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## Challenges of Indonesian Halal Industry in the Digital Economic Era

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Article	Abstract
<p><b>Keywords:</b> <b>Digital Economy; Halal and Tayyib Food; Halal Industry; Muslim Population.</b></p> <p><b>Article History</b> Received: Oct 28, 2020; Reviewed: Jun 17, 2022; Accepted: Jul 14, 2022; Published: Jul 31, 2022.</p> <p><b>DOI:</b> 10.28946/slrev.Vol6.Iss2.869.pp319-335</p>	<p>Food is the most important basic human need, and its fulfilment is part of the human rights of every Indonesian people. Food must always be available in a sufficient, safe, quality, nutritious, varied manner at a price that is affordable by people's purchasing power and is halal given the religion and beliefs of the community, especially Muslims. The awareness of Muslim consumers in Indonesia regarding halal products continues to increase. However, there are interesting facts about the current pattern of fast food and beverages consumption due to technological advances in today's digital economy. This article examines the challenges of the Indonesian halal industry in the digital economy era. The method used in this study is a juridical or normative approach, such as an approach to legislation and literature relevant to the halal industry. As a result, the law on halal product guarantees emphasises that the challenge for the Indonesian halal industry in this digital economy era is the obligation of halal certification for all food and beverage products. Unfortunately, the regulation is not serious enough to be enforced by the government because it is not supported by the ease and low cost of making a halal certification, coupled with a lack of public awareness. So the halal industry in the form of fast food and beverages in Indonesia, especially in today's digital economy, is still difficult to obtain. Thus, to obtain a halal food and beverage industry in this digital economy era, the alternative is that there must be a special institution that issues and supervises halal certification of food and beverage products that will circulate in the community and synergise with the government.</p>

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### INTRODUCTION

Food<sup>1</sup> is the most basic human need, and its fulfilment is part of the basic rights of every Indonesian people. Food must always be sufficiently available, safe, quality, nutritious, and diverse

<sup>1</sup> Food is anything that comes from biological sources of agricultural products, plantations, forestry, fisheries, livestock, and water, whether processed or not processed, which is intended as food or drink for human

at affordable prices by the community's purchasing power and does not conflict with the community's religion, beliefs and culture.

The Holy Qur'an explains that the activity of consuming something does not just stop at the concept of halal but also tayyib. Therefore, the guarantee of halal products is important<sup>2</sup>. As confirmed in verse with the meaning "And eat the lawful again both of what God has sustained to you, and fear the God you believe in Him." (Q.S. Al-Maidah [5]: 88). Also, in another verse which means: "Then eat the lawful again from the good fortune that God has given you; and give thanks (for) the favour of Allah, if you only worship Him." (Q. An-Nahl [16]: 114).

Halal Product Guarantee (Jaminan Produk Halal (JPH) is the legal certainty of the halal status of a product as evidenced by a Halal Certificate. Halal certification can also increase added value and product competitiveness. Halal certification is a plus, so it is expected to be able to spur the business world, especially micro, small, and medium enterprises. The purpose of halal certification is to care for halal. "That business operators provide halal services is not only due to formal (government) obligations but religious obligations. So, giving halal guarantee is worship".

Halal certification in Indonesia has been running so far and has quite a lot to play in efforts to protect consumers. As it is known, in Law Number 8 of 1999 concerning Consumer Protection, in particular Article 4 letter (a), it is explained that consumers have "the right to clear, truthful and honest information regarding the conditions and guarantees of goods and/or services."

Based on that statement, it can be concluded that consumers are given the right to obtain the necessities of life from the money spent, which is appropriate or not contrary to their beliefs. Indeed, it does not say the need to explain food halal specifically, but halal information is part of the information that must be explained.<sup>3</sup> In Islam, there are sharia principles known as the concept of halal and haram. This concept is currently developing into a global halal industry<sup>4</sup> because halal is an important factor that must be considered by Muslims (Muslim) in choosing food and drinks.<sup>5</sup>

The casual and constitutional basis for halal guarantees is Article 29 paragraphs (1) and (2) of the 1945 Constitution, which mandates that the state guarantee the independence of each population to embrace their respective religions and to worship according to their religion and beliefs. To guarantee that every religion adheres to worship and practices its religious teach-

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consumption, including food additives, food raw materials and other materials used in the process of preparing, processing and/or making food or drinks (Article 1 number 1 of the Law No. 18 of 2012 concerning food).

<sup>2</sup> Muhammad Cholil Nafis, 'The Concept of Halal And Tayyib and Its Implementation In Indonesia', *Journal of Halal Product and Research*, 2.1 (2019), 1–5 <<https://doi.org/10.20473/jhpr.vol.2-issue.1.1-5>>.

<sup>3</sup> Agus Triyatna, *Islamic Economic Law from the Politics of Islamic Economic Law to Institutions of Islamic Economics* (Yogyakarta: FH UII Press, 2012).

<sup>4</sup> Ro'fah Setyowati and Bagya Agung Prabowo, 'Sharia Principles in the Financial Services Authority Regulation on Dispute Settlement Alternatives', *Sriwijaya Law Review*, 5.1 (2021), 56–70 <<https://doi.org/10.28946/slrev.Vol5.Iss1.864.pp56-70>>.

