

Critical Review of Halal Industry Policy in Indonesia

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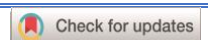
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Indonesia, with the world's largest Muslim population, has seen significant growth in its halal industry driven by increasing awareness of Islamic ethical values and government initiatives. However, the regulatory framework governing halal certification remains fragmented and complex, leading to implementation challenges and legal uncertainty. This study critically examines Indonesia's halal industry policies, focusing on the Halal Product Assurance (JPH) Law and its alignment with Islamic principles of halal (permissible) and *thayyib* (wholesome). Employing a qualitative approach, this study analyzes legal documents and the existing literature to identify regulatory overlaps, institutional inefficiencies, and barriers for small and medium enterprises. The findings highlight the need for harmonization of regulations, clarity on the validity period of halal certificates, and improved coordination among government agencies. The study also evaluates the effectiveness of policies in achieving compliance, consumer trust, and socioeconomic benefits, revealing persistent gaps and inconsistencies in enforcement. By contextualizing the JPH framework within Gustav Radbruch's legal philosophy, this study underscores the importance of balancing legal certainty, expediency, and justice. The study concludes that comprehensive improvements in Indonesia's halal industry policies have the potential to enhance consumer confidence, product competitiveness, and the country's position as a global halal industry hub, while emphasizing the need for further empirical research to refine the understanding of the underlying Islamic values and sociocultural dynamics.

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Public Interest Statement

Indonesia, home to the world's largest Muslim population, aspires to lead the global halal industry. This study critically examines the fragmented regulatory framework of Indonesia's halal industry, focusing on its alignment with Islamic principles of halal (permissible) and *thayyib* (wholesome). By identifying regulatory overlaps and barriers faced by small and medium enterprises, the research highlights the need for policy harmonization and enhanced inter-agency coordination. Grounded in Gustav Radbruch's legal philosophy, the findings offer actionable insights to improve legal certainty, boost consumer confidence, and strengthen Indonesia's position as a global halal industry hub.



Introduction

With a population of approximately 229.6 million in 2020, Indonesia is the country with the largest Muslim community in the world. In the same year, Indonesian Muslim spending on halal products and services reached USD 184 billion, an expected increase of 14.96% by 2025, reaching USD 281.6 billion. The halal industry's contribution to economic recovery is significant, particularly as Indonesia's Islamic economy continues to grow. Key factors driving this trend include a large Muslim population, increasing awareness of Islamic ethical values, particularly the consumption of halal and *thayyib* products, and a growing number of national strategies and programs to develop halal products and services (Kementerian Perindustrian, 2022).

Based on the State of the Global Islamic Economy report for 2022, Indonesia is in the 5th position among the top 15 countries in terms of the use of halal products. Indonesia aspires to become the center of the global halal industry and will play a role as the center of the world fashion industry by 2024. One of the main priorities is to achieve the

Halal Product Guarantee target for Micro, Small and Medium Enterprises (MSMEs), which is considered an important requirement for gaining a global market share (Humas BRIN, 2023).

Spending on halal food products is projected to continue to rise, with a compound annual growth rate (CAGR) of 7% in the periods 2022/2023 and 2023/2024. Forecasts suggest that spending on halal food will increase by 7.2%, reaching a total of US\$1.67 trillion by 2025. In 2021, global spending on halal food topped all other halal products, followed by the halal fashion sector at US\$295 billion. Muslim spending in the media and entertainment sectors was US\$231 billion, while the tourism and pharmaceutical sectors reached US\$102 billion and US\$100 billion, respectively (Rizaty, 2022).

As with the majority in Indonesia, the Muslim community is becoming increasingly aware of doubts regarding the halalness of many products circulating in the market. This concern arises because products often do not include labels or instructions that state that they are halal for consumption. This situation is further complicated by the widespread distribution of food products, beverages, medicines, cosmetics, and other products derived from food technology, genetic engineering, and biological and chemical processes in various regions of Indonesia.

As the largest consumer, Muslims in Indonesia have the constitutional right to obtain legal protection for consuming products in accordance with the principles of Islamic Sharia. Therefore, legal protection is required through laws that guarantee the halalness of products consumed or used. This law thoroughly regulates the procedures for implementing a halal product assurance system, including inspection, certification, labeling, and supervision processes. The purpose of this regulation is to ensure that the products available in the market meet the halal standards recognized in Islamic Sharia (Mashudi, 2015).

