

Halal Ecosystem Improvement Study Reviewed of Halal Product Regulations Halal

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ABSTRACT

In this research journal, the author takes the title Study of Halal Ecosystem Improvement in terms of Halal Product Regulations. There are many sectors in the halal ecosystem that need to carry out product halalism. The halal ecosystem is closely related to regulations or regulations on halal products in Indonesia. Halal ecosystems in Indonesia according to this research are Halal food, Halal clothing, Halal tourism, Halal pharmaceuticals, Halal finance, and Halal cosmetics (Halal Cosmetics). Of the six halal ecosystem products, this is inseparable from the regulations or regulations on halal products that have been issued by the Government of Indonesia, namely Law Number 33 of 2014 concerning Guarantees for Indonesian Halal Products. The law which consists of 68 articles emphasizes that products that enter, circulate and trade in the Indonesian Territory must be halal certified. For that, the Government is responsible in organizing Halal Product Assurance (JPH). To carry out the implementation of JPH, according to this Law, a Halal Product Assurance Organizing Agency (BPJPH) is formed which is located under and is responsible to the Minister of Religion. If necessary, BPJPH can form representatives in the regions. This research is highly discussed and limited to six halal products that have received halal recognition in Indonesia and abroad, namely: halal food, halal clothing, halal tourism, halal pharmaceuticals, halal finance, and Halal Cosmetics (Halal Cosmetics).

Keywords: Halal Ecosystem, Halal Product Regulation, Halal Food, Clothing, Halal

Clothing, Halal Tourism, Halal Pharmacy, Halal Finance and Halal Cosmetics

INTRODUCTION

Halal Ecosystem

Halal is one of the most important aspects of Islam. One of the proofs of the command to consume halal is found in the Quran letter Al-Baqarah: 168, which reads "O mankind, eat from (food) that is halal and thayyib (good) found on earth ...". One aspect of halal that is very important to pay attention to is food and drink. Islam is very concerned about the source and cleanliness of food, how to cook, how to serve, how to eat and how to dispose of food scraps (Rajikin et al, 1997). In terms of health, halal food is also very important for the health of the body.

The halal ecosystem is one of the efforts to improve halal products. The halal ecosystem in the halal industry is very developed so that many halal products are included in the halal ecosystem. The halal industry in Indonesia is growing and expanding. Currently, not only the food and beverage sector, the halal industry has included various sectors such as: fashion, cosmetics, travel, hotels, media and recreation. The development of the halal industry is presented in the infographic below:

1. In 1991, the first Islamic bank in Indonesia was established, Bank Muamalat. As an Islamic bank, it initiated banking activities with a profit-sharing system, including Islamic financing, insurance and investment.

2. Muslim fashion has become a trend and lifestyle for the Indonesian Muslim population. Islamic dressing has become a trendy and modern fashion.
3. The halal consumer goods market continues to experience significant growth, including cosmetic products. The new lifestyle in halal cosmetics is supported by the emergence of the brand "Wardah" as the first player in the halal cosmetics industry. With its positioning as halal cosmetics, Wardah, which was born from a home-scale company, has become a market leader in the country's halal cosmetics industry. Wardah is able to compete both locally and globally. Since the presence of wardah cosmetic products in Indonesia, wardah has become a cosmetic that is in demand by the Indonesian people. This is evident from the turnover that continues to grow every year as well as the international awards received by Wardah along with well-known cosmetic product brands in the world (Anif et al, 2014: 172).
4. The public interest in performing Umrah is getting higher. The growth of people who want to perform Umrah is responded positively by travel business actors by opening expansive and massive religious travel services. In addition to travel, there is a new trend with the existence of sharia hotels, which was initiated by the emergence of the Sofyan hotel as a sharia hotel.
5. Currently, more and more investors are interested in developments in the Islamic-themed film and entertainment industry, which began with many Islamic films that managed to attract a significant number of viewers. One of them is the animated Islamic movie Nusa and Rara. This movie has been well received by the Indonesian public. The first episode of Nussa Official has now been watched by 2.2 million viewers and has more than 400 thousand subscribers and even occupied the 3rd trending position on YouTube Indonesia.

Currently, the condition of sharia business is growing and becoming a life style for someone in this modern era. In addition, not a few countries with Muslim minority populations have initiated halal tourism in their countries. This is inseparable from the increasing demand for halal and moslem friendly products. Demand for halal products in the world is expected to increase in 2023 by approximately USD 6,816 billion (Thomson, 2018: 6). This amount can be seen in detail in the following table:

Table 1. Global Halal Industry Sector Demand in 2023

No.	Sektor	Jumlah
1	Islamic Finance	US\$ 3.809
2	Halal Food	US\$ 1.863
3	Halal travel	US\$ 274
4	Modest fashion	US\$ 361
5	Halal Media & recreation	US\$ 288
6	Halal Pharmaceuticals	US\$ 131
7	Halal Cosmetics	US\$ 90

Source: Thomson, 2018: 6

Like a transportation, the Islamic business industry is like a train that continues to join each other wherever it goes. Islamic banking is the locomotive of the Islamic business industry that will drive other Islamic business industries. When Islamic banking starts running, the carriages behind it consisting of Islamic capital markets and other Islamic financial institutions will also move. Furthermore, the carriages that will move are the Islamic business industry (real sector) consisting of food, fashion, tourism and others etc. This is in line with what Muhamed et al. (2014) as cited by Purnomo et al. (2016) that by connecting the halal industry and Islamic finance, it can lead to a harmonious and mutually supportive system.