<sup>5</sup> Juni Ekowati and others, 'Increasing Community Empowerment through the Promotion of Halal Lifestyle and the Critical Point of Halal Food in the Young Generation', *Journal of Halal Product and Research*, 3.1 (2020), 43–50 <<https://doi.org/10.20473/jhpr.vol.3-issue.1.43-50>>.

ings, the state is obliged to provide protection and guarantees about the halal products that are consumed and used by the community.<sup>6</sup>

The halal industry is currently becoming the belle at the global level. The global Muslim population, which accounts for around 24.1 per cent of the world's population or around 1.8 billion people, is growing rapidly, causing demand for halal products.<sup>7</sup> According to the Global Islamic Economy Report, 2018/2019, released by Thomson Reuters, global Muslim population expenditure on food and beverage products grew at 6.1 per cent and is estimated to reach 1.9 trillion US dollars in 2023. In the same release, Indonesia is estimated to represent 13 per cent of the population of Global Muslims in 2015 and is the country with the largest Muslim population in the world.<sup>8</sup>

Currently, the awareness of Muslim consumers in Indonesia and the world about halal products continues to increase. On the other hand, the people can also be a pressure force to obtain their rights as consumers to obtain halal products.<sup>9</sup> People can affirm that they will only consume halal-certified products, which confirms that the product is not only health-safe but also consumed. If this movement is massive, producers will certainly fulfil these consumer rights.<sup>10</sup>

Quoting the 2016/2017 Global Islamic Economy Indicators (GIEI), there are seven main pillars of the Islamic economic ecosystem, five of which relate to halal, namely halal food, halal travel, halal media and recreation, and halal pharmaceuticals and cosmetics. Two other indicators are Islamic finance and modest fashion.<sup>11</sup> The era of the industrial revolution 4.0 today has changed the system of the business world and the pattern of public consumption services based on technology. This is in line with the development of the industrial revolution 4.0, where there are new models in the field of transportation that are carried out digitally, such as online motorcycle taxis and online taxis. So that with technological advances in this era of industrial technology it has provided many conveniences and services to the community.<sup>12</sup>

There are interesting things in today's food and drink consumption of the Indonesian population, along with the advancement of digital technology that encourages people to consume ready-made food. The emergence of the digital economy is an excess of the industrial revolution 4.0. In general, the digital economy emphasises economic activities that use technology as a key factor of production and modern information networks as an inseparable part.<sup>13</sup> Although the level of awareness and interest of the Muslim community toward halal products has increased, there is still a need to understand the importance of transactions according to Sharia.<sup>14</sup>

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<sup>6</sup> Considerations of the JPH Law.

<sup>7</sup> Imam Wahyudi Indrawan and Ana Toni Roby Candra Yuda, 'Five Years of the JPH Law', *Republika Daily*, 2019, p. 8.

<sup>8</sup> Indrawan and Yuda.

<sup>9</sup> The *Republika Daily*, 'Developing Optimism', 2019, p. 6.

<sup>10</sup> *Daily*.

<sup>11</sup> Rahmad Hakim, 'Quo Vadis Halal Industry', *The Republika Daily*, 2018, p. 6.

<sup>12</sup> Mita Mutiarazora, 'Tranformasi Ekonomi Berbasis Digital', *Journal of Economics and Regional Science*, 1.2 (2022), 84–96 <<https://doi.org/10.52421/jurnal-esensi.v1i2.189>>.

<sup>13</sup> Azhar Syahida, 'RI Digital Economy 2045', *Republika Daily*, 2019, p. 7.

<sup>14</sup> Wahyu Setyorini and others, 'Opportunities and Challenges Halal Marketplace in Indonesia', *Journal of Halal Product and Research*, 4.2 (2021), 90–97 <<https://doi.org/10.20473/jhpr.vol.4-issue.2.90-97>>.

The authenticity of this article is a discussion of the challenges of the Indonesian halal industry in the era of the digital economy, namely the obligation of halal certification for all food and beverage products. Thus, business actors who produce and trade food products in Indonesia must be certified halal and have a halal logo printed on their packaging are necessary as a strong legal umbrella for the government authorised to regulate halal products in Indonesia.

## RESEARCH METHODS

This study uses a statutory approach in normative legal research. This approach analyses legal norms related to the halal industry in the current digital economy era and business actors or producers who do not comply with the provisions of halal production. Primary data are the 1945 Constitution, Law Number 33 of 2014 concerning Guaranteed Halal Products, and Law Number 8 of 1999 concerning Consumer Protection. This study uses secondary data about the civil law system in Indonesia. Secondary data consists of primary legal materials, such as Law Number 33 of 2014 concerning Halal Product Guarantee and Law Number 8 of 1999 concerning Consumer Protection. Meanwhile, secondary sources of legal materials are law books, legal journals, and articles related to the Indonesian Halal Industry.

## ANALYSIS AND DISCUSSION

### Opportunities for Halal Product Industry in the Digital Economy Era

Healthy living resolutions echoed in recent times have not reduced market share in the food and beverage business, especially fast food. Instead, it is an opportunity to provide healthy food and drinks. The food and drinks consumed must contain various kinds of nutritional content that can support the process of human life. The level of public health can optimally increase with the implementation of hygienic and halal food<sup>15</sup>, including for baby food, starting to mushroom organic baby porridge sold every morning in many areas. Likewise, a catering service that serves food includes weekly diet foods with specifications according to health or customer diet programs. Furthermore, it was emphasised that several sectors, such as the traditional medicine and supplement industry, could develop further along with the increase in demand. Indonesian consumers are very happy consuming herbal medicines, so this is a different opportunity for halal industry players.<sup>16</sup> Likewise, for young or millennial homemakers who do not have a *passion* for cooking, cooking activities take up their productive time. Time for pressing prefers to be filled with self-actualisation, such as reading, writing, designing, selling online, and opening up business opportunities for food and beverages.

