

The State's Transcendental Approach to Fulfilling The Indonesian Halal Industry Model of Policy

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Abstract: The need for a halal industry encourages efforts to create a policy model that can guarantee the public to obtain halal products. Efforts to protect the public against halal products must of course start from government policies to formulate legal norms into laws and institutions that handle them. Article 10 of Law No. Law of the Republic of Indonesia Number 6 of 2023 concerning the Determination of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law, that the Cooperation of BPJPH with the Central, Provincial, Regency/City Indonesian Ulema Council, or the Aceh Ulema Consultative Assembly as referred to in Article 7 paragraph (1) letter c is carried out in terms of determining the halal of Products. The halal industry that is developing in accordance with the needs of the Indonesian people who are predominantly Muslim, must be carried out massively, so that the rights of the community to halal products from the halal industry in the form of food, drinks and other products can be fulfilled by the state. This study focuses on the dynamics of state policy towards the halal industry in Indonesia with a state foundation based on religion in accordance with the provisions of the 1945 Constitution of the Republic of Indonesia, using a qualitative method with a legal approach as an analysis in this study.

Keywords: Policy, Transcendental, Industry, Halal, Islamic Economics

1. Introduction

Islamic law is derived from the Qur'an and Hadith, which unequivocally state that there are halal and haram rules for Muslims. While some cosmetics, medications, and foods are haram for use or ingestion, others are halal. In a same vein, things that are chemical, biological, genetically modified, and/or otherwise altered frequently face questions about whether they are halal or haram. Muslims are instructed to always eat halal food and products by the Qur'an and Hadith. Halal is not just a religious issue anymore. Halal has emerged as a universal emblem of lifestyle choices and quality assurance in the lives of worldwide communities. Products with the halal label can bring in a substantial amount of money for manufacturers. To convince customers that their goods are of the best quality and suitable for ingestion in accordance with religious regulations, producers and retailers utilise halal certification and symbols. Halal items, in conclusion, help to create a prosperous and morally upright society. Food affects behaviour, which is why halal certification is important. The food a person eats has an impact on their behaviour. Good behaviour will be encouraged if the meal is halal. On the other hand, if the meal is prohibited, it will promote inappropriate behaviour. So, a good plan is required to develop a local market for halal products that will significantly boost moral development. (Lady Yulia, 2015). The basic concept is essentially simple, namely as an effort by the state to provide protection to society.

Meeting the demands of the halal sector has become a global trend in the current era of globalisation. The outlook for the halal sector, which is expanding annually, demonstrates this. The State of the Global Islamic Report (2019) estimates that the halal industry serves about 1.8 billion Muslims. With overall consumer expenditure approaching USD 2.2 trillion, the halal industry's consumer potential are growing by 5.2% a year. It is anticipated that this number would keep rising yearly. Between 2018 and 2024, the halal industry's anticipated Compound

Annual Growth Rate (CAGR) is expected to rise to 6.2%. By 2024, it is also anticipated that consumer spending in the halal sector will reach USD 3.2 trillion. According to the 2019 State of the Global Islamic Economy Report, this data shows that the halal industry has extremely promising future possibilities. One of the nations with the most potential to grow the halal sector is Indonesia. Naturally, its sizable Muslim population is a result of this enormous potential. (Bahtiar Adamsah and Ganjar Eka Subakti, 2022).

The process of certifying goods or services in compliance with Islamic sharia is known as halal certification. In order to ensure that Muslims living in non-Muslim nations might have their needs met in compliance with their religious beliefs, halal certification was initially introduced in the United States in the 1960s. All goods and services used by Muslims must have halal certification, which is now regarded as a benchmark for product quality. The manufacture and distribution of food, cosmetics, medications, and medical supplies, as well as services associated with these halal items, are all subject to halal quality requirements. The Food, Drug, and Cosmetics Assessment Institute (LPPOM MUI) of the Indonesian Ulema Council certifies halal products in Indonesia. For two years, the halal certificate is in effect. Companies and producers need to be able to persuade the Indonesian Ulema Council (MUI) and customers that their products will always be halal at this time. As a result, when a company applies for product certification, LPPOM MUI mandates that it develop and document a Halal Assurance System (HAS) in accordance with its unique requirements. (Faqiatul Mariya Waharini and Anissa Hakim Purwantini, 2018). The goal of halal assurance is to safeguard currently available halal products for the general population.

