

Leveraging Halal Certification to Enhance The Global Competitiveness of Indonesian Processed Food Products

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Abstract

The global expansion of the halal industry highlights the importance of halal certification not only as a religious obligation but also as a strategic asset for enhancing market competitiveness. In Indonesia, where the majority of the population is Muslim, halal certification plays a pivotal role in ensuring product compliance with Islamic law and meeting consumer expectations for food safety, quality, and integrity. This study focuses on the Indonesian processed food sector and examines how halal certification can serve as a competitive advantage in the global market. A descriptive qualitative research approach was employed, utilizing data from official sources such as BPJPH, BPS, LPH, LP3H, MUI and other reliable databases. The results indicate that halal certification contributes to strengthening consumer trust and enabling product differentiation in competitive markets. Furthermore, the findings affirm the strategic value of halal certification in supporting Indonesia's vision to become a global leader in the halal food industry.

Keywords: Halal Certification, Processed Food Products, Indonesia, Global Halal Hub

1 Introduction

The halal industry has witnessed remarkable global growth over the past two decades, driven by the rising awareness of halal principles not only among Muslim consumers but also non-Muslims who associate halal with safety, hygiene, and ethical standards [1]. According to the State of the Global Islamic Economy Report [2], the global halal food market was valued at over \$1.9 trillion in 2022 and is projected to grow steadily, positioning halal certification as a key competitive factor in the global agri-food sector.

In this context, halal certification has evolved beyond a religious requirement into a strategic instrument that can facilitate market access, improve consumer trust, and differentiate products in competitive markets [3], [4]. For countries with large Muslim populations like Indonesia, halal certification not only ensures compliance with Islamic law but also strengthens national branding as a trusted source of halal products.

Indonesia, with its goal to become the world's halal hub, has institutionalized halal certification under Law No. 33/2014 and established the Halal Product Assurance Agency or *Badan Penyelenggara Jaminan Produk Halal* (BPJPH) to regulate certification. Despite this, challenges remain in harmonizing standards, streamlining the certification process, and ensuring equitable access for small and medium enterprises (SMEs), which form the backbone of the Indonesian food industry [5], [6]. Previous studies have emphasized the importance of halal certification for increasing export potential, yet few have examined how it functions as a strategic asset in the processed food sector. Given that processed foods are among Indonesia's top non-oil and gas exports, understanding the strategic value of halal certification in this context is both timely and critical.

This study aims to explore how halal certification can be leveraged to enhance the global competitiveness of Indonesian processed food products. By conducting a literature review and descriptive analysis, this research provides insights into the interplay between policy, industry readiness, and global halal standards, and offers a strategy to support Indonesia's position in the global halal food value chain.

2 Methods

This study adopts a qualitative descriptive approach to examine how halal certification can enhance the global competitiveness of Indonesian processed food products. The research relies exclusively on desk-based literature analysis and does not involve the collection of primary data through interviews, surveys, or field observations. Secondary data were obtained from a combination of peer-reviewed academic literature and official institutional reports to ensure both analytical depth and policy relevance.

Data sources were systematically retrieved from international and national scientific databases, including Scopus, Web of Science, Google Scholar, Garuda (Garba Rujukan Digital Indonesia), and SINTA (Science and Technology Index Indonesia), as well as from official government portals such as BPJPH, BPS (Statistics Indonesia), and the Indonesian Ministry of Trade. The literature search employed keywords such as "*halal certification*," "*processed food*," "*Indonesia*," "*export competitiveness*," "*halal food market*," "*global market access*," and "*regulatory framework*."

To enhance methodological rigor, explicit inclusion and exclusion criteria were applied during the content analysis process. Included sources were: (i) peer-reviewed journal articles published within the last 10 years to capture recent regulatory developments and market dynamics; (ii) official statistical and policy documents directly related to processed food exports, halal certification policies, and international market access; and (iii) publications that explicitly examined the link between halal certification and competitiveness indicators such as export performance, branding, or regulatory compliance. Excluded sources consisted of opinion-based articles, non-peer-reviewed commentaries, publications lacking relevance to international trade or processed food products, and outdated reports that did not reflect current halal governance frameworks.