By utilising digital technology, all of these hobbies can now make money. In fact, many millennial families are willing to pay a higher price for consuming homemade food. Moreover, it is increasingly difficult to get household assistants who can help clean and tidy up the house. The wages of household assistants are getting higher, but their availability is increasingly difficult to obtain. With the economic level of the Indonesian population increasing, the demand for household assistants is also higher. While the offer is increasingly limited. Even today, women

<sup>15</sup> Andriyani Andriyani, 'Kajian Literatur Pada Makanan Dalam Perspektif Islam Dan Kesehatan', *Jurnal Kedokteran Dan Kesehatan*, 15.2 (2019), 178–97 <<https://doi.org/10.24853/jkk.15.2.178-198>>.

<sup>16</sup> 'Halal Industry Has Opportunities in the Middle of Pandemic', *Republika Daily*, 2020, p. 14.

with little education prefer to work in the trade, accommodation, and food security sectors rather than as household assistants. On the other hand, few millennials make cooking activities a *passion* that can bring income and profits. Especially in the digital era like now, opening a food and beverage business does not have to provide a *full-service* kitchen and restaurant.

At present, the need for healthy food and beverages is increasing because every human being needs them in this hemisphere. Because every human being, whatever their religion and beliefs, must need food and drink for survival. Moreover, to survive in life biologically and be healthy in the physical body and soul, the food and drink consumed must be halal and tayyib because all that halal undoubtedly brings good and benefit.<sup>17</sup> In addition, the current era of digital technology has encouraged (Usaha Mikro Kecil dan Menengah UMKM) to market their products without having to rent a place or pay for waiters.

The variety of facilities and practicality is driving the growth of the accommodation sector and the supply of food and beverage, which always shows a positive trend every year. In 2018, the growth of this sector will reach 5.66 per cent or higher than the average national economic growth. With this growth, accommodation and food and beverage providers have become the most open jobs in the past year (0.76 million people).<sup>18</sup> Thus, changes in consumption patterns in the industrial era 4.0 or the digital economy today have created a variety of business opportunities or halal food and beverage industries that generate profits for anyone who wants to capture them. Such lucrative opportunities from the halal business, the Islamic financial industry, and its series of events make all countries want to win these savoury coffers of business and industry. The halal tourism industry also continues to be targeted by many countries. They compete to capture the maximum number of tourist visits, including from special Muslim travel and tourism segments.<sup>19</sup>

These Muslim tourists naturally require additional special services compared to other traditional tourists. Muslim tourists always need food and drink that is guaranteed in terms of quality and halal. They always want to try a variety of foods from other countries. However, there are mandatory requirements that they must consider before choosing and enjoying a variety of foods. The food must be halal.<sup>20</sup> Maintaining the quality of halal food products (*halal integrity*) is one way to compete with other countries in the halal food industry<sup>21</sup>.

According to Crescent Rating HalalTrip Founder & CEO Fazal Bahardeen, more than 230 million Muslim tourists are expected to be scattered to travel, locally and abroad, in 2026. Muslim travellers are expected to inject 300 billion US dollars into the global economy at that time. This figure can be achieved because the Muslim travel market has recently experienced significant changes. This is mainly driven by the rapid rise in technological innovation, increasing enthusiasm for social activities, and changing tourist demographics worldwide. This development has caused the industry to change operations in response to the emerging environment.<sup>22</sup>

<sup>17</sup> Ma'ruf Amin, 'Islam Forbids the Good and Forbids the Bad', *Halal Journal*, 104, 2013.

<sup>18</sup> Tasmilah, 'Consumption Patterns in Era 4.0', *Republika Daily*, 2019, p. 8.

<sup>19</sup> 'Compete Tight', *The Republika Daily*, 2019, p. 19.

<sup>20</sup> 'Attract Muslim Tourists', *The Republika Daily*, 2019, p. 18.

<sup>21</sup> Faqiatul Mariya Waharini and Anissa Hakim Purwantini, 'Model Pengembangan Industri Halal Food Di Indonesia', *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah*, 9.1 (2018), 1–13 <<https://doi.org/10.18326/muqtasid.v9i1.1-13>>.

<sup>22</sup> Waharini and Purwantini.

Stretching Muslim tourism will impact increasing foreign exchange. Expenditures by Muslim travellers are expected to increase to 220 billion US dollars by 2020, with the number of Muslim tourists growing to 156 million in 2017 from 121 million in 2016. Halal tourism presents a huge and profitable opportunity for Indonesia to diversify its economy. Muslim travel continues to be one of the fastest growing market segments and will become one of the largest travel market segments, with one out of every three people becoming Muslim by 2050 to come.<sup>23</sup>

By 2018, there were 140 million global Muslim visitors. This number is expected to grow to 230 million Muslim visitors in 2026. Overall global travel expenses from Muslim travel will penetrate the US \$ 300 billion. Indonesia has several comparative advantages, including having the world's largest Muslim population, core infrastructure, many beaches, cultural diversity, and beautiful heritage. Therefore, its position is right to become a global halal tourist destination.<sup>24</sup>