Next, the Global Islamic Economic Index report illustrates the magnitude of the opportunities that Indonesia can take advantage of to play a major role in the global halal industry. For this reason, the Ministry of National Development Planning / National Development Planning Agency (Bappenas) mapped and strategized the development of the halal industry through the 2019-2024 Indonesian Sharia Economic Master Plan (MEKSI).

In MEKSI 2019-2024, Indonesia's halal industry is grouped into 6 clusters, namely: halal food and beverages, halal fashion, halal entertainment media and recreation, halal pharmaceuticals and cosmetics, and renewable energy. The targets to be achieved are:

1. Strengthening the halal value chain;
2. Strengthening Islamic finance;
3. Strengthening MSMEs; and
4. Strengthening the digital economy.

The National Strategy for the Development of the Indonesian Halal Industry, halal industry mapping is carried out based on the comparative advantages of each cluster and region. Comparative advantages are compiled after conducting literature studies, analyzing secondary data, collecting data and information through various discussions, surveys, in-depth interviews, focus group discussions (FGDs), and benchmarking.

The formulation of the National Strategy for Halal Industry Development, Indonesia is able to meet the needs of halal products in the country and play a role in the development of the halal industry in the world. The positive impact is that Indonesian halal industry business actors can take advantage of existing opportunities. The 2019 National Strategy for Halal Industry Development is able to maintain and accelerate the momentum of the development of the halal industry, including encouraging the rise of MSMEs, which in turn makes a major contribution to the National economy.

Halal and Inclusiveness

The definition of halal according to Al-Jurjani, in Kitab at-Ta'rifat there are two meanings of the word halal. The first is related to the permissibility of using objects or anything needed to fulfill physical needs, including food, drinks and medicines (Kurniawan, Budi Sutrisno and Dewi 2014). The second understanding relates to the permissibility of utilizing food, drink and doing something, all of which are determined based on the text.

Furthermore, the Prophet Muhammad in a hadith has set several obligations and limits that must be a source of reference for humans. All obligations must be carried out properly. The limits set are which limits are halal and which limits are haram in all aspects of life, which should not be violated (Chairunnisyah, 2017). Basically, all muamalah matters are permissible except those that are forbidden. This means that everything that is determined contains goodness for the welfare of human life. What is Halal is clear and what is forbidden is also clear. What is in between is shubhat. For the law of shubhat, many people do not know. The category of shubhat is something that is difficult to identify its halalness and forbiddenness. Therefore, Islamic religious experts recommend to be careful and even leave it alone, it is feared that if you keep doing it, you will fall into something haram. Muslims in carrying out their activities must be

in accordance with the guidance contained in the Quran, As Sunnah, and scholarly consensus. All activities include how humans do business, interact, and carry out economic activities (Trisnawati, 2017). Starting from how to dress, what to consume food, drinks to behavior and attitudes must be in accordance with Islamic teachings. However, in this era of globalization, Muslims face a challenge, namely having to maintain the teachings in the Quran.

Inclusivity means putting oneself into the perspective of other people or other groups in seeing the world. In the context of the halal industry, this idea means that halal products must be accepted by

all groups. Nowadays, more and more consumers are demanding the industry to transparently list the origins of the ingredients of their products. Muslim consumers look closely at the suitability of products in accordance with sharia principles, not only must be free from haram ingredients, but must meet quality standards.

Furthermore, as a country with the largest Muslim majority in the world, halal criteria are essential for Indonesians. Running a halal lifestyle, apart from being an obligation for a Muslim because it has been outlined by the Qur'an and Al-Hadist, is also a necessity and becomes a daily routine that must be fulfilled by a Muslim in carrying out his life activities. Halal lifestyle is not only about food and drink, it includes all activities that reflect all aspects of human life. These aspects range from consuming food and beverages, cosmetics, medicines, traveling, to enjoying entertainment from various media.

The next development illustrates that the principle of halal is not only related to food and beverages consumed, namely in terms of substances and processing. But it also includes halal packaging and supply chain. The concept of halal is hygienic, clean, has good quality, and most importantly is beneficial for health. Hygienic and beneficial to health is a separate attraction that halal consumption is good for all humans. The view that arises among the public about halal products is that the product is safe for consumption, there is a MUI halal logo, according to Islamic law and free from non-halal ingredients. Safe to consume and provide benefits not only for the benefit of Muslim consumers, but also for all humans. This can build an attitude that a halal lifestyle is not only in the interests of Muslims, but can also be in the interests of people of other religions. This means that halal is a common need and has become a universal lifestyle.

Overview of the Constitution and Regulation of Halal Products.

One of the objectives of developing Indonesia's halal industry is to provide protection for the interests of public consumption. This is clearly stated in the preamble of the 1945 Constitution, especially the fourth paragraph. In the basic constitution, it is implied that the role, function and duty of the Government of the Republic of Indonesia in realizing a

prosperous country is to promote general welfare (welfare state). A welfare state will be realized if the government can provide welfare guarantees and pay attention to the needs of its people.