The selected literature was analyzed using a qualitative content analysis technique to identify recurring patterns, key themes, and conceptual linkages between halal certification practices and global competitiveness indicators, including export volume, market acceptance, and branding strategies. The analysis focused on global trends in halal certification, the evolution of Indonesia's halal regulatory framework, the structure of halal certification schemes in Indonesia, empirical evidence linking certification to international market performance, and strategic alignment mechanisms for enhancing the global competitiveness of Indonesian processed food products.

3 Results and discussion

3.1 Global Trends in Halal Certification

The global halal industry has experienced significant growth over the past decade, emerging as one of the fastest-growing segments within the global food market. According to the State of the Global Islamic Economy Report 2023/24, Muslim consumers spent approximately US\$1.3 trillion on halal food and beverages in 2022, a figure projected to reach US\$1.6 trillion by 2027, with a compound annual growth rate (CAGR) of 7.1% [2], [7]. This robust trajectory positions halal certification as a pivotal enabler for both compliance with Islamic principles and market access across Muslim-majority and non-Muslim-majority regions.

Halal certification has shifted from a purely religious compliance tool to a strategic trade instrument that ensures product legitimacy, safety, and consumer trust. As halal-conscious

consumers become more sophisticated and discerning, especially in Western and East Asian markets, certification acts as a signal of quality assurance and food integrity, influencing purchasing decisions beyond the Muslim demographic [1].

A number of countries have taken proactive steps to institutionalize halal governance. Malaysia, for example, has positioned itself as a global halal hub through its comprehensive MS 1500 standard and centralized certification system under JAKIM, which has gained international recognition. Similarly, Thailand promotes its “Kitchen of the World” strategy, targeting halal export markets by aligning its standards with OIC/SMIIC guidelines. Brazil, although not a Muslim-majority country, is among the top exporters of halal meat, demonstrating that halal compliance is not exclusive to Islamic nations but is driven by global demand and economic opportunity. Indonesia, home to the world's largest Muslim population, has the potential to become a leading halal producer. Efforts such as Indonesia Halal Industry Masterplan (2023–2029) [8] and digitalization of certification via SIHALAL are crucial steps toward strengthening Indonesia's global halal competitiveness.

Furthermore, the diversification of halal certification scope has expanded its economic relevance. This reflects a broader movement toward a comprehensive halal lifestyle economy, supported by digital platforms, traceability systems, and cross-border regulatory collaboration. The global halal certification landscape is evolving rapidly, with increasing emphasis on standard harmonization, digital transformation, and strategic positioning. For Indonesian processed food products to compete internationally, alignment with these global trends is imperative.

3.2 Regulatory Framework and National Strategy in Indonesia

Indonesia's commitment to strengthening its halal industry is firmly rooted in comprehensive legal and institutional frameworks. The passage of Law No. 33/2014 on Halal Product Assurance (UU JPH) established halal certification as a mandatory requirement for products entering, circulating, and being traded in the country. This legal foundation laid the groundwork for the creation of the BPJPH, under the Ministry of Religious Affairs, which is tasked with administering halal certification, policy formulation, and oversight.

Operational implementation is regulated by Government Regulation No. 42/2024 [9], which details the certification process, institutional responsibilities, and coordination mechanisms among BPJPH, the Halal Fatwa Commission of MUI, and accredited Halal Inspection Bodies (*Lembaga Pemeriksa Halal/LPH*). MUI remains the religious authority responsible for issuing fatwas, while LPHs perform the scientific and technical assessments of product compliance. In 2022, Indonesia expanded its approach by introducing a self-declare halal certification scheme, aimed specifically at micro and small enterprises (MSEs). This scheme simplifies procedures and reduces certification costs, allowing MSEs to declare compliance based on supporting documentation, under the guidance of BPJPH. The self-declare model runs in parallel with the regular scheme which requires formal auditing by LPHs. As of 2023, more than 1.3 million halal certificates have been issued under both schemes (BPJPH, 2023)[10], reflecting growing public and industry engagement.