The halal industry requires synergy between smart technology and professional business people. They must become more familiar with the needs of Muslim consumers. Indonesia must work more seriously in this halal (tourism) industry. Malaysia is also determined to be the leader in this sector. "This sector is growing rapidly every year, with more than 165 million Muslims worldwide expected to book trips and visit their choice of destinations next year."<sup>25</sup>

### **The Challenges of the Halal Industry in the Era of the Digital Economy**

Despite the many opportunities of the halal industry, however, so far, Indonesia's position in the global halal industry arena has not been significant. According to a Thomson Reuters release, Indonesia is not yet among the top 10 countries with the best performance in the halal food sector or halal pharmaceuticals and cosmetics. In fact, Indonesia lost to Brazil (ranked 3) and Australia (ranked 6) in the halal food sector and Singapore (ranked 3) in halal pharmaceuticals and cosmetics<sup>26</sup>, which incidentally are not countries with a majority Muslim population.

Indonesia with the largest Muslim population, but the halal industry, which is not yet strong, has the potential only to be consumers and viewers in their own country. Actually, Law Number 33 of 2014 concerning Halal Product Guarantee (JPH Law) and the Government of the Republic of Indonesia Regulation on Implementing Regulations of JPH Law Number 31 of 2019, which was ratified and signed by President Joko Widodo on April 29, 2019, is expected to be able to strengthen Indonesia's position in working on a huge halal industry economic cake. However, despite having a legal umbrella in the form of the JPH Law and the JPH PP, the national halal industry still faces several challenges in the country, even more so when speaking more at the international level.

These challenges: **First**, in terms of products in circulation, there has not been legal certainty of halal status because there are still many products in circulation which do not yet have halal certification. In fact, Article 67 of the JPH Law mandates that five years after the JPH Law was enacted, which means that in 2019, all products circulating and traded in the Indonesian territory must be halal certified. **Second**, the government does not yet have a long-term

<sup>23</sup> 'Catching Muslim Tourists', *Republika Daily*, 2019, p. 18.

<sup>24</sup> 'Catching Muslim Tourists'.

<sup>25</sup> 'Catching Muslim Tourists'.

<sup>26</sup> Indrawan and Yuda.

plan that contains the vision of developing the national halal industry. In fact, Indonesia is the world's halal industry market share. Reflecting on Malaysia, the country had a Halal Master Plan in 2008.

Its vision is to make Malaysia 2020 the centre of the halal world and halal a new source of the Malaysian economy. Then followed by the formation of supporting institutions and activities, such as the Halal Development Corporation (HDC), several halal research centres at the university level to the annual activities of the Malaysia International Halal Showcase (MIHAS).

The response can be seen with the opening of several industrial study programs or halal products in several Malaysian universities. University Sains Islam Malaysia (USIM) has opened muamalat administration study programs (halal products). The Malaysia University of Technology opens a master of the philosophy study program (halal science). Furthermore, the University of Putra Malaysia (UPM) opened *a master of science program in halal products management, halal products science, halal products development, and Sharia and halal laws*. Then do not miss it at the International Islamic University Malaysia (IIUM), which has opened *a master of arts study program in halal industry management, a master of science in halal industrial science, and halal industry*. The study program opened is a master's degree (S-2), and even on the last two campuses (UPM and IIUM), doctoral programs for the halal industry have been opened.<sup>27</sup>

Based on the latest data in Indonesia, only two institutions have established halal study programs, namely the University of Djuanda Bogor with halal food study programs and UIN Walisongo, which is opening halal management study programs. In addition, several halal study centres on halal products or food or halal inspection institutions. Like in ITB, UMM, Brawijaya, the last at STP Bandung which opened a halal tourism center.<sup>28</sup>

The contribution of this study centre cannot be considered small. The establishment of halal study programs will also have a wider impact on the supply of human resources to develop the halal industry in Indonesia, especially if Indonesia wants to be the world's halal centre. If the prospect of the halal industry is indeed good, it never hurts to clean up immediately. Of course, by involving the roles of various parties.

**Third**, building the scale of the halal industry economy. This can be seen at least from three sides: the cost of halal certification, halal industry linkages, Islamic finance, and research and development in halal.

Regarding the issue of halal certification costs, it is expected that the cost of halal certification that is affordable and fast as mandated by the JPH Law can be realised. As expected by the Indonesian Food and Beverage Entrepreneurs Association (Gabungan Pengusaha Makanan dan Minuman Indonesia Gapmmi), the Government Regulation on Halal Product Guarantee (PP JPH) can be more responsive and uncomplicated. Because all this time, the food and beverage industry players find it difficult to arrange halal certificates. So far, the small and medium industry has not yet conducted halal certification because of the high cost. In fact, small and medium industries require the naming (*branding*) of the legality of halal even though they have applied the halal aspects.

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<sup>27</sup> Hakim.

<sup>28</sup> Hakim.

The opportunity for various halal guarantee institutions to stand is expected to be able to encourage the efficiency of halal certification while still paying attention to the quality of certification. Without the efficiency of halal certification, the high cost of halal certification can reduce the competitiveness of products circulating in Indonesia, and the obligation of halal certification becomes a burden for the industry.