Next, the Indonesian people who are the moslem majority have a need for halal products. The need for halal products can be actualized by guaranteeing the protection and supervision of halal products. The important role of the Government through guarantees, protection and supervision related to halal products must be realized and provide a sense of security to the public when consuming these halal products.

Furthermore, based on these interests, the Government seeks to issue a number of laws and regulations aimed at protecting consumers. Regarding halal products, Law Number 33 of 2014 concerning Halal Product Guarantee was issued as a rule for all stakeholders of halal products in Indonesia. The following are the main arrangements in this Law:

1. Ensure the availability of halal products, determine product ingredients that are declared halal.
2. Regulate the rights and obligations of business actors by providing exceptions to business actors who produce products from ingredients derived from ingredients that are prohibited, with the obligation to explicitly include non-halal information on product packaging or on certain parts of the product that are easily seen, read, not easily erased, and are an integral part of the product.
3. The procedure for obtaining a halal certificate begins with submitting an application for a Halal Certificate by Business Actors to the Halal Product Guarantee Agency (BPJPH) for the availability of halal products.
4. Law Number 33 of 2014 concerning Guarantee of halal products is also the first law in the world issued specifically for halal products.

Implementation of a national strategy study for the development of the halal industry:

- a. Preamble of the 1945 Constitution of the Republic of Indonesia, fourth paragraph;
- b. Article 33 of the 1945 Constitution of the Republic of Indonesia;
- c. Law Number 33 of 2014 concerning Halal Product Guarantee;
- d. Direction of the President of the Republic of Indonesia at the Plenary Meeting of the National Sharia Finance Committee on February 5, 2018, to develop Indonesia's sharia economy;

LITERATURE REVIEW

Furthermore, after identifying problems, a comparative study abroad (benchmarking) is carried out to obtain an overview of government policies related to halal products, programs and strategies for developing the halal industry in related countries. Benchmarking is done by visiting and conducting in-depth interviews with government and private agencies that have an interest in the development of the halal industry. Benchmarking activities were carried out in three countries, namely Malaysia, Thailand and South Korea.

Next, the halal industry ecosystem is developed as one of the strategic steps contained in the 2019-2024 Indonesian Sharia Economic Master Plan (MEKSI). The development of the halal industry ecosystem aims to support the accelerated development of the halal industry.

The ecosystem needed in the development of the halal industry adopts a supply, demand and enabler approach. From the supply side, the existence of Indonesia's halal industry sector (food, tourism, fashion, medicine, media, and renewable energy) has provided various halal products that can be consumed by the public. The ability to provide various halal products is highly dependent on the quality and contribution of the availability of good human resources, infrastructure that ensures the production process, smooth distribution, and support for the development of Indonesian halal product research. The availability of sufficient human resources who have

knowledge and competence in the halal field requires human resource development.

In addition to human resources, the development of the halal industry requires infrastructure support that supports the operationalization of the Indonesian halal industry. This infrastructure support can be done by providing industrial estates as halal product production centers, laboratories as a means of testing and developing halal products, information technology for management efficiency and especially marketing of halal products, as well as other supporting infrastructure such as roads, ports, airports, and others. In order for Indonesian halal products to compete both at the national and global levels, support for product, service and process innovation is needed.

Next, other support needed in the development of the halal industry includes easy access and easy and adequate funding activities; benchmarks with other halal industry environments in order to keep updated and adjust, branding that is carried out massively by utilizing the development of digital technology which is currently growing rapidly, and the increasing role of MSMEs as the main actors in the Indonesian halal industry. From the demand side, the existence of the halal industry supported by the largest Muslim population makes Indonesia a very potential market for the development of the halal industry.

The halal industry has developed in both Muslim and non-Muslim countries. Therefore, to build opportunities and get performance from the demand side that can balance the supply side, it is necessary:

- Increased awareness of halal products and their consumption behavior, so that in the future the consumption of halal products can become a 'lifestyle' for the general public;
- Increased understanding of people's halal consumption orientation and halal product priority preferences, so that the halal industry can optimally capture the existing market potential.

Furthermore, to provide a conducive climate for the interaction of Supply and Demand in the halal industry ecosystem, a good supply chain system is needed. Starting from the availability of sufficient, quality, competitive raw materials, a good logistics system, an adequate distribution system, and optimal utilization of information systems.

In the supply chain element, it is necessary to have a good logistics system, quality, cheap, diverse, sustainable raw materials, and an optimal marketing system support so that national halal products can compete in the world halal product market.

Then a conceptual framework can be developed as follows.

