim Fashion Sector as an Effort to Encourage the Development of Halal Industry in Indonesia," *Journal of Halal Product and Research* 4, no. 2 (2021): 71–77, <https://doi.org/10.20473/jhpr.vol.4-issue.2.71-77>.

<sup>23</sup> Muhammad Anwar Fathoni and Tasya Hadi Syahputri, "Potret Industri Halal Indonesia: Peluang Dan Tantangan," *Jurnal Ilmiah Ekonomi Islam* 6, no. 3 (2020): 428–35, <https://doi.org/10.29040/jiei.v6i3.1146>.

Indonesia also occupies the 3rd position in the top 10 modest fashion<sup>24</sup>. The government itself has supported the Indonesian Muslim fashion industry since the passing of Law No. 33 of 2014 concerning Halal Product Guarantee, which is managed by the Halal Product Guarantee Organizing Agency (BPJPH).

Further more based on data from the National Committee for Sharia Economics and Finance (KNEKS), it is known that the market segment of the halal pharmaceutical industry is only 7%, and cosmetics is 5%<sup>25</sup>. This percentage tends to be small considering that since the issuance of Presidential Instruction (Inpres) number 6 of 2016 concerning the Acceleration of the Development of the Pharmaceutical Industry and Medical Devices, the actual development of the pharmaceutical industry has always increased. However, it is not unbalanced by the number of halal certifications of medicinal products and vaccines. As of March 2021, the number of halal-certified pharmaceutical groups (drugs and vaccines) is only 2,586 products<sup>26</sup>. This number still needs to be higher if we look at the cause of the slow halal certification in the pharmaceutical industry because the raw materials for drugs obtained are still 95% imported from abroad<sup>27</sup>. The Assessment Institute for Food, Drugs, and Cosmetics of the Indonesian Ulema Council (LPPOM MUI) in 2021, at least 8,333 MSEs received halal certification, then in 2022, the number of MSEs that have received certification is 2,310<sup>28</sup>. Based on The State of Global Islamic Economic Report 2019-2020 in the pharmaceutical and cosmetics sector, Indonesia is the country with the second largest consumption of halal cosmetics in the world, which is valued at USD 4 billion. However, the world's cosmetic products are dominated by exports from France, UAE, and Germany<sup>29</sup>. Halal labeling on products and stores can increase prices because businesses require additional costs to obtain halal certificates, choose excellent and healthy basic materials, and not use haram ingredients.

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<sup>24</sup> "State of the Global Islamic Economy Report: Unlocking Opportunity," *Dinar Standard in Partnership with Salam Gateway*, 2022.

<sup>25</sup> Agus Suadi Hasan and Baitul Hamdi, "Perkembangan Dan Tantangan Halal Fashion Indonesia Dalam Menjadi Produsen Utama Industri Halal Global," *Al-Azhar Journal of Islamic Economics (AJIE)* 4, no. 2 (2022): 71–83, <https://doi.org/10.37146/ajie.V4i2.134>.

<sup>26</sup> Gazali Solahuddin, "Sertifikasi Halal Produk Obat Dan Farmasi Masih Tertinggal, Padahal Penting," 2022.

<sup>27</sup> Hasan and Hamdi, "Perkembangan Dan Tantangan Halal Fashion Indonesia Dalam Menjadi Produsen Utama Industri Halal Global."

<sup>28</sup> Fika Nurul Ulya, "Hingga 2022, 10.643 UMK Dapat Sertifikasi Halal LPPOM MUI," 2022.

<sup>29</sup> Heny Pujiatuti et al., "Consumers and Halal Cosmetic Products : Halal Label , Life Style and Word of Mouth Communication," *Journal of Digital Marketing and Halal Industry* 4, no. 1 (2022): 67–76.



**Figure 2. Top 10 Global Islamic Economy Indicator Score<sup>30</sup>**

Source: State of the Global Islamic Economy (SGIE) Report 2022. (SGIE)

The halal industry can take advantage of the lifestyle of the upper-middle-class economic Muslim community that has changed<sup>31</sup>. This effort to develop a global Islamic economy is why several industrial sectors are being developed. According to the State of the Global Islamic Economy (2019), there are six halal industry sectors, including food commodities, Islamic finance, Muslim-friendly tourism, fashion, media, and recreation, as well as pharmaceuticals and cosmetics.

### Halal food commodities

As a country with the largest Muslim population in the world, it is appropriate for Indonesia to improve to ensure that food products circulated and consumed by Muslim communities have halal guarantees. Of course, this must be proven through the issuance of halal certificates by entrepreneurs and halal labels on the packaging of the products produced. The food and convenience product market segment itself is the highest in the Indonesian halal industry. According to the BPJPH performance report in 2021, the year 2021 has issued at least 16,297 halal certificates, which are dominated by food and beverage products and their derivatives. As previously explained, Indonesia is taking several steps to improve halal certification, such as coding and digitizing halal

<sup>30</sup> "State of the Global Islamic Economy Report: Unlocking Opportunity."

<sup>31</sup> Singgih Muheramtohad and Zuhdan Ady Fataron, "The Islamic Lifestyle of the Muslim Middle Economy Class and the Opportunities for the Halal Tourism Industry in Indonesia," *Journal of Digital Marketing and Halal Industry* 4, no. 1 (2022): 91-104, <http://dx.doi.org/10.21580/jdmhi.2022.4.1.10828>; Fikriawan, "Sertifikasi Halal di Indonesia: (Analisis Kuasa Simbolik Dalam Kontestasi Fatwa Majelis Ulama Indonesia)."

certificates to track product value and volume information, and Indonesia has also experienced an increase in export value for halal food to OIC countries by 16%<sup>32</sup>. In addition, the food product industry itself, at the global level, shows the highest development compared to other sectors, which is ranked 2nd, where the first rank is occupied by Malaysia. This shows that Indonesia is pushing hard so that the development of the halal industry in Indonesia can be well organized.