In terms of the relationship between the halal industry and Islamic finance, there is no obligation for Islamic banks to support the halal industry in terms of capital or for the halal industry to be encouraged to obtain financing from the Islamic financial industry particularly Islamic banking. Integrating the halal industry with the Islamic financial industry is necessary with various incentives and instruments, both in the form of facilities, as well as generosity, and the need for regulations and legal instruments.<sup>29</sup>

It is hoped that the *master plan* and governance of the Islamic financial industry and halal industry can be implemented so that by 2020, Indonesia can whip up the Islamic finance industry and the halal industry to become the world's leading. The Halal industry, among other industries, requires innovation to provide higher added value for consumers. Without a strong commitment to research and development, particularly in budgeting, Indonesia's lagging in the halal industry sector will be difficult to pursue. Therefore, the development of the halal industry must not only focus on the certification issue. However, the halal industry must also be directed at strengthening the role of the halal industry for an innovative national economy in the future. Moreover, changes in consumption patterns in the 4.0 era have created a variety of business opportunities that generate profits for those who want and can capture them.

**Fourth**, the government should be present as a public servant who should support the production, distribution and consumption of halal products by preparing an adequate halal product infrastructure. Because halal products are becoming global demand, distribution facilities, such as cargo and ports, must be controlled according to halal procedures.

**Fifth**, which is no less important, is the existence of a supervisory agency to crack down on violations that occur, especially by businesses or producers who do not meet the rules of halal production provisions. Because many rules will become a 'paper tiger' (The term refers to a thing or person that is claimed or appears strong or threatening but is ineffective and unable to accept challenges) because it is not accompanied by supervision and strict sanctions. The Police and the Food and Drug Supervisory Agency (BPOM) can be authorised to oversee halal products.<sup>30</sup>

The complexity of implementing the JPH Law will be unravelled if each party plays an optimal role and gets an adequate understanding. Indonesia's strong network of actors and consumers of halal products is a real challenge. Indonesia has many qualified human resources to overcome this. The government's commitment remains to synergise the roles of various parties. Hopefully, the opportunities and challenges of halal products will further enhance the competitiveness of Indonesian products in the 4.0 era. All that remains is (how to) law enforcement efforts and the protection of consumer rights to the certification and labelling of halal products.

<sup>29</sup> Ikhsan Abdullah, 'Halal Industry Stagnation', *Republika Daily*, 2018, p. 6.

<sup>30</sup> Sucipto, 'Mainstreaming Halal Education', *Republika Daily*, 2018.



### Legal Assurance of Halal Industry in the Digital Economy Era

In Indonesia, the provisions regarding law enforcement and consumer protection have been listed in the opening of the 1945 Constitution of the Unitary Republic of Indonesia (1945) Article IV, which mandates that the Indonesian state protect all the people of Indonesia and all Indonesian blood. So it is clear that as an Indonesian nation, consumers deserve to get legal protection.

The appearance of consumer organisations in Indonesia is motivated by the many problems that concern and harm consumers, while the position of consumers is very weak.<sup>31</sup> The issue of consumer protection began to be heard in the 1970s, marked by the birth of the Indonesian Consumers Foundation (YLKI) in May 1973. Historically, this foundation was initially concerned with self-awareness of promotions that facilitate domestic goods.

Apart from that, due to the weak position of consumers, it must be protected by law. The purpose of the law is to provide protection to the community. Society feels unhappy if the law only protects and gives freedom to individuals and does not pay attention to people's happiness.<sup>32</sup>

With the existence of law enforcement and protection of consumer rights, it will provide benefits to consumers as users or users of goods and/or services that tend to be disadvantaged by business actors. All that remains (how) aspects of law enforcement and protection of consumer rights can be carried out under the mandate of the 1945 Constitution and the Republic of Indonesia, the NKRI.

Discussion on the issue of law enforcement, in general, is a matter of compliance or the rule of law. This is because the degree of effectiveness of the law is determined by the degree of compliance of the citizens of the law, including its enforcers. To avoid confusion and misunderstanding in interpreting law enforcement, the authors position the law in this case as a legal system (written), rules, and interwoven values. An assumption is known that a high level of legal compliance is an indicator of the functioning of the legal system and the functioning of the law is an indicator of the law achieving its goal, namely seeking or maintaining peace in the association of life<sup>33</sup>

Law enforcement of the halal industry, especially certification and labelling, means enforcement based on (written) legal rules, rules and values related to the certification and labelling of halal products to producers or parties who do not comply with applicable laws and are not responsible and even meet nature against the legal order<sup>34</sup>. Sociologically, the basis for one's compliance with the law is caused, among others: indoctrination to act following the rules of law, undergoing a process of socialisation, the nature of human tendency to live properly and regularly, and because compliance itself as one means to make identification with the group. Likewise, legal norms that are positively promoted and formulated in writing in the formulation of articles of legislation must be obeyed by the community. Therefore, legal norms must contain the value of justice, the value of certainty, and the value of usefulness.

<sup>31</sup> JPH Regulations Expected to Facilitate, *Republika Daily*, 2019, p. 20.

<sup>32</sup> Satjipto Rahardjo, 'Dissecting Progressive Law', *KOMPAS*, 2006, p. 11.

<sup>33</sup> Soerjono Soekanto, *Law Enforcement* (Bandung: BinaCipta, 1983).

<sup>34</sup> Esmi Warassih, *Legal Institution: A Sociological Study*, (Ed. Karolus Kopong Medan and Mahmutarom HR) (Semarang: Suryandaru Utama, 2005).