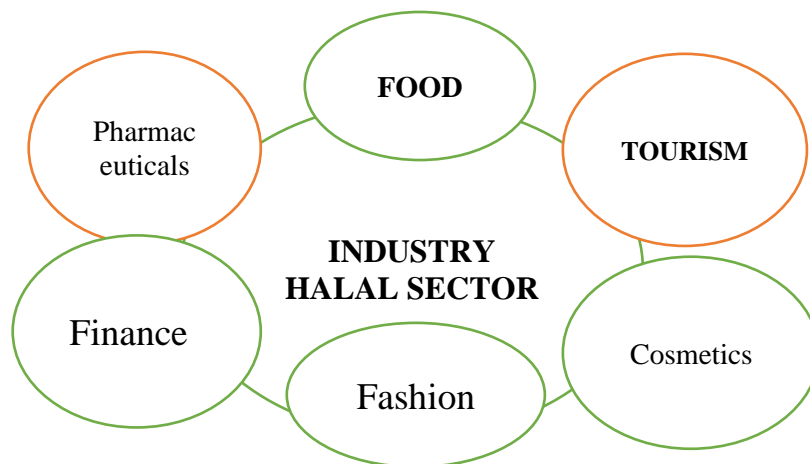


Figure 1: Halal Industry Sector

MATERIALS & METHODS

This research uses the research identification method. In the first stage of preparing a national strategy for the development of the Indonesian Halal Industry, which is carried out by identifying problems. This stage aims to find out the problems and determine the potential for developing the halal industry in Indonesia. Identification is carried out by collecting data from information through a series of activities as follows:

A. Literature Study

The literature study aims to obtain preliminary information related to the halal industry in Indonesia. Literature study by reviewing the 2019-2024 Indonesian Sharia Economic Master Plan (MEKSI) document, the 2019-2020 Global Islamic Economic Report.

B. FGD (Focus Group Discussion)

The purpose of this FGD is to collect information and analyze the sustainability potential of each region representing each

food and beverage cluster, tourism, fashion and representation of Western, Central and Eastern Indonesia. The function of the FGD in each region is to identify the completeness factors of the halal industry cluster and discuss industry, consumer and regulator preferences for halal products and services. FGD participants in the regions were attended by academics, business people and provincial and local governments.

Apart from FGDs in several regions in Indonesia, national FGDs are held which aim to explore or explore group attitudes and beliefs, explore differences and similarities, explore differences between researchers and participants, explore ideas and behavior, agree on certain approaches, find solutions to problems and deepen understanding of quantitative or exploratory data from academics, business people and government. The National FGD activity is also an approach to obtain confirmation (confirmatory) on a macro scale regarding the national strategy for developing the Indonesian halal industry.

C. Consumer Preferences

Consumer preference surveys are conducted to see consumer preferences and awareness in Indonesia of halal products and services, identify the level of inclusion of the use of fintech and opportunities for the use of sharia-based fintech.

D. Export-Import Trade Data Analysis

Analysis of trade data sourced from the Ministry of Trade from 2014 to 2019 data. Analysis of export-import trade data in addition to calculating halal potential covering non-oil and gas commodities other than mining, also calculates the gap between export and import.

Place and Time of Research

This research study was conducted in Indonesia. With the data used is monthly data from January 2018 to March 2022. Details of the planned research time from October 2022 to June 2023.

Strategy Development

Furthermore, the preparation of the national strategy for the development of the halal industry goes through several stages including:

- Develop a framework for the Indonesian halal industry ecosystem consisting of supply, demand and enabler elements;
- Analyze the gap between supply and demand; and
- Establish a National Strategy for the Development of the Halal Industry

RESULT

Indonesian Halal Ecosystem

1. Halal Food and Beverage Sector

The 2019-2020 Global Islamic Economic Report shows that the halal food sector has the highest economic performance among the other 6 sectors until 2019. Of course, this cannot be separated from the basic human need for food commodities. However, Indonesia's halal food and beverage industry has not been included in the top 10 countries with the world's best halal food performance. On the other hand,

Indonesia actually has a great opportunity to develop halal products in this sector. This can be done by utilizing the potential of abundant, quality raw material resources and the large Muslim population in Indonesia.

The Indonesian people have a high awareness of halal food and beverage products. The survey results also show that consumers have a high preference in choosing the halal factor of a product in consuming food and beverages. This can be seen from the selection of halal factors in the first cluster and has the highest percentage, which is 96.8%. The hygiene factor also has the highest percentage (96.2%). This illustrates that there is still room for development and the challenge of how to maintain this level of preference.

The halal food industry is one of the most potential halal industries to be developed. According to Bank Indonesia data, the potential of the halal food industry in 2023 reached USD 1.8 trillion [12]. Along with the increasing number of Muslims in the world, which has now reached 1.84 billion or around 24.4 percent of the world's population. This is because not only Muslims as connoisseurs of halal food, but also sought after by non-Muslims. This potential halal food industry is an attraction to be developed not only for Muslim-majority countries, but also began to be developed in countries where the majority of the population is not Muslim. One of the most dominant countries promoting this food industry is Thailand. The halal food industry generally has a relatively higher price compared to non-halal products. However, due to good and healthy processes and preparations, halal food products are actually a special attraction for healthy food lovers.

To advance the halal food industry, Bank Indonesia as a monetary regulator has prepared five strategic steps in encouraging the acceleration of the halal industry, namely:

1. Increasing competitiveness means that to find out the standard of products

desired by consumers, producers need to do market mapping and then carry out the production process for what will be offered must have certain standards and quality that can compete with similar products abroad.