Strategically, Indonesia's goal to become the world's leading halal producer is outlined in the Halal Industrial Master Plan 2023–2029 [8], which promotes halal industrial zones, export facilitation, and international recognition. However, several structural challenges persist, including overlapping institutional mandates, the limited number of trained halal auditors, and inconsistent international standard harmonization. To ensure that halal certification not only fulfills religious requirements but also supports industrial competitiveness, Indonesia adopts the Halal Product Assurance System (HPAS) or *Sistem Jaminan Produk Halal* (SJPH) [11] as a mandatory quality management system for halal-certified businesses (Table 1).

Table 1. Five criterias of HPAS

SJPH Pillar	Key Implementation Requirements
1. Commitment and Responsibilities	• Halal Policy: A documented policy reflecting dedication to consistent halal production must be established and communicated to stakeholders. • Management Team: A designated team with clear roles, formal documentation, and adequate resources must oversee the system (planning, monitoring, improvement). • Training: Regular, evaluated training (at least annually) conducted by qualified trainers is necessary to build staff competence.
2. Material	• Scope: Includes all inputs that may contact the product (raw materials, additives, packaging, lubricants, etc.). • Classification: Materials are categorized as "critical" or "non-critical." • Documentation: Critical materials (those influencing halal status) require sufficient compliance documentation, while non-critical materials do not.
3. Process of Halal Products	• Facility Standards: Facilities must be registered, pork-free, and sanitized. Specific areas and tools (e.g., chillers, slaughtering tools) must be designated exclusively for halal use. • SOPs: Clear written procedures must govern critical activities like material checks, production, storage, and transportation. • Non-Conformance: Protocols must exist for managing (withdrawing or destroying) non-conforming products.
4. Product	• Characteristics: Products must not have names, sensory profiles, or characteristics implying association with haram elements. • Packaging/Labeling: Must not contain offensive, erotic, or vulgar elements. All retail brand variants in Indonesia must be registered. • Traceability: Documented procedures must ensure traceability from LPPOM MUI-approved materials through production in certified facilities.
5. Monitoring and Evaluation	• Internal Audits: Documented procedures for internal audits must be established and conducted at least twice annually to identify non-compliance, determine root causes, and implement corrective actions. • Management Review: A formal review must be conducted at least once a year to evaluate the overall effectiveness and performance of the halal assurance system.

The SJPH comprises five core criteria that must be implemented and continuously improved by certified companies:

1. Commitment and Responsibilities

Commitment and responsibility in halal assurance systems begin with a documented halal policy that reflects a company's dedication to consistently producing halal-compliant products, which must be communicated to all stakeholders. A designated halal management team is essential to oversee the planning, implementation, monitoring, and improvement of the system, with clear roles supported by formal documentation and adequate resources from top management. Additionally, regular training is necessary to build staff competence in halal system operations, requiring written procedures and qualified trainers. Such training should be conducted at least annually and evaluated to ensure the effectiveness and continued development of employee capabilities.

2. Material

In the halal assurance system, materials encompass a wide range of inputs including raw materials, additives, processing aids, packaging, lubricants, sanitizers, and validation media that may come into direct contact with the product. These materials are categorized as either critical or non-critical. Critical materials—those that influence the halal status—must be accompanied by sufficient documentation to verify their compliance. In contrast, non-critical materials, which do not affect halal integrity, do not require such documentation. Ensuring proper classification and documentation is essential to maintain the integrity of halal-certified products.

3. Process of Halal Products

The halal product assurance process involves ensuring that all production facilities—whether in food, cosmetic, or pharmaceutical industries, as well as restaurants or slaughterhouses—adhere to strict halal compliance requirements. Facilities must be registered, pork-free, and sanitized, with specific areas such as chillers or slaughtering tools designated exclusively for halal use. Clear written procedures (SOPs) must govern critical activities like material checks, production, storage, and transportation to maintain halal integrity. Additionally, companies are required to have protocols for managing non-conforming products, including withdrawal or destruction, to ensure such products do not reach halal-conscious consumers.

4. Product

Products eligible for halal certification can be retail or non-retail, as well as final or intermediate products. They must not have names, characteristics, or sensory profiles that suggest association with haram elements, including inappropriate smells, tastes, or appearances. Furthermore, product names, packaging, and labeling must not contain offensive, erotic, or vulgar elements. For retail items, all product variants under the same brand marketed in Indonesia are required to be registered. In addition, companies must establish documented procedures to ensure traceability of certified products—from materials approved by LPPOM MUI to production in certified facilities that comply with established halal standards.