Halal certification is necessary for the creation of halal items in order to obtain legal recognition. Based on a documented halal fatwa given by the Indonesian Ulema Council (MUI), a halal certificate is an acknowledgement of a product's halal status issued by the Halal Product Assurance Agency (BPJPH) (Ministry of Religious Affairs of the Republic of Indonesia, 2021). The formal process of halal certification involves an authorised or accredited person or organisation evaluating and validating a product's qualities, attributes, qualifications, processes, events, and circumstances in compliance with predetermined standards or requirements. An essential step in the production process is halal certification. Halal certification is typically a government initiative to safeguard the rights of consumers. Value-wise, the idea of halal is regarded as a standard that includes integrity, sustainability, safety, hygiene, and health. It is a global benchmark for halal quality and a defining feature of contemporary civilisation (Hartini and Malahayatie, 2024). Halal product standardisation promotes efforts to satisfy the demand for halal products in the international community.

2. Literature Review

The most crucial decisions to improve life are typically chosen and indicated by policies, which are utilised in both public and commercial institutions. Policies must not contain any of the nuances or connotations associated with the phrase "political," which is frequently thought to imply partisanship because of interest. A policy is a rule that is applicable and is distinguished by repeated and consistent actions by both the people who develop the policy and the people who follow it (those who are impacted by it). The decisions made by government agencies and officials, including the decision to do nothing, are collectively referred to as public policy. (Sahya Anggara, 2014) The substance of the policy is: (Irawaty Igrisa, 2022) 1. The government does or does not do anything; 2. There are elements that affect it; and 3. The implementation or non-implementation of public policy has consequences. In the halal industry policy field, the transcendental approach to the halal industry is inseparable from the framework of Article 29 of the 1945 Constitution of the Republic of Indonesia, which specifically lays the foundation for policies from the state constitution and Law of the Republic of Indonesia Number 6 of 2023 concerning the

Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to Become Law. Sharia banking, non-bank sharia financial institutions, social financial institutions (such zakat and waqf), and sharia companies are the systematic ways that the sharia economy is growing. The halal industry is another term frequently used to describe sharia enterprises. Several sharia economic groups and communities are pushing the phrase "halal is a lifestyle" in an effort to realise the sharia economy as a behaviour. In an effort to boost Indonesia's sharia economy, a favourable sharia economic environment is also being created. (Euis Amalia, et.al, 2023), In accordance with Islamic law, haram denotes anything that is forbidden, whereas halal denotes anything that is allowed. It is possible to attach the legal status of halal and haram to both objects and actions. According to Islamic law, certain foods and behaviours are forbidden. Halal food is defined as food that is approved for ingestion under Islamic law. (Wirawan Sukoso & Kusnadi, J. Sucipto on Euis Amalia, et.al, 2023). Thus, the state's duty to serve the interests of the largely Muslim Indonesian populace with reference to halal industry policies includes the halal policy.

3. Method

Research must be the foundation of a scientific approach to science. The literal translation of the English term "research" is "re-examination," which means "to re-examine." According to this definition, research is "an effort to re-examine." What is wanted? Answers to unresolved problems are the ultimate goal of study. An object is carefully searched in this way. What is sought, of course, is true knowledge, namely knowledge obtained through scientific methods. The results of this research, in the form of true knowledge, are ultimately used to answer specific problems, which is certainly knowledge that is useful for the benefit of humanity. (Nur Solikin, 2021). In research, the method to be used must be determined to measure the level of scientific accuracy in the research. A legal policy model is necessary in the halal product industry since state policy serves as one of the pillars for identifying halal products. Thus, utilising a qualitative methodology, the study "Model of State Policy on Fulfilling the Indonesian Halal Industry: Using a Transcendental State Approach" focusses on state policy initiatives to support the halal sector in Indonesia as a way to uphold citizens' rights.

4. Results and Discussion

The Development Of The Halal Industry In Indonesia

Halal items are one of the world's most important problems. Using resources and techniques allowed by Islamic law, the halal sector includes a range of industrial operations, from the acquisition and processing of raw materials to final product. Food and drink items have historically been intimately linked to the halal sector. However, today, the halal industry extends beyond food and beverages to encompass lifestyle products such as fashion, cosmetics, arts and culture, tourism, education, finance, and recreational media. Growing public awareness of Muslims' duty to consume only clearly halal food is fuelling the halal industry's infiltration into people's daily lives. (Sri Kasnelly 2025). The halal industry is currently a key issue in the international economy. This is evident in the industry's continued growth in valuation. According to Fathoni (2020), the halal industry's Compound Annual Growth Rate (CAGR) is projected to reach 6.2% between 2018 and 2024. Consumer spending is projected to reach USD 2.2 trillion (Isti Fatonah, et.al, 2023). This development will undoubtedly boost the halal industry globally.

