

Research Article

Analysis of Halal Standards and Performance of the Halal Food Industry in Indonesia and Malaysia

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Abstract.

The halal food industry has experienced significant growth in line with the increasing awareness among Muslim consumers about the importance of using products that comply with Sharia principles. This trend is not only happening in Muslim-majority countries but also across the globe. Several countries have developed their own halal standards and recognized the potential of the global halal industry. The halal standard recognized in Indonesia is the Halal Standard by the Halal Product Assurance Agency (BPJPH), while in Malaysia, it is by JAKIM. The objective of this study is to examine and compare the halal food industry standards practiced in Indonesia and Malaysia. This research analyzes the standards and performance of the halal industry in Indonesia. The study uses a descriptive statistical research methodology by analyzing data from literature reviews of journal publications, official BPJPH reports, and websites. The halal food industry in Indonesia has experienced significant growth, driven by increasing consumer awareness of the importance of halal certification and regulatory support, especially after the enactment of the Halal Product Assurance Law (UU JPH). In Indonesia, the halal assurance system (HAS) is implemented in accordance with MUI and BPJPH regulations through HAS 23103:2012. In Malaysia, JAKIM oversees halal awareness programs and regulates food production facilities based on standards documented in the Malaysian Halal Management System (MHMS) 2020, the Malaysian Halal Certification Procedure Manual 2014 and 2020, and MS 1500: 2019 (Halal Food).

Keywords: halal standards, industry performance, halal food industry, Indonesia, Malaysia

1. Introduction

The halal food industry has become one of the fastest-growing sectors around the world, especially with the increasing awareness among Muslim communities of the importance of consuming products that comply with Sharia principles. This growth is not limited to Muslim-majority countries but also extends to countries with Muslim minority populations. Global awareness of the potential of the halal market has driven many

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nations to develop internationally recognized halal standards in order to capitalize on the vast opportunities presented by this industry. According to the International Market Analysis Research and Consulting Group (IMARC), a global market research firm, the global halal food market size was valued at USD 1.8 trillion in 2019. However, this market is expected to grow at an estimated rate of 6.05% from 2020 to 2028. The key factors driving this market growth are the surge in the Muslim population and the increasing awareness among both Muslims and non-Muslims about halal food (1).

In today's era of globalization, the halal food industry has experienced significant growth in line with the increasing awareness among Muslim consumers about the importance of using Sharia-compliant products. This is not only happening in Muslim-majority countries but also across the world. Islamic countries have developed their own halal standards and realized the potential of the halal industry at a global level. The most popular and globally recognized halal standards are the Malaysian Standard by JAKIM and the Indonesian Halal Standard by the Indonesian Ulema Council (MUI), with the aim of creating harmonized halal standards accepted worldwide (2).

Indonesia and Malaysia are two countries that are highly active in developing halal standards for their food industries. In Indonesia, the Halal Product Assurance Agency (BPJPH) collaborates with the Indonesian Ulema Council (MUI) to ensure halal food products through strict regulations, as outlined in the Halal Product Assurance Law (UU JPH). Meanwhile, in Malaysia, the Department of Islamic Development Malaysia (JAKIM) has long been the main authority overseeing halal certification with documents such as the Malaysian Halal Management System (MHMS) and the Malaysian Halal Certification Procedure Manual.

This study aims to examine and compare the halal standards of the food industry in Indonesia and Malaysia, as well as analyze the performance of the halal food industry in Indonesia. Using a descriptive statistical approach and secondary data from academic publications, official reports, and relevant websites, this research focuses on the growth of the halal food industry in Indonesia, driven by increased consumer awareness and stronger regulatory support following the implementation of the UU JPH. Additionally, the study highlights the halal certification and oversight system in Malaysia, managed by JAKIM.

2. Methods

This research uses a comparative study of halal standards in Indonesia and Malaysia. The research method is a comparative analysis by examining data from literature reviews, journal publications, official reports, and relevant certification body websites in Indonesia and Malaysia. Various halal standards, such as those of JAKIM and BPJPH, have been reviewed.

The quantitative data obtained were analyzed using descriptive methods (3). Descriptive analysis involves organizing the data collected and then analyzing it to provide information to address the problems encountered.