The growth of the halal industry in Indonesia is highly dependent on the halal certification process, which is regulated through Halal Product Guarantee (JPH) regulations. This certification process is important for ensuring the legal certainty of a product, which is marked by the issuance of a halal certificate. The purpose of this certification is to provide certainty and comfort to the public regarding the availability of halal products that are safe for consumption and use. In addition, halal certification helps increase the added value of businesses that produce halal products. A halal certificate is an official recognition of the halalness of a product issued by the Halal Product Guarantee Agency (BPJPH) based on a written halal fatwa from the Indonesian Ulema Council (MUI) (Humas BRIN, 2023).

Adinugraha and Sartika (2019) stated that the "halalization" phenomenon in Indonesia is not only limited to the food industry but has also extended to various other sectors. This includes tourism, healthcare during illness, fashion industry, beauty products for women to enhance their appearance, and other lifestyles. This habit of consuming goods and services that follow halal principles is referred to as halal lifestyle.

Jaenudin (2020) conducted research that examines the concept of tourism education from the perspective of the Qur'an. He described tourism education by internalizing the values contained in the Qur'an and environmental ethics in every tourism activity through the education process. This study aimed to integrate Qur'anic values into the tourism education curriculum.

Makhrus and Ahmad Bahiej (2020) with support from the Ministry of Religious Affairs of the Republic of Indonesia, conducted research in East Nusa Tenggara, particularly in Labuan Bajo, which is one of the main tourist destinations in the area in May/June 2020. The research concluded that the growth of the tourism industry, based on Sharia principles, is attracting Muslim tourists from various regions. Therefore, its management needs to be carried out seriously and professionally, so that Labuan Bajo can become a halal tourist destination. The development of halal tourism is expected to meet the needs of Muslim tourists, provide alternatives to conventional tourism, and benefit communities.

Mukhlisin (2022) examined three main concepts related to economic politics in Sharia in the context of the halal industry sector in Indonesia. First, she discusses the application of the concept of Sharia economic politics, especially in the halal industry, which includes regulation, application of Sharia economic principles, and development of the halal industry. Second, it emphasizes the importance of strengthening Islamic values in the halal industry and how these values can be integrated and strengthened in economic practices. Third, he reviewed the concept of state politics in the context of Sharia economics, including the role of the state in formulating policies and supporting the development of the halal industry sector in accordance with Sharia principles. This research provides in-depth insight into the implementation of the Sharia political economy in the halal industry sector in Indonesia, with an emphasis on important aspects and the necessary strengthening of Islamic values.

While the existing literature offers valuable insights into the regulatory and ethical dimensions of halal certification, significant gaps remain in addressing the complexities and overlapping nature of legislation within the halal industry.

Current research tends to disproportionately emphasize the concept of halal over *thayyib*, reflecting a fragmented understanding of Islamic ethics in industrial practice (Nafis, 2019; Tahir & Muslih, 2023; Waluyo, 2020). Moreover, despite frequent regulatory changes and resulting legal uncertainties, there has been limited exploration of how these dynamics affect key sectors such as halal food and beverages, Islamic finance, halal pharmaceuticals, halal tourism, Muslim clothing, and Islamic media and entertainment.

Furthermore, Radbruch's legal philosophy, which could provide a justice-oriented framework for critiquing these policy overlaps and ambiguities, remains underutilized (Syafrida & Hartati, 2020). Most research has narrowly focused on procedural and institutional aspects (Hartati, 2019; Mawardi & Ichsan, 2023; Purwanto et al., 2021), leaving a gap in interdisciplinary analyses that integrate Islamic principles, legal justice, and socio-economic inclusivity. These gaps underscore the need for a critical review of policies in the Indonesian halal industry to evaluate their implications for legal certainty, ethical coherence, and societal well-being.

In practice, halal certification in the industrial sector, including products and services in the fields of halal food and beverages, Islamic finance, halal pharmaceuticals and cosmetics, halal tourism, Muslim clothing, as well as Islamic media and entertainment, experiences overlap in legislation. This causes vagueness and uncertainty in the regulations that change frequently, which has a negative impact on the certainty of the implementation of halal products in society. Therefore, this background encourages the author to conduct a critical analysis of the halal industrial policy in Indonesia.

Literature Review

Indonesia's Halal Product Assurance (JPH) Law (Law No. 33/2014) is a regulatory framework designed to ensure ritual compliance (halal) of products consumed and used by the Muslim majority, overseen by the Halal Product Guarantee Agency (BPJPH). Although the law aims to enhance consumer protection and legal certainty, its alignment with Islamic ethical principles, particularly the dual concepts of halal (permissible) and *thayyib* (wholesome and ethical), remains contested. Furthermore, scholars have raised questions about the policy's fairness and inclusivity as well as its compatibility with broader legal and philosophical frameworks, such as Gustav Radbruch's legal philosophy, which emphasizes justice as the supreme value in balancing legal certainty and expediency (Radbruch, 1950).