5. Monitoring and Evaluation

To maintain effective halal assurance implementation, companies are required to establish documented procedures for internal audits, which should be conducted at least twice annually. These audits aim to identify non-compliance, determine root causes, and implement corrective actions with clear deadlines to prevent recurrence. Additionally, a formal management review process must be carried out at least once a year to evaluate the overall performance and effectiveness of the halal assurance system.

Integrating these five SJPH pillars within the broader national halal ecosystem ensures that halal certification functions not only as a label but as a systemic, measurable, and globally competitive

assurance mechanism. This alignment reinforces Indonesia's value proposition in the global halal processed food trade, combining regulatory credibility with industrial readiness.

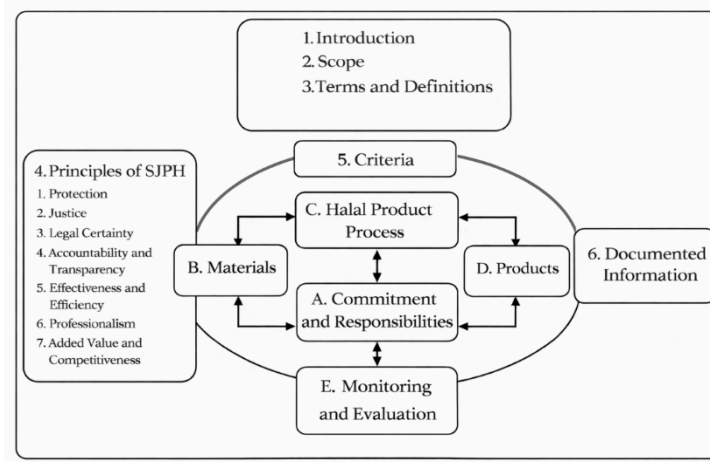


Figure 1. HPAS Framework (BPJPH, 2023)

Based on the SJPH framework illustrated in Figure 1, the implementation of the Halal Product Assurance System is structured through clearly defined criteria, including commitment and responsibilities, materials, halal product processes, products, and continuous monitoring and evaluation, all of which are supported by documented information. These operational components demonstrate that SJPH is not merely a technical compliance mechanism, but a comprehensive governance system that integrates managerial commitment, process control, and systematic evaluation. Underpinning this structured implementation are fundamental principles that guide the design, execution, and objectives of SJPH. Therefore, to fully understand the rationale and normative foundation of the SJPH framework, it is essential to examine the core principles (*azas*) that shape and justify its application, as stipulated in Indonesia's Halal Product Assurance regulations [12]. Principles of the Halal Product Assurance System such as:

1. Protection

The principle of protection emphasizes that the Halal Product Assurance System is fundamentally designed to safeguard Muslim consumers from consuming or using products that do not comply with halal requirements. By ensuring that products circulating in the market meet established halal standards, the system protects religious rights and supports consumer confidence. This principle positions halal assurance as a form of consumer protection that aligns religious observance with public interest and ethical responsibility.

2. Justice

The principle of justice requires that the implementation of halal product assurance be conducted in a fair and proportional manner for all stakeholders, including consumers, business actors, and regulatory institutions. This principle ensures equal treatment under the law and prevents discrimination by balancing religious obligations with economic realities. Justice in halal assurance also implies that regulatory requirements are applied consistently while considering the scale and capacity of different business actors.

3. Legal Certainty

Legal certainty is a core principle ensuring that the halal status of a product is clearly defined, officially recognized, and legally enforceable. Through the issuance of a Halal Certificate, business actors and consumers receive formal assurance regarding product compliance with halal

requirements. This principle reduces ambiguity, minimizes disputes, and provides a reliable legal framework that supports trust, regulatory compliance, and market stability.

4. Accountability and Transparency

The principle of accountability and transparency requires that all processes, decisions, and outcomes within the halal assurance system be open to public scrutiny and legally accountable. Regulatory bodies and implementing institutions must ensure that certification procedures, audit results, and policy decisions can be justified and evaluated in accordance with applicable laws and regulations. This principle strengthens public trust and reinforces the credibility of the halal certification system.