2. Certification means that producers and production actors are given easy access to halal certification in every product produced. With a simple process and mechanism and easy access to obtaining halal certification, it will indirectly increase demand for Islamic products.
3. Building coordination (coordination) means that Bank Indonesia invites all parties involved, especially policy controllers, to build coordination for ease of communication in minimizing costs in order to create a conducive economic climate.
4. Publication (campaign) means that after going through the stages of the process of creating food products that meet the expected standards and the ease of accessing halal certification, promotional activities become a very crucial point. Mainly in order to provide resonance that halal products not only close the audience for Muslims but can also be enjoyed by non-Muslim communities.
5. Establishing cooperation (coordination) between industry players and related institutions, both nationally and internationally.

2. Halal Tourism Sector / Halal Tourism

The State of Global Islamic Economy Report 2019-2020 reveals that halal tourism is the sector with the fifth largest economic value after finance, food, fashion and media. In the world Islamic economic market, the performance of Indonesia's halal tourism industry ranks 4th after Malaysia, UAE and Turkey. This shows that Indonesia's halal tourism has met the needs of global halal tourism.

This ability can be used as capital to increase its competitiveness. Moreover, Indonesia has tourism potential that is no

less friendly to Muslim tourists. Indonesian tourist destinations have the advantage of natural preservation, unique cultural diversity, and world-class quality destinations. Another strength is that local governments throughout Indonesia already have high awareness in supporting the development of halal tourism. Local governments have provided various infrastructure facilities that support the development of the halal industry; such as road improvements / access to destinations, accommodation, transportation, souvenir centers and conditioning of Muslim-friendly tourist destinations.

Furthermore, the Indonesian Ministry of Tourism and Creative Economy has compiled guidelines and strategic plans (renstra) for organizing halal tourism which will become a standard for tourism industry players in Indonesia. Local government awareness is also supported by public awareness. The survey results show that the level of public awareness of Muslim-friendly tourism is high (86%). On the other hand, public preference on the importance of halal tourism is not the main factor. The main factors of tourism choice are environmental safety during travel and tourist facilities.

Based on this analysis, it is necessary to strengthen literacy and awareness activities through a social and social engineering approach with the following core messages: First, making halal tourism a determining factor for tourist destinations that provide special added value, such as guarantees of safety and comfort during tourist trips. Second, halal tourism has a broader meaning as a place / tourist destination that is friendly to Muslim tourists (moslem friendly tourism). This can be done by completing various halal infrastructure facilities that support the basic needs and additional needs of Muslim visitors/tourists while heading to, being and returning from a tourist destination.

3. Halal Fashion Sector

Halal fashion is an important need for Muslims, because according to Islamic terminology clothes must cover the aurat. This becomes challenges and opportunities for halal fashion industry players to meet these needs. The large Muslim population in the world and the rapid development of the young Muslim population affect the prospects and trends of Muslim fashion in the future. The high spending of Muslim consumers on clothing and footwear in 2018, which reached USD 283 billion, shows the great opportunity for Indonesian modest fashion to take a much bigger share. Indonesia's halal fashion market is the third largest in the world. During 2019, Indonesian consumers spent USD 20 billion or around Rp 300 trillion on Muslim fashion products.

In addition to the tourism and halal food industry sectors, a sector that is also actively developing is the halal fashion industry. The People's Republic of China, saw this opportunity and built a giant industry capable of working on the world-class fashion industry. In the international halal fashion sector, its development is still dominated by the United Arab Emirates, followed by Turkey, Italy in third place, then Singapore, France, China, Malaysia, India, Sri Lanka and Morocco [4]. In fact, in the world's top ten rankings in the halal fashion sector are dominated by countries that have a minority Muslim population. Indonesia, which has the largest Muslim population in the world, is not a major player in the fashion sector.

The concept of halal in the fashion world means the use of clothing with the guidance of the rules of Muslim dress, meaning that the clothes produced must be able to cover the aurat for both male and female consumers who have different standards for covering the aurat. Primarily, the halal concept must not reveal the aurat, not show the shape of the body and not be transparent as religious guidance.

Statistically, the development of the domestic fashion industry has increased significantly. This was conveyed by the leader of the national Indonesian Fashion Chamber (IFC) who informed that the Indonesian Muslim fashion industry has experienced a significant increase which also offers a diversity of local content that is not owned by other countries. The uniqueness of each region of the archipelago is a characteristic that is potentially sought after internationally. One of them is ikat woven fabric, from only one woven fabric product, there can be different distinctive patterns offered in each region. Woven fabric is a typical Indonesian fabric and is a cultural heritage that is passed down from generation to generation. Woven fabrics have uniqueness and distinctive patterns in each region, in accordance with local culture and customs.

Woven fabrics known by consumers mainly come from Palembang, with a combination of bright and striking colors of woven fabrics devoted to noble families. This woven ikat fabric from Palembang has a red base color with gold-colored thread decoration. These two colors strongly display the impression of luxury and elegance. In addition to Palembang, another woven fabric producing area in the Sumatra region is North Sumatra, which is called ulos fabric. This woven fabric is usually dominated by neutral colors such as red, black and white complemented by gold and silver colored threads. Bali and East Nusa Tenggara are also producing areas of woven fabrics with similar patterns and motifs. Both regions use woven fabrics for the benefit of community religious rituals so that the types and motifs are very thick with local culture.