Law enforcement efforts and protecting consumer rights to the halal industry must always be accompanied by a social control system. The author interprets the social control as an oversight by the public of how the legal regulations and labelling of halal products are still partial and scattered in various laws. Of course, these legal institutions are carried out by the government and its apparatus, which can be carried out by individuals against other individuals or carried out by individuals against a certain group, a group against other groups, or by a group against individuals.<sup>35</sup> The social control system aims to achieve harmony and peace between stability and societal change.<sup>36</sup> While the tools used for social control in terms of law enforcement and protection of consumer rights to the certification and labelling of halal products are primarily business compliance and consumer awareness (consumer behaviour). If the two social control devices are not functioning, then the law can be used as a means of regulation that will be able to fill the existing deficiencies. Because if the law is used in the first terminal and it turns out to be ineffective, then, as a rule, the legal authority will decline, and no other alternative will be able to be used.<sup>37</sup>

In the context of law enforcement and protection of the right to guarantee the legal certainty of the halal industry, there are several significant matters as follows:

### **Elements and System of Law Enforcement and Protection of Rights**

Non-legal factors, including culture, often make a difference in law enforcement between one community and another. Efforts to uphold the law and protect the rights will function properly when there is harmony in the relationship between the four closely related factors, namely: the law or regulation itself, the mentality of the officers who enforce the law, the facilities expected to support the implementation of the law, and the legal culture/legal awareness.<sup>38</sup>

### **Legal Rule Factors**

The Discrepancies are found in the legislation regarding certain areas of life. Another possibility is the incompatibility between statutory regulations and unwritten or customary law. Sometimes there is a discrepancy between registered law and customary law.<sup>39</sup> The Food Law gives a loose impression to business actors as long as there is no case, there is no need for halal labels/marks. Therefore, the presence of the JPH Law is expected to protect rights, and law enforcement guarantees the legal certainty of halal products.

### **Law Enforcement Factors**

In law enforcement and the protection of rights, what is meant by law enforcement are those who form or apply the law. The law enforcement factor for Indonesia, in particular, is seen in the mentality and personality of law enforcers because there is a tendency among the community to interpret the law

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<sup>35</sup> Soekanto.

<sup>36</sup> Soekanto. According to him, the social control system can be preventive, repressive, or both. Prevention is an effort to prevent interference with harmony between order and peace. Repressive efforts aim to restore the balance that has been disturbed. Prevention efforts can be made through socialisation processes, formal education, informal education, etc.

<sup>37</sup> Soekanto.

<sup>38</sup> Soekanto.

<sup>39</sup> Soekanto.

as officers or law enforcers. The law is identified with the real behaviour of officers. Conceptually, mentality over personality includes elements of social interaction patterns, the system of values adopted, patterns of thinking, attitudes, behaviour patterns, systems of rules or norms.<sup>40</sup> The role, function and position of law enforcement are very central and decisive. Law enforcers include judges, police, prosecutors, defenders, and prison officers.

If the laws and regulations are good, but the mentality of law enforcement is not good, there will be a disturbance in the law enforcement system.<sup>41</sup> So, law enforcement is needed that has high moral integrity. The moral integrity of law enforcement is closely related to the concept of responsibility, especially the responsibility of the actors in the process of guaranteeing the legal certainty of the halal product. Their integrity is the last bastion as a hope for the realisation of supremacy (enforcement) of the rule of law.<sup>42</sup>

Responding to the above conditions, in the view of the Indonesian Ulema Council, protection of rights and especially law enforcement (*law enforcement*) guarantees legal certainty (*certification and labelling*) of halal products is still not optimal among law enforcement officials so that it can lead to anarchy. The element of rights protection by law enforcers requires honesty and ethics so that supervision and law enforcement is successful and effective. Right protection and law enforcement (certification and labelling) of genuine halal products are urgently needed for the interests of the parties, namely businesses and consumers. Integration of duties in the field of rights protection is highly dependent on the ability of the state apparatus to avoid the emergence of unexpected excess.<sup>43</sup>

According to Sandra Mathison, suppose law enforcers are likened to evaluator services (*evaluator*). In that case, they must position themselves as a party with good moral integrity, take professional ethics seriously, and is highly committed to ethics (*ethics*) and simple ethics guidelines.<sup>44</sup> However, according to him, ethical issues for the evaluator depend on the integrity that is owned, which is greatly influenced by political differences, philosophy, and methodology, so that there is an upright evaluator in involving stakeholders, but there are none at all.<sup>45</sup>

Considering its function as an evaluator, the stakeholders in the certification process and labelling of legal certainty guarantee of halal products must fulfil the principles<sup>46</sup> of professional, communicative, proportionally standardised and effective (systematic inquiry), full responsibility, and full skills and mastery (competence). In addition, it also needs to have integrity and honesty (integrity and honesty), respect for other parties (respect for people), and be responsible for their duties for the sake of general welfare (responsibilities for general and public welfare). However, in the Law on Food and Consumer Protection, the provisions concerning halal are only optional or voluntary and are not a requirement, so they are not imperative. Supervision of this is also very weak.

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<sup>40</sup> Liliana Tedjosaputro, *Professional Ethics and Legal Professions* (Semarang: Various Sciences, 2003).

<sup>41</sup> Soekanto.

<sup>42</sup> A. Qodri Azizy, *National Law: Eclecticism of Islamic Law and General Law* (Jakarta: Teraju, 2004).

<sup>43</sup> Ministry of Religion, *Technical Guidelines for Halal Production System Guidelines* (Jakarta: Ministry of Religion RI, 2003).

<sup>44</sup> Sandra Mathison, 'Encyclopedia of Evaluation', *New Delhi: Sage Publications*, 2005, p. 131.