Many nations throughout the world find Indonesia to be a desirable location for halal investment due to its substantial market potential. This can be measured with an index. Since 2013, Dinar Standard has released a yearly report titled the State of the Global Islamic Economy Report. The Global Islamic Economy Indicator (GIEI) is one of its components.

The GIEI offers a thorough analysis of nations that are presently in a strong position to take advantage of the trillion-dollar potential of the halal market. The GIEI's primary objective is to assess the strength of the halal ecosystem in order to facilitate the growth of Islamic economic enterprises by acting as a standard for the country's halal ecosystem (Dinar Standard, 2020). An index used to gauge the general state of the Islamic economy is the GIEI. It is determined by evaluating how well Islamic economy-related components operate in relation to their social responsibilities. Each of the four Islamic economic sectors Islamic finance, halal food, halal tourism, apparel, media/recreation, and halal cosmetics/medicine has 49 matrices that make up the GIEI. Indonesia showed great promise in growing the halal industry, particularly the food sector, according to the 2020–2021 GIEI score. Indonesia's national ecosystem is highly competitive in the food sector, and it ranks fourth globally overall. Indonesia is prepared to play a bigger part in the global halal market, particularly in the food business. (Isti Fatonah, et.al, 2023).

Market participants are drawn to produce goods in Indonesia's halal food and beverage sector, where the growth of the sector has had a major influence on Islamic nations. According to market theory, companies will enter this industry because of the potential for large profits. Many nations have created halal goods to satisfy their own needs as well as to export to nations with a majority of Muslims. (Syamsul Bahri, 2023) One of the countries with a large Muslim population is Indonesia. The strength of Indonesia's Muslim population must of course be a producer of halal industrial products in Indonesia.

In an attempt to improve output in the halal sector, halal certification boosts consumer trust and happiness with the items being offered in addition to offering Muslim consumers legal protection. Consequently, this can improve a business's reputation and ability to compete. Effective consumer protection, however, may be hampered by difficulties in the certification process, such as convoluted administrative processes. Consumer safety through halal certification in the context of e-commerce still faces obstacles, especially with regard to law enforcement and public awareness of their rights and responsibilities as consumers. Therefore, more effective legal policies and regulatory socialization to consumers are needed to increase their awareness. (Nasrudin Nasrudin dan Nina Nursari, 2025). This efficacy promotes the realisation of halal product protection rights. A halal assurance system is a set of actions, protocols, and systems intended to guarantee that goods, supplies, and services adhere to accepted halal standards. In the food sector, a halal assurance system is a set of actions and protocols used by food and/or beverage manufacturers to guarantee that their goods adhere to halal standards. (M. Guffar Harahap, et.al, 2023) The halal assurance system, as the basic structure in submitting halal products, needs to be strengthened through a tiered supervision system.

Indonesia, the nation with the biggest Muslim population in the world, is working to maximise its contribution through a variety of halal industrial models and forms in order to meet these problems. The sharia economy, which the government has been fostering for the last thirty years, includes the halal goods sector. Indonesia is dedicated to establishing itself as a global centre for halal and a leader in the halal industry's globalisation. In order to do this, the government created the Halal Product Assurance Agency (BPJPH), a unique institution. The goal of BPJPH is to increase the potential of the domestic halal product market, starting with ensuring the safety of all Indonesian citizens. According to the Halal Economy and Strategy Roadmap 2018, Indonesia's total consumption of halal goods and services in 2017 was around 218,8 million US dollars. It is estimated that this amount will continue to increase at a rate of 5.3% each year and reach 330.5% of the US dollar in 2025. (Kamila, 2021 on Hendri Hermawan Adinugraha, et.al., 2023) This significance certainly increases the value of halal products.

Indonesian State Policy On The Halal Sector From A Transcendental Perspective

For the majority-Muslim Indonesian people, the halal industry concept has become essential to daily life. Indonesia's halal sector is developing and increasing. It currently includes a variety of industries, including fashion, cosmetics, travel, lodging, media, and leisure, in addition to the food and beverage sector. The following infographic describes the evolution of the halal industry: (Marissa Grace Haque – Fawzi, 2023).