3. Result and Discussions

3.1. Halal Standards in Indonesia

The Indonesian government also regulates halal products through Law No. 33 of 2014 on Halal Product Assurance (UU JPH). The Halal Product Assurance Administration Agency (BPJPH) is the government agency responsible for implementing the JPH Law, working in collaboration with MUI and LPPOM MUI in the halal certification process. If a manufacturer wishes to obtain a halal certificate, it must convince MUI and BPJPH by ensuring that their products will always maintain their halal status. Therefore, each company is required to create and document a Halal Product Assurance System (HAS) according to the specific requirements for each company when applying for product certification. HAS (Halal Assurance System) is a system developed, implemented, and maintained by companies certified as halal. Companies must have the capability of SJPH (Halal Product Assurance System) to ensure that the halal production process is maintained according to MUI and BPJPH regulations (4).

HAS 23000 is the halal certification standard established by LPPOM MUI (the Assessment Institute for Food, Drugs, and Cosmetics of the Indonesian Ulema Council). This standard applies to food, drugs, and cosmetics that wish to obtain halal certification. LPPOM-MUI's halal standard is outlined in HAS-23000:2012 for halal certification. HAS-23000:2012 addresses the requirements for halal certification for meat processing plants. HAS 23000:2012 also explains the requirements for halal certification for hotels and food services. HAS 23103:2012 contains guidelines for the halal assurance system in

slaughterhouses, and HAS 23201:2012 defines the requirements for halal food products (5).

3.2. Halal Certification Process in Indonesia and the Role of Authoritative Bodies

The halal certification process and procedure in Indonesia are as follows:

- i. The manufacturer applies for a halal certificate online through the SiHalal application on the website <https://ptsp.halal.go.id>.
- ii. BPJPH reviews and verifies the completeness of the application documents. If the documents are declared complete, they are sent to the Halal Inspection Institute for document review.
- iii. The Halal Inspection Institute may request additional data/information from the manufacturer if there are discrepancies in the documents during the review process.
- iv. BPJPH verifies the documents, and if verification is deemed satisfactory, BPJPH issues a Document Acceptance Letter (STTD) as the basis for assigning the Halal Inspection Institute to conduct product inspection and/or halal testing.
- v. The Halal Inspection Institute conducts the inspection and/or testing of the product's halal status.
- vi. The Halal Inspection Institute submits the report on the results of the product inspection and/or testing to MUI, with a copy to BPJPH, by uploading the document via the SiHalal application.
- vii. MUI conducts the halal fatwa hearing and submits the halal decision by uploading the document via the SiHalal application.
- viii. BPJPH issues the halal certificate, and business operators can download the digital halal certificate through the SiHalal application (6).

3.3. Halal Standards in Malaysia

The Malaysian Standard Development System drafted the Malaysian Halal Standard with the help of several national organizations such as the Department of Islamic Development Malaysia (JAKIM), The National Board of Standardization and Quality (SIRIM), the Federation of Manufacturers Malaysia, Universiti Putra Malaysia (UPM), International Islamic University Malaysia (UIAM), Universiti Teknologi Mara (UiTM), Malaysian Institute

of Agricultural Research and Development, Malaysian Quality Institute, Department of Veterinary Services, Department of Malaysian Standards, Department of Science and Technology, and the Ministry of Health and Science. The Malaysian Islamic Development Department (JAKIM), was established in 1982. JAKIM was given the responsibility by the Prime Minister to oversee Islamic affairs and establish a halal awareness program for food producers, distributors and importers. In addition, JAKIM also supervises food factories and hotels. Since then, JAKIM is responsible for enforcing halal laws (Akbar et al., 2023). The Malaysian Halal Standard meets the requirements of the International Organization for Standardization (ISO) by adopting ISO policies. In addition, the Malaysian halal standard (MS) was recognized by SMIIC in 2017 during the 12th SMIIC general meeting where DSM and JAKIM were appointed as permanent representatives for the Board of Directors (BOD) of SMIIC as well as Technical members.

Malaysia's halal standards on halal food are documented in MS 1500:2009, and relate to the production, preparation, storage, and supply of halal food. Similarly, three parts of MS 2400 were published in 2010. The first part, MS 24001: 2010, involves the principles of management systems, which is related to the transportation of goods, and MS 2400-2: 2010: principles of halal warehousing management system. MS 2400-3: 2010: involves the principles of the management system related to the sale of halal products. There is an addition to this regulation in MS 2200-2: 2013 (developed in 2013), which deals with the use of animal skins, bones, and hair in Muslim consumer products. MS 2565: 2014 (published in 2014) regarding packaging instructions for halal production systems (7). MS 1500: 2019 involves the principles of Halal Food production, Preparation, Handling and Storage (third revision). It is read and consulted together with the Halal Certification Procedure Manual (MPPHM) 2020 and the Malaysian Halal Management System (MHMS) 2020 which involves the implementation principles of two halal management systems, namely the Halal Assurance System (HAS) and the Internal Halal Control System (IHCS).