### **Muslim-friendly Travel (Halal Tourism)**

After the two sectors mentioned earlier, no less critical in efforts to develop the Islamic economic system both nationally and globally is the tourism sector. The tourism sector in various countries has proven to be able to contribute significant state revenues. Tourism is also able to play an essential role in the world economy and contribute to the growth of economic employment. Therefore, one of the most essential sources of Gross Domestic Product (GDP) is the tourism sector<sup>33</sup>. Halal tourism or other terms for Sharia-based tourism can be interpreted as a tourism product that provides hospitality services based on Islamic law or fulfills Shariah requirements, where the market segment, products, or services are not only for Muslims but also non-Muslims<sup>34</sup>.

Indonesia has great potential to develop halal tourism in the tourism sector. Moreover, Indonesia's natural potential, friendly people, cultural and ethnic diversity, and rich world-class tourist destinations are strategic potentials to develop in the halal industry. In this case, the Indonesian Ministry of Tourism is also working to develop the halal tourism sector, especially in potential areas in 10 regions, namely Aceh, West Sumatra, Riau and Riau Islands, Jakarta, West Java, Central Java, Yogyakarta, East Java, NTB and South Sulawesi<sup>35</sup>.

### **Media and Recreation**

In this industrial era 4.0, technological development is one of the undeniable aspects in supporting the global economy, as well as in the Islamic economy or the global halal industry; the role of media and recreation needs to be considered. Media and entertainment are a part that is difficult to separate, for example, the use of social media such as Facebook, Instagram, and Twitter, as entertainment media such as YouTube and others; it's just that not all these media provide positive services for their users, not a few of the services provided are contrary to Islamic teachings or sharia.

<sup>32</sup> "State of the Global Islamic Economy Report: Unlocking Opportunity."

<sup>33</sup> Eka Dewi Satriana and Hayuun Durrotul Faridah, "Wisata Halal: Perkembangan, Peluang Dan Tantangan," *Journal of Halal Product and Research* 1, no. 2 (2018): 32–43, <https://doi.org/10.20473/jhpr.vol.1-issue.2.32-43>.

<sup>34</sup> Alwafi Ridho Subarkah, "Potensi Dan Prospek Wisata Halal Dalam Meningkatkan Ekonomi Daerah ( Studi Kasus : Nusa Tenggara Barat )," *Sospol: Jurnal Sosial Politik* 4, no. 2 (2018): 49–72, <https://doi.org/https://doi.org/10.22219/sospol.v4i2.5979>; Nidya Waras Sayekti, "Strategi Pengembangan Pariwisata Halal Di Indonesia," *Kajian* 24, no. 3 (2019): 159–71.

<sup>35</sup> Dewi Aminatuz Zuhriya, "Kemenparekraf Kembangkan Wisata Halal Di 10 Destinasi Pariwisata," 2019.

There are several things that distinguish halal media and recreation from general media<sup>36</sup>. First, it can be seen from the content presented that contains Islamic elements such as da'wah, Islamic history, motivation to migrate, and others, Islamic news and information or contains characteristics of education, and parenting science, then advertisements that are displayed are not only products or services but also messages of kindness. The point is that halal in media and recreation emphasizes the elements of the content presented, not just the halal label. Judging from the aspect of halal industry opportunities in the media and recreation segment in 2021, its value is estimated at USD 189 billion. Meanwhile, the domestic market reaches an average of USD 9.3 billion per year to the total sharia market in Indonesia<sup>37</sup>. The contribution of the media and recreation segment in the halal industry is still much lower than other sectors, especially the food and beverage sector.

## Conclusion

In this study, it can be concluded that many things can be given a halal guarantee such as food, drinks, cutlery, tools, bathing, and all items that can be used daily. The diversity of halal guarantee provision to all of these things can be given with the mechanism process set out in Law No. 33 of 2014 concerning Halal Product Guarantee, the halal product mechanism is implemented by MUI and BPJPH. The development of the halal industry, both at the national and global levels, has considerable opportunities. The halal market segment is not only projected for the Muslim

community but also for non-Muslim communities. Therefore, the halal industry is being intensively developed at the global level. In Indonesia itself, the potential of the halal industry is enough to attract the attention of the government so that Indonesia takes part in this industry, especially in 6 central sectors, namely, the halal food and beverage sector, halal finance, halal tourism, halal fashion, halal media, and entertainment as well as halal pharmaceuticals and cosmetics.

To support this, the Indonesian government, through the integration of various institutions, has accelerated the guarantee of halal products by requiring halal certification for businesses and products in these sectors. To obtain a halal certificate, it can be accessed with two schemes, namely regular and self-declaration schemes. The program is an affirmative step to facilitate and accelerate the number of halal certifications, which is currently far proportional to the number of existing business actors. The more halal certification owned by business actors, the more guaranteed halal products circulating in the market will contribute to the growth of the halal industry in Indonesia and globally.

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<sup>36</sup> Adinugraha et al., *Perkembangan Industri Halal Di Indonesia*.

<sup>37</sup> Adinugraha et al.

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