5. Effectiveness and Efficiency

Effectiveness and efficiency emphasize that halal product assurance should achieve its intended objectives while minimizing unnecessary complexity, time, and costs. The system is expected to deliver meaningful outcomes—namely, reliable halal certification—through streamlined procedures that are practical, timely, and affordable. This principle is particularly important for ensuring accessibility for micro, small, and medium enterprises without compromising compliance standards.

6. Professionalism

The principle of professionalism highlights the importance of competence, expertise, and ethical conduct in the implementation of halal product assurance. All parties involved, including auditors, inspectors, and regulatory officials, must possess appropriate qualifications and adhere to established professional codes of ethics. Professionalism ensures the technical integrity of halal assessments and contributes to consistent and credible certification outcomes.

7. Added Value and Competitiveness

The principle of added value and competitiveness underscores the role of halal product assurance as a strategic tool to enhance the economic value of Indonesian products. Beyond religious compliance, halal certification serves as a quality signal that can improve product differentiation, market access, and international competitiveness. By strengthening consumer trust and facilitating entry into global halal markets, this principle links halal assurance to broader national economic and trade objectives.

3.3 Overview of Halal Certification Schemes in Indonesia: Regular vs Self-Declare

Indonesia, through the BPJPH under Law No. 33/2014 and its derivative regulations, has implemented a dual-path certification mechanism to accommodate both large-scale industries and small and micro enterprises (SMEs/MSMEs). These two paths, regular certification and self-declare certification (Table 2), are designed to ensure inclusivity in the halal assurance ecosystem.

Table 2. Regular and Self-declare Halal Certification Scheme

Aspect	Regular Certification Scheme	Self-Declared Certification Scheme
Primary Target Businesses	Medium and large enterprises; SMEs with complex products/processes	Micro and small enterprises (MSEs/UMK)
Business Scale Indicator	SMEs, Medium, and Large Enterprises	Micro and Small Enterprises only

Aspect	Regular Certification Scheme	Self-Declared Certification Scheme
Turnover Limit	No specific turnover limit	Maximum annual turnover: IDR 15,000,000,000
Product Complexity	Complex formulations, multiple ingredients, additives, processing aids	Simple products with low halal risk
Maximum Facility	No limitation	1 production facility and 1 outlet location (no branches)
Maximum Products	No limitation	Limited product quantities according to the regulation
Production Process	Complex or industrial-scale processes	Simple, traditional, and low-risk processes
LPH Involvement	on-site or off-site audit and verification by LPH	Not required – replaced by assisted verification
Auditor Role	Certified halal auditor from LPH	Halal Companion (<i>Pendamping Proses Produk Halal/P3H</i>)
MUI Fatwa Requirement	Halal decision issued through MUI Fatwa Commission	MUI issues halal determination
Halal Assurance Product System (HAS/SJPH)	Full implementation required	Simplified implementation
Cost Structure	Paid by business actor	Free or subsidized by government IDR 230.000/SMEs
Processing Time	Relatively longer	Faster
Certificate Validity Period	valid as long as there are no changes to the composition of the materials and/or PPH	valid as long as there are no changes to the composition of the materials and/or PPH
Legal Standing of Certificate	Legally binding halal certificate	Same legal standing as regular scheme
Main Objective	Ensure halal compliance for complex and higher-risk products	Encourage halal certification uptake among SMEs

3.3.1 Regular Certification Scheme

The regular halal certification scheme involves a structured and comprehensive process that requires businesses to:

1. Preparation before Registration

Before initiating the halal certification process, business actors are required to fulfill several administrative prerequisites to ensure legal and operational readiness. These include having an active and valid email address for official communication and possessing a Risk-Based Business Identification Number (*Nomor Induk Berusaha/NIB*). For businesses that have not yet obtained an NIB or need to update their business classification, registration or migration must be completed through the Online Single Submission (OSS) system at <https://oss.go.id>. This step ensures that the business is formally registered and recognized by the government before entering the halal certification system.

2. Account Creation & Application Submission

Once the preliminary requirements are met, business actors must create an account in the SIHALAL system via <https://ptsp.halal.go.id>. Through this platform, applicants submit a formal halal certification application by completing detailed business information, product data, and production process descriptions. Required supporting documents—such as ingredient lists, supplier information, and process flowcharts—must also be uploaded. This stage marks the official entry of the business into the halal certification process and serves as the primary source of data for subsequent verification and audit activities.