3.4. Halal Certification Process in Malaysia and the Role of Authoritative Bodies

The halal certification process in Malaysia is detailed and involves key steps overseen by JAKIM (Department of Islamic Development Malaysia) as the main authoritative body. Here's an outline based on the Manual Procedure for Malaysia Halal Certification (8):

- i. Application Submission: The process begins with companies submitting an online application via the MYeHALAL system. This application includes documents such as product specifications, ingredient details, and manufacturing processes.
- ii. Documentation Review: JAKIM reviews the provided documents, checking for compliance with the Malaysian Halal Standards (MS1500:2019). This ensures all ingredients and procedures align with Islamic law.
- iii. On-site Inspection: Following a successful document review, JAKIM schedules an on-site audit. Inspectors ensure that every stage of production, from raw materials to final products, adheres to halal standards. This inspection also involves assessing cleanliness, equipment, and the overall environment.
- iv. Halal Assurance System (HAS): Companies are required to implement the Halal Assurance System to continuously maintain halal integrity throughout their operations.
- v. Approval and Certification: After successfully completing the audits, JAKIM issues a halal certification. The certificate is valid for two years, after which a re-certification process begins.

TABLE 1: Halal Standards used in Indonesia and Malaysia.

Country	Code Standards	Halal Standards
MUI and BPJPH: Indonesia	HAS 23000:2012	Halal certification requirements
	HAS 23103:2012	Guidelines for halal guarantee system criteria in slaughterhouses
	HAS 23201:2012	Halal food requirements
JAKIM: Malaysia	MS 1500:2019	Halal food. Production, preparation, handling and storage: general requirements
	MHMS 2020	Halal Assurance System (HAS) and Internal Halal Control System (IHCS). HAS includes elements such as HAS Manual, Halal Policy, Internal Halal Committee, Halal Training, and others.

Source: Compiled Results of Researchers (2024)

3.5. Performance of the Halal Food Industry in Indonesia and Malaysia

Countries that have a large Muslim population and government policies that support the halal industry tend to score higher in the performance of the halal food industry

indicators. Malaysia and Indonesia stand out as leaders in this industry, followed by countries with strong infrastructure and policies in support of the Islamic economy. Table 2 shows the performance indicator score of the halal food industry in Indonesia and Malaysia.

TABLE 2: Performance Indicator Scores for the Halal Food Industry for Top 3 Ranking Countries.

No	Country	Halal Food Industry Score
1	Malaysia	128
2	Indonesia	94.4
3	Turkiye	85.1

Source: SGIE Report (2024)

Leading the overall ranking of the Global Islamic Economy Indicator (GIEI), Malaysia, for the ninth consecutive year, has emerged as the top country in terms of performance indicator scores for the halal food industry with a score of 128. This demonstrates that Malaysia is a leading country in the halal food industry, even at a global level. According to the Halal Industry Development Corporation (HIDC, 2023), the market value of Malaysia’s halal industry is expected to reach USD 147.4 billion by the end of 2025. Indonesia, ranking second with a score of 94.4, demonstrates its efforts to strengthen the halal ecosystem through the Halal Food Product Assurance, showing positive results. Indonesia reflects the vast potential of a Muslim-majority country with a strong commitment to the global halal food industry. The third-ranked country, Turkiye (Score: 85.1), highlights Turkiye’s role as a significant hub for halal food.

4. Conclutions

This study highlights the key differences and similarities in the halal standards and performance of the halal food industry in Indonesia and Malaysia. Both countries have implemented stringent halal certification systems, with Indonesia’s BPJPH and Malaysia’s JAKIM playing pivotal roles in regulating and certifying halal products.

Malaysia, consistently ranked as the top performer in the halal food industry, shows cases its global leadership with a robust system backed by regulatory frameworks such as the Malaysian Halal Management System (MHMS) and the Malaysian Halal Standards (MS 1500:2019). The country’s continuous efforts to strengthen its halal ecosystem are reflected in its top score of 128 in the Global Islamic Economy Indicator (GIEI). Indonesia, with a score of 94.4, demonstrates significant progress, particularly through

the enactment of the Halal Product Assurance Law (UU JPH). This law, along with the Halal Assurance System (HAS), has strengthened Indonesia's position as a key player in the global halal market.

Both countries exemplify the potential of nations with strong Islamic governance and regulatory frameworks to lead the global halal food industry. Their efforts contribute to the growth of the halal market, setting benchmarks for other countries aiming to establish or improve their halal standards.

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