The body of existing literature critically examines JPH policy from multiple perspectives, albeit with notable gaps. Several studies have focused on policy's practical and institutional challenges. For instance, Hartati (2019) highlights procedural barriers and tensions between BPJPH and the Indonesian Ulema Council (MUI), the latter of which has historically monopolized halal certification. Similarly, Nafis (2019) notes the limited implementation of *thayyib* principles, emphasizing consumer safety but neglecting broader ethical dimensions, such as environmental sustainability and labor ethics. Implementation barriers are further explored through impact analyses, such as by Purwanto et al. (2021), whose regulatory analysis identifies the socio-economic burdens imposed on small and medium enterprises (SMEs) due to high certification costs and bureaucratic complexity.

In addition to practical critiques, some studies have engaged in Islamic legal and ethical frameworks. Waluyo (2020) and Rohmah (2021) adopted *maqāṣid al-sharī'ah* (objectives of Islamic law) to evaluate the JPH policy's alignment with Islamic values, emphasizing public welfare (maslahah) and consumer rights. However, such analyses often prioritize halal over *thayyib*, echoing Nafis's (2019) critique of the system's narrow focus on ritual compliance. Meanwhile, Hartati and Syafrida (2020) introduced Gustav Radbruch's legal philosophy into the discussion, evaluating the JPH policy's success in delivering justice, expediency, and legal certainty for stakeholders. Their analysis highlights gaps in procedural fairness, especially for marginalized groups such as SMEs, raising concerns that policy enforcement may deviate from Radbruch's threshold of extreme injustice.

The implementation of Halal Product Assurance (Jaminan Produk Halal, JPH) regulations in Indonesia, mandated under Law No. 33 of 2014, represents a significant effort to ensure consumer protection and compliance with the Islamic standards for halal products. The system is primarily governed by the Halal Product Guarantee Agency (Badan Penyelenggara Jaminan Produk Halal, BPJPH) in coordination with the Indonesian Ulema Council (MUI) and Halal Inspection Agencies (LPH). The mandatory certification framework transitions from voluntary halal certification to a compulsory system that is applicable to all products circulating in Indonesia. However, research indicates substantial challenges in the implementation of the law and varying degrees of effectiveness in achieving the objectives of regulatory compliance, market competitiveness, and enhanced consumer confidence.

Studies addressing the application or implementation of JPH regulations frequently highlight institutional inefficiencies, barriers for small and medium enterprises (SMEs), and inconsistencies in regional enforcement. Bureaucratic and procedural issues, largely resulting from the overlapping roles of BPJPH, MUI, and LPH, appear as central themes in the literature (Dita Anjani et al., 2023; Purwaningsih et al., 2024; Rofi'ah et al., 2024). The complexity

of the certification process, combined with logistical challenges, such as limited access to certification infrastructure in rural areas, poses serious obstacles for SMEs, often leaving them unable to afford or complete halal certification (Anzellyta & Fittria, 2022; Dienasari, 2023; Latifah, 2022; Sri Widiarty, 2024). Similarly, research focusing on sector-specific implementation, such as in the pharmaceutical industry, underscores additional hurdles, such as the reconfiguration of product ingredients, increased production costs, and dependency on imported raw materials (Dian Luthviati & Jenvichuwong, 2021).

Effectiveness, as measured by outcomes such as compliance rates, consumer trust, and tangible economic or market impacts, has been less widely studied because of the limited quantitative data. Existing analyses recognize low compliance rates and persistent gaps between regulatory goals and outcomes (Anzellyta and Fittria, 2022; Anwarudin et al., 2024). For instance, despite the mandatory nature of certification, many MSMEs and products remain uncertified years after the enactment of the law (Ahmad & Maksum, 2022; Anzellyta & Fittria, 2022; Latifah, 2022). Furthermore, public outreach and socialization efforts by BPJPH, while improving, have not significantly reduced public mistrust or consumer misperceptions of halal certification processes compounded by the prevalence of counterfeit halal labels (Purwaningsih et al., 2024; Sujibto & M, 2023). Enforcement also remains inconsistent, with weak sanction mechanisms and limited oversight hampering regulatory adherence (Zulfa et al., 2023).