3. Document Verification by BPJPH

After submission, the BPJPH conducts an administrative review to verify the accuracy, completeness, and consistency of the submitted documents. This verification ensures that all required information complies with regulatory provisions and that no critical data are missing. If discrepancies or incomplete documentation are identified, BPJPH may request revisions or additional information from the applicant before the process can proceed to the next stage.

4. Fee Calculation by LPH

Following document verification, LPH calculates the inspection and audit fees based on the scope of certification, such as the number of products, production facilities, and complexity of processes. The determined fee is then officially input into the SIHALAL system, generating an invoice that becomes accessible to the business actor. This step ensures transparency and standardization in the cost structure of halal certification.

5. Payment by Business Actor

The business actor proceeds to make the required payment through a virtual account system, using the payment code provided in the SIHALAL invoice. Once the payment is successfully completed and verified by the system, SIHALAL automatically issues a Document Receipt Confirmation Letter (*Surat Tanda Terima Dokumen/STTD*). The issuance of the STTD signifies that the application has formally progressed to the inspection stage.

6. Halal Inspection (Audit)

At this stage, the LPH conducts an on-site or document-based halal inspection (audit) to assess compliance with halal requirements. The audit covers critical aspects such as raw materials, production processes, facilities, sanitation practices, and product handling. The inspection aims to identify potential halal critical points and verify that appropriate control measures are in place. Upon completion, the LPH prepares a comprehensive inspection report and uploads it to the SIHALAL system for further evaluation.

7. Fatwa Session

Based on the inspection report, the Halal Product Fatwa Committee, typically under the Indonesian Council of Ulama (MUI) or other authorized fatwa bodies (e.g., MPU Aceh), conducts a formal Fatwa Session. During this session, the committee reviews the audit findings and determines the halal status of the product in accordance with Islamic law. The official Fatwa Decision is then uploaded into the SIHALAL system as a critical legal-religious basis for certification.

8. Issuance of Halal Certificate

Upon receipt of a positive fatwa decision, BPJPH officially issues the Halal Certificate. This certificate serves as formal recognition that the product has met halal requirements under Indonesian regulations and can be marketed as halal-compliant. The issuance is recorded in the SIHALAL system, ensuring traceability and regulatory oversight.

9. Certificate Download

In the final stage, the business actor can access and download the Halal Certificate directly from the SIHALAL system once the application status is marked as “Halal Certificate Issued.” The certificate can then be used for labeling, marketing, and compliance purposes, both domestically and for export markets, in accordance with applicable regulations.

This route (Figure 2) is typically mandatory for medium to large enterprises, especially those exporting or selling products through modern retail chains.



Figure 2. The Regular Process Halal Certification Flowchart

3.3.2 Self-Declare Certification Scheme

Introduced under Regulation [11], [12], the self-declare scheme allows eligible micro and small enterprises (UMK) to declare their products halal without LPH inspection or MUI fatwa, provided they meet strict criteria:

- The business must have an annual sales turnover of no more than IDR 15,000,000,000 (fifteen billion rupiah), as evidenced by a self-declaration.
- The business may operate a maximum of one (1) production facility and one (1) retail outlet.
- The business operator must submit valid business identification data, including the Business Identification Number (Nomor Induk Berusaha/NIB).
- For product types eligible for the self-declare halal certification scheme, excluding traditional food stalls such as Warung Tegal, Warung Sunda, and similar establishments, the maximum number of products permitted is ten (10), including all product variants.
- For product types under the self-declare category applicable to Warung Tegal, Warung Sunda, Warmino, and similar establishments, the maximum number of menu items allowed is thirty (30).
- Use halal-certified or positive-list ingredients only (no critical materials),
- Employ simple and non-complex processing methods,
- Submit a self-assessment form and Halal Statement Letter,
- Be accompanied by Halal Product Process Assistant or *Pendamping Proses Produk Halal* (PPPH) certified facilitators.