This diversity is Indonesia's main capital as a foreign fashion center. This potential should then be mapped and managed better to be consumed by both domestic and international consumers. Based on the results of a study by the Center of Reform on Economics Indonesia (CORE) said that there was an increase in the number of

consumers and people's spending power. This is of course with the advancement in technology, especially e-commerce, creating various potential and business opportunities in attracting consumer interest.

The e-commerce world plays an important role in the progress of the Indonesian fashion industry, reinforced by the presence of influencers among celebrities who appear wearing hijab. Currently, the fashion of Muslim clothing is in great demand by the public. For Muslims, wearing clothes that cover the aurat is an obligation in addition to maintaining aspects of cleanliness and aesthetics and other dressing manners. The rapid development of the e-commerce fashion industry reflects the interest of consumers, so that the Indonesian fashion industry is gradually able to support domestic needs and has the potential to step into the international world.

Mapping that can be done in the domestic halal fashion industry in addition to determining the materials or materials and traditional motifs that will be used as the identity of the archipelago also needs to be strengthened by the role of modern fashion models or patterns that need to be highlighted. For consumers, in addition to worship and comfort in dressing, the aesthetic element in dressing becomes the main focus in spending their funds to obtain clothing that suits their needs.

Furthermore, in order to take a bigger role, efforts are needed to increase the utilization of potential resources, halal fashion production, and traceability process. The initiation of Islamic Fashion Institute (IFI) in Bandung as one of the first Muslim fashion education institutions in the world needs to be appreciated. The existence of Muslim fashion educational institutions produces quality Muslim fashion designers, thus further encouraging Indonesia's role in the global Muslim fashion scene. The survey results show that the level of public awareness on halal fashion is high (89.2%). On the other hand, public preference for the importance of halal fashion is not the main factor. The main factors in choosing fashion

products are comfort, quality products, and price.

Furthermore, the results of export-import analysis based on data from the Ministry of Trade in 2014-2019 show that the potential needs of the fashion sector are always in a net export position (the value of exports is higher than imports). This potential should be a strength for Indonesia in developing the halal industry in the fashion sector. Based on these data, the challenge in developing the halal fashion sector is to maintain the strength of net exports in the fashion sector. The support needed is to guarantee the availability and certainty of halal fashion raw materials sourced from halal substances and avoid contamination of non-halal substances. In addition, process traceability is needed from raw materials to finished products, so that the Muslim market can guarantee the halalness of Muslim fashion products.

4. Halal Finance Sector

Banking, whose main activity is in the financial sector, will be of great value if it creates products that support the empowerment of halal food. In the community, understanding of halal products is still minimal. In 2016, public understanding of Islamic banking products was still low, as reflected in the national survey of financial literacy and inclusion conducted by the financial services authority of 11.6 percent (Bagus and Irary 2017). This research is reinforced that Islamic banking has not been able to provide a new perception of the banking product itself. This is an activity that can be played by banks to strengthen Islamic banking products. It can be through competitions, or holding events to introduce healthy and nutritious halal food products. The economic functions of financial institutions are providing a variety of financial services needed by the economy. Because every financial institution is a system, it needs a good system approach. This system has been implemented by Bank Indonesia (Yustati 2017).

Bank Indonesia considers it important to grow the economy through Islamic finance. The development of Islamic economics and finance is expected to be an effort that strengthens the structure of the economy and global financial markets. To increase the role and contribution of Islamic economics and finance globally and nationally, it is very necessary to be supported by all parties, both those who make policies, economic actors and from the world of education. Bank Indonesia as a member of the National Committee for Islamic Finance (KNKS) works closely with relevant ministries and synergizes cross-sectoral programs to achieve goals that make Islamic economic and financial activities a new source of national economic growth (Ali, 2016).

Islamic financial institutions must encourage halal industry financing, especially micro and medium enterprises. Each sector has its own corridor. Financial institutions already have rules, namely law number 21 of 2008 concerning Islamic banking and halal products also have rules, namely law number 33 of 2014 concerning halal product guarantees. These two things must be combined so that economic balance can be achieved. If the halal industry is assisted in terms of funding by Islamic financial institutions, the Muslim community, which is the largest share in Indonesia, will be more stable in determining the level of halalness.

In order to develop halal financial institutions in Indonesia, this halal industry opportunity can be captured, especially halal food home industry players, namely by providing loans to halal food business actors. Not letting these business actors borrow from conventional financial institutions (Ali, 2016).

5. Halal Cosmetics Sector

The State of Global Islamic Economic Report 2019-2020 states that the world's consumption of halal cosmetics reaches USD 64 billion with a growth rate of 4.9% per year. Indonesia is the country with the

2nd largest world consumption of halal cosmetics worth USD 4 billion. Currently, world exports of cosmetic products are dominated by France, UAE and Germany. The State of Global Islamic Economic Report 2019-2020 states that the world's halal pharmaceutical consumption reached USD 92 billion and grew 5.7% per year. For this halal pharmaceutical product, Indonesia's consumption reached USD 5 billion or 4th place with the world's pharmaceutical consumption. Exports of pharmaceutical products are still dominated by Germany, France and India.