Recent studies have sought to contextualize the JPH framework within broader socioeconomic and institutional dynamics. The role of BPJPH as the central regulating body has been frequently criticized, with researchers pointing to delays, inconsistencies, and inter-agency conflicts as key bottlenecks (Dewi et al., 2023; Dita Anjani et al., 2023). On a broader scale, discussions of Indonesia's halal certification system often emphasize its struggle to harmonize with international halal standards, posing potential challenges for global trade opportunities (Muhamad, 2020; Sani, 2023). Additionally, some studies have addressed social and political concerns, such as the impact of mandatory halal certification on non-Muslim stakeholders and the equity of these policies (Zulfa et al., 2023).

Taken together, the literature reveals a system that suffers from substantial implementation challenges and considerable gaps in terms of achieving measurable effectiveness. While some progress has been made in terms of institutional restructuring and outreach initiatives, the overarching goals of legal compliance, consumer protection, and economic benefits remain only partially realized. This study synthesizes the existing body of research to explore these challenges and assess the broader implications of JPH regulations in Indonesia.

Materials and Methods

This study uses a qualitative approach through library research to examine in depth the halal industrial policy in Indonesia. The qualitative approach was chosen because this research seeks to understand the phenomenon as a whole, analyze the meaning contained in the regulatory text, and interpret various halal regulatory issues that arise in the field (Creswell, 2014; Moleong, 2021). In the literature, the main data are obtained from various written documents such as laws and regulations, books, scientific journal articles, dissertations, research reports, and official websites of relevant government agencies (Zed, 2008).

This research began with a systematic search of relevant regulations and scientific literature. Researchers collected primary sources in the form of laws, government regulations, ministerial regulations, and official documents governing the halal industry, particularly regarding halal product guarantees (JPH). Secondary sources include scientific articles, books, dissertations, and reports from research institutions discussing halal issues. All these sources were evaluated for authenticity, validity, and relevance to the research topic (Sugiyono, 2024). Researchers then classified documents based on thematic categories, such as certification authority, halal fatwa, regulation of the duration of halal certificates, and aspects of interagency coordination (BPJPH and MUI).

The collected data were analyzed using the stages of data reduction, data presentation, and conclusion drawing (Miles & Huberman, 200 C.E.). First, researchers reduce data by selecting information according to the research focus, namely, aspects of halal industry policy and implementation. Second, researchers present data in the form of analytical narratives, summaries, and figure to facilitate an understanding of regulatory conflicts or gaps that occur. Third, conclusions are drawn by synthesizing various findings to obtain a comprehensive understanding of the dynamics of halal policies, including the driving and inhibiting factors in realizing legal certainty in this sector.

To maintain the validity of the findings (trustworthiness), this research applied source triangulation and peer debriefing (Creswell, 2014). Source triangulation was conducted by comparing the contents of the official regulations, scientific publications, and state agency reports. In addition, researchers discussed with peers or experts in the field of Islamic law and public policy to obtain inputs for data interpretation. This procedure helps to strengthen the validity of the analysis results and ensures that the research conclusions are in accordance with the empirical conditions and are not biased.

Results

Halal, Thayyib and Halal Lifestyle in the Qur'an

Etymologically, the term "halal" comes from the Arabic "al-ḥalālū," which means "that which comes out of ihram." In a general sense, "halal" refers to anything that is permissible according to Islamic law. In the Qur'ān, the term "halal" appears six times and spreads across five different surahs. Of these four uses, the word "halal" is often juxtaposed with the word "ṭayyib," meaning good, indicating the importance of consuming good and halal food. The other two uses illustrate the human habits of mixing halal and haram.

"O mankind, eat from whatever is on earth [that is] lawful (halal) and good (thayyib) and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy." Al-Baqarah (2:168)

"O you who have believed, eat from the good things which We have provided for you and be grateful to Allah if it is [indeed] Him that you worship. He has only forbidden to you dead animals, blood, the flesh of swine, and that which has been dedicated to other than Allah. But whoever is forced [by necessity], neither desiring [it] nor transgressing [its limit]—then there is no sin upon him. Indeed, Allah is Forgiving and Merciful. Al-Baqarah (2:172-173)

"Say, 'I do not find within that which was revealed to me [anything] forbidden to one who would eat it unless it be a dead animal, or blood spilled out, or the flesh of swine—for indeed, it is impure—or it be [that slaughtered in] disobedience, dedicated to other than Allah. But whoever is forced [by necessity], neither desiring [it] nor transgressing [its limit]—then indeed, your Lord is Forgiving and Merciful.'" Al-An'am (6:145)

The word "halal" appears more than 30 times in the Qur'an. Several verses of the Qur'an provide guidance on halal food and drinks intended for humans in general, especially for those who believe in the Allah SWT. The Qur'an asserts that everything on Earth can be utilized as long as it meets the requirements of halal and *thayyib*, both in terms of content and how it is obtained. Based on Al-Mawardi (n.d.), the term "كُلُوا" (eat) is not only limited to food, but includes everything that is good. This shows that the concept of halal not only applies to food and drink, but also includes all aspects of life that need to qualify both from the substance and how to get it.