<sup>45</sup> Mathison.

<sup>46</sup> Mathison.

### **Facility Factors Used by Law Enforcement**

Supporting elements of the implementation of the law are law enforcement itself. If the laws and regulations are good and the mentality of the enforcers is good, but the facilities are inadequate (in a certain size), then law enforcement will not run properly.<sup>47</sup> For example, the case of unclean meat joints invited suspicion that there is an evil motive behind the spread of halal beef jerky/shredded pork.

Thus, the government's responsibility to protect the beliefs and interests of most Muslim consumers in this country is still considered low. Weak law enforcement and guarantees regarding halal products from the government are not new and are detrimental to Muslim consumers. Cases of lard (1988), Sprite (1996), barking cows (1999-2002), Ajinomoto (2001), and the chicken died yesterday/dead chickens (2003) are so easily forgotten. Even today, according to the Director of the Indonesian Food and Drugs and Cosmetics Assessment Institute, the Indonesian Ulema Council (LPPOM MUI), around 90 per cent of government slaughterhouses (RPH) throughout Indonesia are not halal-certified.

The results of the ulama III meeting of the Indonesian Ulema Council (MUI) Fatwa Commission in 2009, which established a fatwa, obliged the government to oversee the halal status of a product. The decision of Ijtima 'Ulama of the Fatwa Commission in Indonesia III regarding the Qanuniyyah (Law and Legislation) issue emphasised that there must be a firm, clear and effective regulation regarding the supervision of halal products, both domestic and foreign products.

The inclusion of halal labels on products that are proven to contain pork or their derivatives constitutes public deception and conflicts with existing regulations, namely Law Number 18 of 2012 concerning Food, Law Number 8 of 1999 concerning Consumer Protection, Government Regulation No. 69 concerning Food Labels and Advertisements, Minister of Health Decree No 924/Menkes/SK/VII/1996, about the need for clear warnings on products containing ingredients originating from pigs, as well as SKB of the Minister of Religion and Minister of Health No. 427/Menkes/SKB/VII/1985 and No 68/1985 especially Article 2, and especially the JPH Law itself.

### **Cultural Factors of Community Law**

Legal awareness, compliance, and community behaviour also determine the practice of rights protection and law enforcement. If analysed, there are at least three causes. *First*, Muslim consumers' beliefs regarding the obligation to consume halal products have not been followed by their consistency in choosing standard halal-certified products. As consumers, we often make low prices a deciding choice. *Second*, producers often assume that their products do not use illicit materials. This conjecture is not necessarily true because many additives are potentially haram. *Third*, from the juridical aspect, halal certification in Indonesia is only an option, not a necessity, for consumers, business people, or producers. Only since issuing the JPH Law and the JPH PP certification is an obligation.

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<sup>47</sup> Soekanto.

Weak producer response to the demands for halal products should make us aware of taking part in controlling the products in circulation. In good faith to respect consumers, producers who must obtain a certificate of their main motive is to change the paradigm that halal certification does benefit not only consumers but also producers. From here, production orientation is not only economic profit but also halal. Therefore, the issuance of Government Regulations as implementing regulations for the JPH Law increasingly shows the importance of halal products. Effective action that the government must take is to limit all illicit products in the communities that consume illicit products. Prohibiting buying and selling illicit goods in Muslim communities or making halal-haram zones as applicable in Malaysia. Mashudi,<sup>48</sup> emphasised that the public must not be left in legal uncertainty. Serious and collective efforts are needed to realise efforts to protect the rights and law enforcement regarding the certification and labelling of halal products.

After considering some of the elements and the factors that influence them above, can law enforcement and consumer rights protection against legal certainty (certification) of halal products just run? It seems that no matter how good the available tools (especially in reality, the legal tool itself is often found problematic), it will not be able to run effectively without the support of a good and strong system.

That is why the ideal system of law enforcement and consumer rights protection in the institutionalisation of halal certification is carried out collectively both by the government and the community. There is coordination between ministries and institutions. This is important because the implementation of the JPH Law involves many agencies. At least there are the Ministry of Industry, the Ministry of Trade, the Ministry of Health, the MUI and other Islamic mass organisations. Nevertheless, the government needs to implement law enforcement and protection of consumer rights to the certification and labelling of halal products through 3 (three) surveillance systems, namely, the preventive supervision system. This supervision system is carried out early on halal food products, including registration activities. By optimising the preventive system, abuses of halal certification can be minimised early on, so he hopes that the potential of law enforcement agencies can run optimally, effectively and efficiently. The second is a unique surveillance system. This unique surveillance system is meant to actively supervise halal food, medicines and cosmetics cases, which can have a wide impact on both health and social and economic aspects. When signs are found that indicate a particular case of halal certification and/or halal labelling in the field, this system encourages law enforcement to handle it with specific actions based on the specificity of violations committed. *Third*, incidental surveillance system. The incidental surveillance system is a process of supervision carried out by law enforcers on halal food security and safety through unannounced inspections. Indeed Article 51 of the UUJPH has regulated the provisions regarding this supervision, but it still requires legislation, as stated in paragraph (2).