Furthermore, this information shows that there are opportunities in the halal pharmaceutical and cosmetic industry sector for business actors in Indonesia. Interest in halal pharmaceutical and cosmetic products is indicated by the level of public awareness of the need for halal pharmaceutical and cosmetic products with high numbers (93%). In choosing pharmaceutical and cosmetic products, the halal factor is the main consideration. This means that people need pharmaceutical and cosmetic raw materials that are guaranteed halal with halal labels in the product.

Commodities that always experience net imports from 2014 to 2019 are Albuminoidal substances, Essential oils and resinoids, Inorganic chemicals Organic chemicals, pharmaceutical products, Soap, organic surface-active agents, washing, and lubricating preparations, artificial waxes, prepared waxes, polishing or scouring. Challenges in the development of the halal pharmaceutical and cosmetic sector are the lack of traceability of domestic drug raw materials, the lack of industrial suppliers drug raw materials upstream, the lack of policies that favor the development of the domestic pharmaceutical raw material industry, and the unfocused development of the pharmaceutical and cosmetic sectors oriented towards the development of halal raw materials and substitutes.

Therefore, it is necessary to expand the scope and deepen the action plan for the development of pharmaceutical raw

materials, vaccines, halal biopharmaceuticals with the priority of developing research and investment in the field:

- Substitution of halal pharmaceutical raw materials and vaccines (active pharmaceutical ingredients and excipients);
- Expansion of the scope of CPOB (good drug manufacturing methods) which includes the application of HACCP (Halal Critical Control Point) in at least four halal critical areas: raw material sources, production processes, logistics, and retail regulations;
- Development of cold chain logistics supporting the pharmaceutical industry; and
- Development of halal industrial estates related to pharmaceuticals and cosmetics, so as to achieve economies of scale in production.

6. Halal Pharmaceuticals Sector

In this case, the challenge faced by the pharmaceutical industry related to the halal industry is the insight of the workforce in the industry into the practices and implications of the halalness of a product. This is because knowledge about the halalness of a product has not been taught deeply and comprehensively.

In this case, many people separate themselves between general knowledge and science as learned in the pharmaceutical world with religious knowledge. There needs to be collaboration between religious experts and scientific experts so that the pharmaceutical industry can formulate precisely what types of medicines can be guaranteed halal by branding strongly to the public about the quality of halal medicines.

There are still not many companies that certify the halalness of their products. In this case there are only 53 companies or 26% of the total pharmaceutical companies that have certified. This product includes medicinal products that have guaranteed processes and ingredients. In this case, research on pharmaceutical certification is still ongoing. was a decline in line with the

issuance of derivative regulations of the JPH Law, namely Government Regulation (PP) No. 39 of 2021 concerning the Implementation of the Halal Product Guarantee Field. From 1,891 medicinal products in 2019, to 830 medicinal products in 2020. Article 141 paragraph 1 of the PP states that there is a staging of halal certified obligations for drugs, with the longest period until 2034 for hard medicinal products.

The government does provide deadlines for business actors to implement halal product guarantee regulations. Especially for medicinal products that take place in stages. However, we as drug users want all drugs to be halal certified immediately in order to realize peace of mind when consuming them. One of the factors that has led to the large potential of halal pharmaceuticals in Indonesia is the growing Muslim population. With the increasing Muslim population in Indonesia, the demand for drugs will also increase. In addition to the increasing Muslim population, another factor is the change in weather that difficult to predict due to global warming, the increasing number of active workers who have to work overtime, so they need to take vitamins and supplements to keep their bodies healthy.

Although Indonesia has great potential in the halal pharmaceutical sector, there are still many challenges that occur and become obstacles in the development of halal pharmaceuticals in Indonesia. The challenges that occur in the halal pharmaceutical sector in Indonesia, namely the lack of traceability of domestic medicinal raw materials, the lack of industries that supply drugs upstream, the lack of policies that favor the development of the pharmaceutical raw material industry, and the limited number of halal-certified medicinal products. The halal pharmaceutical industry has great potential to continue to grow, this is supported by the rapid increase in the Muslim population in the world. Even by 2050, the total population of the earth who embrace Islam

is predicted to be 2.8 billion people or about one third of the world's population. The increase in the world's Muslim population makes the demand for halal pharmaceuticals also increase because there will be more people who need halal medicines. And it is hoped that the challenges that occur in the halal pharmaceutical industry can be resolved immediately so that world halal pharmaceuticals can develop faster.

In implementing Law No. 33 of 2014 concerning halal certification, the pharmacist as someone who has expertise in the preparation, distribution, and storage as well as in ensuring the effectiveness and safety of drug use, is responsible, both legally and morally to ensure that drugs circulating and used by the Muslim community are halal and holy. For this reason, in the future, halal drug production guidelines are needed that are compatible with good manufacturing methods (CPOB) (because there are no specific halal drug production guidelines, still using the HAS 23000-MUI Halal Assurance System). These guidelines must be related to and can adopt part or all of the international halal drug production guidelines that are already in effect.