Wahbah Az-Zuhaili (1991) interpreted that the verse is addressed to all people, both believers and non-believers, with the greeting "O people" (يَا أَيُّهَا النَّاسُ). The verse contains the term "halal" (حَلَالًا طَيِّبًا), which means something that is permissible according to Shariah and is in contrast to "haram," which is prohibited. The word "*thayyib*" provides additional emphasis indicating something that is pleasant or of good quality. These verses are often conveyed to the public, especially Muslims, and serve as guidelines for the halal food and beverage industries. These guidelines provide a basis for producing and consuming products that are not only halal according to Sharia law but also of good quality and taste (Az-Zuhaili, 2011).

Muslims, who have a very large number in Indonesia, have rights that need to be protected to practice sharia in their daily lives. Islamic Sharia teachings require Muslims to consume ingredients that are good, pure, and clean. Food and beverages for Muslims not only serve as a means of fulfilling physical needs but are also part of the spiritual needs that must be taken seriously. The protection of these rights ensures that Muslims are able to live their daily lives in accordance with the principles of sharia (Mashudi, 2015).

The provisions regarding halal and haram are not trivial matters that can be ignored but are very important issues that receive special attention in religious teachings in general. In the context of Islam, this issue is not only related to interactions between fellow humans, but also to the relationship between humans and Allah SWT. It is important for Muslims to ensure the halalness of food and drinks before consuming them. Consuming items that are haram or whose halal status is unclear can have negative consequences, both in this world and hereafter. This issue encompasses the dimensions of life and hereafter (Pusat Pemantauan Pelaksanaan Undang-Undang & Badan Keahlian, n.d.).

The cleanliness, purity, and quality of products, including cosmetics and medicines used by Muslims, are always related to the laws of halal or haram. Therefore, it is important for Muslims to understand clear information regarding the halal and haram status of foods, beverages, medicines, cosmetics, biological chemical products, and genetic engineering. For Muslims, consuming or using these products not only aims to fulfill physical needs, but also has a nobler purpose, namely worship and as a form of obedience to Allah SWT by carrying out the teachings of Islam and expressing maqasid syar'iah. The Qur'an and al-Hadith, as sources of law for Muslims, explicitly stipulate food, beverage, medicine, and cosmetic products that are halal for consumption or use, as well as those that are haram. Biological and genetically modified chemical products can also raise doubts regarding their halal-haram status; therefore, they require special attention (Murti, 2017).

The increasing population and purchasing power of Muslims worldwide, along with the new era of modernization, has further strengthened the rising trend of halal lifestyles and Islamic trade. Shariah values are considered a more widely adopted guide to life, and the halal lifestyle is considered a new pattern for the 1.6 billion Muslim population. The global market must respond to unique needs, preferences, and orientations, in line with sharia-compliant economic values and trade. The development of halal markets, which include food and beverages, pharmaceuticals and cosmetics, finance, media and communications, fashion and apparel, travel, tourism, and leisure, offers great opportunities to support growth in different regions and countries, even in situations of low global economic growth. Muslim spending in these sectors is expected to continue to increase in the future, driven by demographic growth, the growth of the Islamic economy, changing lifestyles, business practices, and a focus on the implementation of the halal paradigm (Irawati & Ithof, 2020).

Halal lifestyle trends are viewed as safeguards against the negative effects of advances in technology and information. According to the Quranic guidelines, food, as an essential element for physical and spiritual hygiene, is given special attention by ensuring consumption in accordance with good and halal values. The Shariah-based system of muamalah also acts as a safeguard against the adverse effects of riba, and is becoming more generally accepted. Services in various sectors, such as sharia-concept hotels, hospitals, salons, and spas, aim to avoid the practice of mixing non-mahram men and women in one location and to prevent behaviors that could lead to adultery. This step is in line with the principles of Sharia, which prioritize moral hygiene and discourage behavior that is not in line with religious values (Adinugraha & Sartika, 2019).