The three systems above, in addition to being implemented by law enforcement officials, need to also involve the participation of people and competent institutions, especially on issues of halal-haram, representation of the majority of the Muslim population, and at the same time, an institution that receives government recognition in order to enforce the JPH Law, protection

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<sup>48</sup> Mashudi, *Legal Construction and Public Response to Halal Product Certification* (Semarang: UNDIP, 2011).

efforts and law enforcement especially the certification and labelling of halal products. The JPH Law has also stipulated the provision of community participation in the administration of JPH as affirmed in Article 53 of the UUJPH. However, further provisions regarding the procedure for public participation are regulated in a Ministerial Regulation. Article 1 number (1) of Law no. 8 of 1999 concerning Consumer Protection. Furthermore, abbreviated as UUPK formulates that Consumer Protection is *all efforts that guarantee legal certainty to protect consumers*.

Although this law is referred to as the Consumer Protection Act, it does not mean that the interests of business actors do not come to the attention, especially because business actors largely determine the existence of the national economy. Article 1 number (2) of the PK Law emphasises that consumers are all users of goods and/or services available in the community, both for self, family, others, and other living things and not for trade.

Muhammad Alim<sup>49</sup> asserts that the purpose of the principle of protection of rights means that all rights obtained lawfully, according to Islamic law, must be protected. The other party may not take it without rights. If someone violates these rights, the right holder can demand the return of the rights to him or ask for compensation from the party who violates the rights.

According to Satjipto Rahardjo,<sup>50</sup> that legal protection protects human rights that are harmed by others, and the protection is given to the community so that they can enjoy all the rights provided by law. Satjipto further said that the black and white law enforcement in a country is very dependent on the actions of law enforcement officials (police, prosecutors, and judges). Are they able to present the law as the spirit and substance of the existence of the law, or instead, they become a variable determining the fertility of law enforcement that shuts down society?<sup>51</sup>

Changing individual cultures to being collective in law enforcement is not easy. For almost one hundred years, the world of law enforcement (*administration of justice*) in Indonesia has been dominated by liberal minds and cultures.<sup>52</sup> Furthermore, Satjipto asserted that liberal culture places the element of law enforcement in a face-to-face position in order to protect and protect individual independence. We know him as the *check and balance*.<sup>53</sup> The presence of the JPH Law and followed by the issuance of a Government Regulation as the implementation of the UUJPH, will be felt in the effort to uphold the law and protect the rights of consumers to guarantee the legal certainty of halal products that are highly coveted, especially Muslims or Muslims who want to consume halal food.

Therefore, the JPH Law is important because:<sup>54</sup> *First*, the various existing laws and regulations, which regulate or relate to halal products, have not provided legal certainty and legal guarantees for Muslim consumers to consume or use halal products. This situation makes it difficult for them to differentiate between halal and haram, giving birth to doubt and inner unrest in consuming or using products. The laws and regulations also only regulate halal products as

<sup>49</sup> Muhammad Alim, *Asas-Asas Negara Hukum Modern Dalam Islam* (Yogyakarta: LKIS, 2010).

<sup>50</sup> Satjipto Rahardjo, *Progressive Legal Concepts* (Yogyakarta: Genta Publishing, 2009).

<sup>51</sup> Satjipto Rahardjo, "Progressive Law Enforcement," *Jakarta: KOMPAS*, 2010, pp. IX–X.

<sup>52</sup> Satjipto Rahardjo, 'Dissecting Progressive Law'.

<sup>53</sup> Satjipto Rahardjo, 'Dissecting Progressive Law'.

<sup>54</sup> KN. Sofyan Hasan, *Sertifikasi Halal Dalam Hukum Positif: Regulasi Dan Implementasi Di Indonesia*, ed. by Aswaja Pressindo (Yogyakarta, 2014).

far as food is concerned, not yet regulating products which include food, drinks, medicine, cosmetics, biological chemical products and genetic engineering. *Second*, there is no legal certainty about which institutions clearly reflect the state's involvement in the guarantee of halal products. The current system has not provided certainty regarding the authority, duties and functions regarding or concerning the guarantee of halal products, including their coordination. *Third*, the production and distribution of products on the domestic market are increasingly difficult to control due to increasing food technology, genetic engineering, biotechnology, and biological chemical processes. *Fourth*, the Indonesian halal product system does not yet have official halal standards and marks (national halal standards) established by the government, as is the system practised in Singapore, Malaysia and the United States. Business actors set their Halal Signs according to their tastes, resulting in various counterfeiting of Halal Signs, which are difficult to deal with. *Fifth*, the halal product information system as a guideline for business people and the community, is inadequate and does not follow the level of public knowledge and needs about halal products.

## CONCLUSION

Based on the discussion above, it is concluded that the halal product industry in Indonesia in the era of the digital economy and efforts to guarantee legal certainty for the halal industry is currently still not implemented optimally. Even though normatively, the goal of the Indonesian halal industry in the digital economy era and efforts to guarantee legal certainty for the halal industry can provide halal industrial products produced, namely through Law Number 33 of 2014 concerning Halal Product Guarantee and consumer protection as regulated by Law 8 of 1999. regarding Consumer Protection. At least there are several obstacles to the implementation of the halal product industry in Indonesia in the era of the digital economy and efforts to guarantee legal certainty for the current halal industry. First, the applicable regulatory policies are not serious enough to be enforced by the government because they are not supported by the ease and low cost of making a halal certification. Second, coupled with the lack of public awareness. So the halal industry in the form of fast food and drinks in Indonesia, especially in the current digital economy era, is still difficult to obtain. So, to get the halal food and beverage industry in this digital economy era, the alternative is that there must be a special institution that issues and oversees the halal certification of food and beverage products that will circulate in the community and synergise with the government.

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