Another challenge faced by the Indonesian halal industry is the impact of changes in the structure of the Indonesian population stemming from the demographic bonus. Demographic bonus data projects that in the period 2030-2040, the productive age group will reach 64% of the total population.¹⁵ The larger productive age group will have an impact on increasing demand for halal products. This raises the challenge of the national halal industry to meet the demand for halal products so that they are not taken by halal industry business actors from other countries. Thus, the demographic bonus should be a motivation for Indonesian halal business actors to become leaders in the global Sharia economic market.

As for the micro level, there are challenges that have an impact on the not optimal supply of halal products. The challenges are as follows:

- Not optimal utilization of Indonesia's potential resources (raw materials);
- Not optimal utilization of production technology for halal industrial goods and services;
- The competitiveness of Indonesian MSMEs is still not strong, especially regarding expertise, production continuity, production quality and production quantity.
- The level of awareness and literacy of halal products and services is not yet uniform among producers.

In terms of market demand, the diversity of understanding of halal products raises new challenges for business actors to segment the market based on people's understanding and preferences for halal products. Apart from the supply and demand aspects, the halal ecosystem requires protective and promotive government regulations and incentives. From the aspect of supporting systems, it is necessary to expand the infrastructure of halal industrial and logistics areas that focus on fulfilling the criteria halal. In addition, Indonesia is also far behind in research on substitution of non-halal materials and imported goods. To overcome the gap between the strengths and challenges of the Indonesian halal industry, it is necessary to develop and incentivize national strategies in meeting the needs of the domestic halal market to realize the ideal of being a leader in the global Islamic economic market.

Indonesian Halal Industry Strategy

Furthermore, the National Strategy for the Development of the Indonesian Halal Industry, was prepared as one of the strategic implementations to realize the vision of the Indonesian Halal Industry, namely: "To make the halal industry and Islamic economy the main pillar of the national economy and an important part in realizing the nation's aspirations as a sovereign, independent, just, prosperous and civilized country".

Furthermore, the Halal Industry Mission is as follows:

1. Achieving national economic stability through independence over the fulfillment of consumption of halal products from within the country;
2. Improve the quality and competitiveness of products / services from the Indonesian halal industry in achieving a trade balance surplus and increasing Indonesia's competitiveness in world trade; and
3. Making Indonesia a leader in the development of the world halal industry with a trusted and inclusive assurance system.

The halal industry development strategy is built by considering:

- i) vision and mission of developing Indonesia's halal industry,
- ii) conditions and potential of the Indonesian and global halal markets,
- iii) halal industry ecosystem framework and gap analysis in Indonesia.

DISCUSSION

1. The obligation of halal certification for all products circulating and marketed in Indonesia is also a form of protection against the entry of materials / industrial products from abroad that are not halal certified, which can then become a competitive advantage of the domestic halal industry.
2. The existence of MUI which oversees all Islamic mass organizations and unites religious opinions including halal fatwa into one voice through MUI fatwa.
3. Indonesia also has Halal Standards in the form of a Halal Guarantee System / Halal Product Guarantee System which is a technical translation of the MUI fatwa, which has become a reference for several world halal certification bodies.

CONCLUSION

This research entitled Study of Halal Ecosystem Improvement in Review of Halal Product Regulations includes the following points:

1. Halal food or halal food is one of the halal ecosystems that reflects on halal products. The halal food industry is one of the most potential halal industries to be developed. According to Bank Indonesia data, the potential of the halal food industry in 2023 reached USD 1.8 trillion [12]. Along with the increasing number of Muslims in the world, which has now reached 1.84 billion or around 24.4 percent of the world's population. This is because not only Muslims as connoisseurs of halal food, but also sought after by non-Muslims.
2. The Tourism sector or halal tourism is a sector with economic value. In the world Islamic economic market, the performance of Indonesia's halal tourism industry ranks 4th after Malaysia, UAE, and Turkey. This shows that Indonesian halal tourism has met the needs of global halal tourism.
3. The third halal industry sector is halal fashion. The concept of halal in the fashion world means the use of clothing with the guidance of Muslim dress code, meaning that the clothes produced must be able to cover the aurat for both male and female consumers who have different standards for covering the aurat. Primarily, the halal concept must not reveal the aurat, not show the shape of the body and not be transparent as religious guidance.
4. Islamic financial institutions must encourage financing of the halal industry, especially micro and medium enterprises. Each sector already has its corridor itself. Financial institutions already have rules, namely law number 21 of 2008 concerning Islamic banking and halal products also have rules, namely law number 33 of 2014 concerning halal product guarantees.
5. Indonesia is the country with the 2nd largest world consumption of halal cosmetics worth USD 4 billion. Currently, world exports of cosmetic products are dominated by France, UAE and Germany. The State of Global

Islamic Economic Report 2019-2020 states that the world's halal pharmaceutical consumption reached USD 92 billion and grew 5.7% per year. For this halal pharmaceutical product, Indonesia's consumption reached USD 5 billion or 4th place with the world's pharmaceutical consumption. Exports of pharmaceutical products are still dominated by Germany, France and India.

6. The challenge faced by the pharmaceutical industry related to the halal industry is the insight that the workforce in the industry has into the practice and implications of halal products. This is because knowledge about the halalness of a product has not been taught in depth and comprehensively.

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