Halal lifestyles are now trending in Indonesia and encompass various sectors, such as halal food, Islamic finance, halal travel, halal clothing, halal media and entertainment, halal medicines, cosmetics, and medical care (hospitals). Although initially closely associated with the Muslim community, the halal lifestyle is universal; namely, the innovation of standard operating procedures in accordance with Islamic law based on the Qur'an and Hadith. This concept includes aspects of health, safety, security, welfare, and respect for human dignity as a whole, reflecting the value of rahmatan lil'alam in the teachings of Allah SWT. The importance of a halal lifestyle is not only felt by the upper middle class, but has also begun to be recognized and applied by people from all walks of life (FOSSEI, 2024).

Development of Halal Industry in Indonesia

According to the Regulation of the Minister of Industry Number 44 of 2022 concerning the Indonesian Halal Industry Award, the Halal Industry is defined as all economic activities that include processing raw materials and/or using industrial resources to produce products or services with added value or greater benefits. A product or service is considered halal, in accordance with the principles of Islamic law.

The development of the Halal Industry in Indonesia is reflected in the National Priorities, Priority Programs, and Priority Activities integrated into the programs of ministries/agencies under the auspices of KNEKS. The vision of MPIH 2023-2029 is "Realizing Indonesia as the Center of the World Halal Industry." Taking into account the development of global conditions and the direction of Indonesia's economic transformation, MPIH 2023-2029 carries the tagline "Halal Industry for Sustainable Economy."

The direction and objectives of MPIHI 2023-2029 are designed to be in line with the national development plan contained in the annual Government Work Plan (RKP), the National Medium-Term Development Plan (RPJMN), and the National Long-Term Development Plan (RPJPN). Through the integration of halal industry development in national development plans, it is hoped that Indonesia's halal industry will develop more optimally and strengthen its position in the global market (Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS), 2023).

According to the State of the Global Islamic Economy (SGIE) Report 2022, Indonesia ranks fourth globally in terms of the development of a strong and stable Islamic ecosystem. Indonesia ranks second globally in the halal food product category. The country has also shown innovative progress in other aspects of its Islamic economy (Indonesia Sharia Economic Festival 2022).

Ma'ruf Amin, Daily Chairman of the National Economic and Financial Committee, stated that Indonesia has the potential to become a leader in the development of Islamic economics and finance, especially in the halal industry sector. The government is committed to continuing to innovate and support the growth of the halal industry by implementing policies and programs such as halal product standardization and halal certification processes, providing incentives for Halal Industry Cooperatives (KIH), preparing the Halal Industry Master Plan, facilitating Islamic financing, establishing halal product industry ecosystems, increasing literacy and inclusion, digitizing Islamic businesses, and increasing the competence of Human Resources (HR) in the field of Islamic economics and finance (Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS), 2023).

K.H. Ma'ruf Amin introduced the Indonesian Halal Industry Master Plan (MPIHI) 2023-2029 at the opening of the Indonesia Sharia Economic Festival (ISEF) 2023. MPIHI 2023-2029 is the result of collaboration between various ministries and institutions that are members of the National Committee for Sharia Economics and Finance (KNEKS), including the Ministry of PPN/Bappenas, Ministry of Industry, Bank Indonesia, Ministry of Religion through the Halal Product Guarantee Agency (BPJPH), Ministry of Finance, and a number of other ministries and institutions under the coordination of three Coordinating Ministries: Economic Affairs, Human Development and Culture, and Maritime Affairs and Investment. MPIHI 2023-2029 focuses on four main strategies: increasing productivity and competitiveness, strengthening policies and regulations, strengthening finance and infrastructure, and strengthening halal brands and awareness. Key programs and indicators that will be monitored regularly also support the implementation of the MPIHI 2023-2029 (Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS), 2023).

The halal industry covered in MPIHI 2023-2029 is divided into two categories: the core halal industry and the developing halal industry. The core halal industry includes the food and beverage, pharmaceutical, cosmetic, and related services sectors, while the emerging halal industry includes modest fashion, Muslim-friendly tourism, and a sharia creative economy. With the vision, roadmap, strategies, programs, and indicators outlined in MPIHI 2023-2029, it is hoped that this strategic guide can strengthen the halal industry in Indonesia as a whole. Additionally, the MPIHI is expected to create broad and high-quality employment and increase Indonesia's role in the global economy. Strong synergy between all elements of the nation is expected to be formed to jointly achieve the big goal of making Indonesia the center of the world's halal industry (Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS), 2023).