- For Muslims in Indonesia, Muslim dress has evolved into a trend and way of life. Islamic clothing has become a popular and contemporary style. Bank Muamalat, Indonesia's first Islamic bank, was founded in 1991. It started banking operations with a profit-sharing scheme as an Islamic bank, encompassing Islamic investments, insurance, and financing;
- The market for halal consumer items, such as cosmetics, is still expanding significantly. The rise of the "Wardah" brand, the first participant in the halal cosmetics market, contributes to the new lifestyle in this sector. As a halal cosmetic, Wardah, which started out as a home-based business, has grown to dominate the Indonesian halal cosmetics market. Wardah can compete on a local and international level.
- The Umrah pilgrimage is becoming more and more popular. Travel companies have responded favourably to the increase in the number of persons wishing to conduct Umrah by growing their religious travel offerings. With the opening of the Sofyan Hotel as a Sharia-compliant hotel, there is a new trend in Sharia hotels in addition to travel. At the moment, more investors are looking to build hotels that adhere to Sharia law.
- The entertainment and film business with an Islamic theme has expanded, beginning with the many Islamic films that have drawn sizable audiences. Nusa and Rara, an animated Islamic film, is one example. The Indonesian people has responded favourably to this movie. With over 400,000 subscribers and 2.2 million watchers, the first episode of Nussa Official has already risen to the third trending position on YouTube Indonesia.

Government Regulation of the Republic of Indonesia Number 42 of 2024 concerning the Implementation of Halal Product Assurance, Article 4 (1) The Government is responsible for organizing JPH. (2) The implementation of JPH as referred to in paragraph (1) is carried out by the Minister. (3) To implement the implementation of JPH as referred to in paragraph (2), a BPJPH is established which is subordinate to and responsible to the Minister.

By offering halal product certification facilities, the Ministry of Industry's Halal Industry Centre (PIH) fully supports small industry participants. The purpose of this initiative is to help small businesses get certified halal, which will boost their products' reputation and competitiveness in both domestic and foreign markets. The Indonesian national economy depends heavily on small industries. Despite the economic crisis, they have demonstrated their tenacity. Given that the majority of Indonesian consumers are Muslims and that the demand for halal products is still rising globally, halal certification is becoming more and more significant. In 2024, the Ministry of Industry will provide halal certification facilities to various small-scale industrial sectors, including:

- Food and Beverages;
- Textiles;
- Apparel;
- Leather and Leather Products;
- Footwear; and
- Other Used Goods Groups

In an effort to simplify business permits, Article 45 of Law No. Law of the Republic of Indonesia Number 6 of 2023 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation to Become Law, to provide convenience for the public, especially Business Actors, in obtaining Business Permits from the trade sector, legal metrology, halal product guarantees, and standardization and conformity assessment, this Government Regulation in Lieu of Law amends, deletes, or establishes new arrangements for several provisions regulated in:

- Law Number 7 of 2014 concerning Trade (State Gazette of the Republic of Indonesia Year 2014 Number 45, Supplement to the State Gazette of the Republic of Indonesia Number 5512);
- Law Number 2 of 1981 concerning Legal Metrology (State Gazette of the Republic of Indonesia Year 1981 Number 11, Supplement to the State Gazette of the Republic of Indonesia Number 3193); and
- Law Number 33 of 2014 concerning Halal Product Assurance (State Gazette of the Republic of Indonesia Year 2014 Number 295, Supplement to the State Gazette of the Republic of Indonesia Number 5604).

Furthermore, in accordance with Article 10, BPJPH determines the halal status of items in collaboration with the MUI, Provincial MUI, Regency/City MUI, or the Aceh Ulama Consultative Assembly, as mentioned in Article 7 paragraph (1) letter c. All small businesses in the halal sector that currently hold a Risk-Based Business Identification Number (NIB) are eligible to get this facility, which is another way the Ministry of Trade supports the sector. Small businesses can independently register through the National Industrial Information System (SIINas) portal at <https://siinas.kemenperin.go.id> if they want to acquire halal certification facilities.

All small industry participants will be able to use this service without any difficulties thanks to the simple and clear registration process. Small businesses can profit from halal certification in a number of ways, such as: Enhanced Competitiveness Consumers, both domestically and abroad, are more interested in products that are certified halal. Because halal certification ensures that items adhere to stringent halal requirements, it boosts consumer confidence in those products. Prospects for New Markets Products from small businesses can more readily enter markets in nations with sizable Muslim populations if they have halal certification. The Ministry of Industry is dedicated to helping small businesses consistently meet halal requirements. The Ministry of Industry offers a range of training courses, consultations, and other services through PIH to assist small businesses in obtaining halal certification more rapidly and effectively.

6. Conclusions

According to the industry's perspective on the dynamics of halal product development, the state's duty as a regulator is to uphold legislative requirements that can safeguard the public's access to halal products. Through organised and cooperative institutions, state policies support initiatives to ensure that every citizen's right to purchase halal goods is upheld. Article 10 states that in order to ascertain whether a product is halal, BPJPH works in conjunction

with MUI, MUI Province, MUI Regency/City, or the Aceh Ulema Consultative Assembly, as mentioned in Article 7 paragraph (1) letter c. Furthermore, it is mandatory for business sectors to provide halal items as part of their commitment.

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