Critical Review of Halal Industry Policy in Indonesia

The regulatory framework governing Indonesia's halal industry is segmented into various sectors, each overseen by a specific institution. As shown in Figure 1, the halal food and beverage sector includes the Ministry of Trade, Ministry of Religious Affairs, Ministry of Agriculture, Food and Drug Administration (BPOM), and Halal Product Guarantee Agency (BPJPH). For Islamic Finance, regulatory responsibilities fall under the Ministry of Finance, Financial Services Authority (OJK), Bank Indonesia (BI), and National Sharia Council-Majelis Ulama Indonesia (DSN-MUI). Halal Pharmaceuticals and Cosmetics are regulated by the Ministry of Trade, the Ministry of Health, the Ministry of Agriculture, BPOM, and BPJPH. The Halal Tourism sector is managed by the Ministry of Tourism and Creative Economy, Ministry of State-Owned Enterprises (SOEs), and BPJPH. The Ministry of Trade and BPJPH oversees the Muslim Clothing sector, while the Islamic media and entertainment sector falls under the jurisdiction of the Ministry of Communication and Information and the Ministry of Tourism and Creative Economy. This segmented regulatory system reflects a coordinated effort to address the diverse needs of the halal industry and ensure compliance with Islamic principles across all relevant sectors.



Figure 1. Key Institutional sectors in Indonesia's Halal Industry

From Figure 1, it can be concluded that of the six halal industry sectors, there are four sectors included in the regulation of the Halal Product Guarantee Agency (BPJPH): Halal Food and Beverages, Halal Pharmaceuticals and Cosmetics, Halal Tourism, and Muslim Clothing. Sharia Finance, Islamic Media, and Entertainment were not included in the BPJPH regulations. The focus of this research is on a critical review of halal industrial policy, especially regarding sectors that are mandated by BPJPH, namely, the Halal Food and Beverage sector, Halal Pharmacy and Cosmetics, Halal Tourism, Muslim Clothing.

The current regulations regarding the guarantee of halalness of a product still do not provide adequate legal certainty. Therefore, harmonization is needed in the form of a law that specifically regulates this matter. This law can be considered the culmination of the history of halal product-guarantee regulations in Indonesia. Previously, regulations related to halal product guarantees were only covered by the Food and Health Law. Laws that explicitly regulate halal product guarantees are expected to provide better clarity and legal certainty.

In the development of Halal Certificate regulations, the government issued several regulations on halal certification, including the following:

1. Law Number 33 of 2014 concerning Halal Product Guarantee was passed on October 17, 2014.
2. Law Number 6 of 2023 on the Stipulation of Perppu 2 of 2022 on Job Creation into Law, passed on March 31, 2023.
3. Government Regulation Number 24 of 2024 concerning the Implementation of the Halal Product Guarantee Field

From October 17, 2014, to 2024, there have been significant changes in laws and regulations related to the Halal Product Guarantee (JPH). This change had a significant impact, particularly in terms of providing legal certainty. In addition, these changes have sparked debate, especially regarding the transfer of the JPH's mandatory authority from LPPOM-MUI to BPJPH after the issuance of the JPH Law. This has led to various pros, cons, and diverse polemics, from both academic and political perspectives. Mukhlisin (2022) emphasized that in the concept of Sharia economic politics, not all regulations are binding; some regulations are more appealing. In addition, there were discrepancies and overlaps between regulations. Therefore, it is important for the government to harmonize these regulations and ensure that their implementation prioritizes the interests of people over those of certain groups.

The implementation of halal product guarantees through the establishment of laws aims to provide comfort, security, safety, and certainty of the availability of halal products for the public in the consumption and use of products as well as increase the added value for business actors to produce and sell halal products in Indonesia.

In the substance of the JPH Law, there are significant differences between the original laws, namely Law No. 33 of 2014 concerning Halal Product Guarantees (JPH Law) and Law No. 6 of 2023 concerning Stipulation of Perppu 2 of 2022 concerning Job Creation (Ciptaker Law). The Job Creation Law regulates the expansion of authority in the issuance of halal certificates that were previously only issued by the BPJPH based on a written halal fatwa from the Indonesian Ulema Council (MUI), which can now be based on a written halal fatwa issued by the MUI at the provincial and district/city levels, the Aceh Ulema Consultative Assembly, or the Halal Product Fatwa Committee.

The existence of a new nomenclature, namely, the Halal Product Fatwa Committee, as stipulated in Article 1, Paragraph (10) of the Job Creation Law, raises many questions from the public, including the author himself. The establishment of the Halal Product Fatwa Committee, which is responsible for the minister and consists of ulama and academics, has sparked debate regarding the recruitment process and its authority in accordance with the Job Creation Law. Previously, ulama was usually associated with the Indonesian Ulema Council (MUI) institution, such as in the Islamic banking industry, where the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) had the authority to issue fatwas on Islamic economics, and many of its members were involved as Sharia Supervisors in Islamic banking.

A crucial issue in Job Creation Law related to Halal Certificates is the absence of a valid period, which causes halal certificates to be valid indefinitely. This creates uncertainty, especially regarding the halalness of the products issued by Business Actors. Previously, the JPH Law regulated the validity period of a halal certificate for four years with an obligation for Business Actors to extend the certificate. However, in the Job Creation Law, there are no provisions regarding the validity period of the halal certificates. It is only regulated that business actors are required to renew the certificate if there is a change in the composition of ingredients and/or PPH. The question is how to ensure the supervision of business actors, who change their composition to include halal ingredients. Legal uncertainty arises regarding the norms contained in this article of Job Creation Law.

In criticizing the issue of legal certainty, Radbruch (1950) states that there are three main objectives of law: justice (*gerechtigkeid*), legal certainty (*rechtsicherheit*), and expediency (*zweckmassigkeit*). Radbruch (1950) emphasized that justice should be the primary and most important goal of legal certainty and expediency. In line with the second legal objective, namely legal certainty, Radbruch (1950) emphasized that stakeholders, including the government through relevant ministries, must design legal product policies that provide legal certainty. In the context of halal industry regulations, especially with regard to halal product guarantees, it is very important that laws and regulations are harmonious and do not overlap with other regulations.

In the context of the third legal objective, expediency (*zweckmassigkeit*), the aim is to ensure that legislative products that have been promulgated can provide maximum benefits to society (Mertokusumo, 2014). Good implementation of the Law Regulation (Per-UU) on the Halal Product Guarantee, for example, is expected to have a significant positive impact, especially on the development of the halal industry in Indonesia. These steps are expected to run synergistically, with efforts to improve the overall economic welfare of the community.

According to Mertokusumo (2014), legal certainty is the main purpose of law, and guarantees that the law can be properly implemented. In its implementation, the law plays an important role in ensuring the smoothness and orderliness of a system. For example, in the context of halal certification, legal regulations can provide legal certainty to all parties involved in the process. This has created a clear and reliable legal framework that supports the sustainability and success of halal certification systems.

Halal certification should provide assurance and protection for the halalness of the products consumed and used by the public. However, in practice, there are still several problems, such as overlapping government policies in issuing laws and regulations in this field, a lack of communication between related institutions, changes in nomenclature with the emergence of the Fatwa Committee, and uncertainty regarding the validity period of halal certificates. These points indicate the challenges in implementing halal policy in Indonesia, which require good coordination between government agencies as well as active involvement from relevant stakeholders, including the Indonesian Ulema Council (MUI). Legal certainty, effective communication, and clarity regarding applicable regulations are the key to creating an effective and reliable halal product assurance system.

Conclusion

This study concludes that the development of the halal industry in Indonesia has great economic potential, and can be a major focus for stakeholders. Strengthening halal regulations, including structuring authority and clarity of the validity period of halal certificates, can increase consumer confidence and the competitiveness of local products. The main findings that are interesting to continue to be developed include regulatory disharmony between government agencies, the emergence of new nomenclatures, such as the Halal Committee Fatwa, and the debate regarding the

absence of a time limit for halal certificates, causing confusion among business actors. Comprehensive and harmonious improvement has the potential to accelerate the realization of Indonesia as the center of the global halal industry.

The research methodology relies on a qualitative approach through literature studies, including the analysis of various legal documents (laws, government regulations, and other official documents) and scientific research results (journal articles, books, and reports). This approach allows an in-depth exploration of the substance of the policy, mapping the potential for overlapping regulations in various institutions and synergizing the perspectives of Maqasid Sharia and Radbruch's legal thinking. Strengthening validity is achieved through discussions with experts in Islamic law and public policy, so that the recommendations produced are relevant to factual conditions.

In the future, this research can be expanded by exploring more in-depth field data, such as through direct interviews with business actors and regulators to complement the document analysis that has been conducted. This step has the potential to present a richer empirical perspective, provide a comprehensive understanding of the dynamics in the field, and refine the study from social and cultural aspects. Thus, efforts to strengthen the Indonesian halal industry will be more mature, both from regulatory and economic perspectives, and from strengthening the underlying Islamic values.

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