The SEHATI (Sertifikasi Halal Gratis) scheme (Figure 3) provides a streamlined and cost-free halal certification process for Indonesian micro and small enterprises (MSEs). The process begins with business operators registering on the halal service portal (ptsp.halal.go.id), preparing the required application, and selecting a Halal Product Process Assistant (PPH) to support them. Together, they complete and submit a self-declaration form via the SIHALAL system. The PPH Assistant is responsible for verifying and validating the submitted information. It is mandatory to upload a photograph showing the PPH Assistant, the business actor (PU), and the product within a single frame as evidence that the entire Halal Product Process (PPH) complies with the five core criteria of the Halal Product Assurance System (SJPH). Subsequently, BPJPH conducts a system-based verification and validation of the PPH's report and issues a Document Receipt Acknowledgement Letter (STTD). The verified documents are then forwarded to the Halal Fatwa Committee, which reviews the findings and conducts a fatwa session to determine the halal status of the product. Once approved, BPJPH issues the Halal Certificate. Finally, the business operator can download the certificate via SIHALAL and must affix the national halal label on their product packaging. This simplified pathway ensures greater accessibility and compliance among small businesses in Indonesia. The self-declare program is considered a breakthrough policy to accelerate halal certification coverage and is offered free of charge for qualifying enterprises. However, its validity is shorter and requires renewal with updated documentation.



Figure 3. Self Declare Certification Halal Scheme

3.4 Impact of Halal Certification on Export and Market Access of Indonesian Processed Food Products

Halal certification has evolved into a critical determinant of market access and product differentiation in the global food trade. As halal standards are increasingly recognized across Muslim and non-Muslim majority countries, certification provides not only religious legitimacy but also acts as a proxy for food safety, hygiene, and quality assurance [1]. For Indonesian processed food products, the possession of halal certification significantly influences buyer confidence, particularly in key export markets such as Malaysia, the Middle East, and emerging halal-conscious regions in Europe and North America. According to BPJPH and data from the Ministry of Trade (2023), food categories that prominently display halal certification on their labels tend to experience higher acceptance rates and fewer non-tariff barriers in halal-sensitive importing countries.

Furthermore, Indonesia's halal certification system—when aligned with global benchmarks like OIC/SMIIC, MS 1500 (Malaysia), and GSO 2055—has increasingly enabled Indonesian export of processed foods to meet international buyer requirements. Data from *Investing in Indonesia's Halal Economy* indicate that in 2023, Indonesia's halal food exports reached USD 42.33 billion, with processed foods, beverages, and condiments among the major contributing product groups [13]. Meanwhile, according to the Indonesian Ministry of Trade, exports of food products alone amounted to 81,16% or around USD 33.61 billion during the period of January–November 2024 [14]. This growth highlights the potential benefits of strengthening regulatory harmonization and advancing mutual recognition agreements to enable smoother export facilitation [15]. Moreover, the recently issued Government Regulation No.42/2024 extends the deadline to comply with mandatory halal certification for food and beverage products until October 2026, particularly easing the burden for MSMEs and imported products [16].

Halal certification also supports compliance with other regulatory frameworks such as Hazard Analysis and Critical Control Points (HACCP) and ISO 22000, particularly when halal assurance is integrated into broader food safety management systems. To enhance Indonesia's position in the global halal food trade, policy integration between BPJPH, Ministry of Trade, Ministry of Industry, and Indonesia Halal Lifestyle Center (IHLC) is necessary to streamline certification pipelines and promote halal branding as part of the nation's economic diplomacy strategy. When positioned as part of a broader halal value chain, certification becomes a tool not only of compliance but of competitive advantage, signaling to global buyers that Indonesian products meet multi-dimensional quality criteria: religious, hygienic, and sustainable.

To contextualize the discussion on halal certification and its implications for export-oriented processed food products, it is essential to clarify how processed foods are classified based on their level of processing. Processed foods encompass a broad spectrum of products, ranging from raw and minimally processed items to complex composite foods and intermediate ingredients [17], each presenting distinct halal critical points and assurance requirements. Accordingly, a structured classification is necessary to systematically identify variations in processing intensity, ingredient complexity, and potential halal risks across product categories. Table 3 presents a classification of processed foods adapted to the halal assurance context, serving as an analytical framework for understanding how different processing levels influence halal control measures and certification requirements within the Indonesian processed food export landscape.

Table 3. A classification of processed foods adapted to the halal assurance context

Code	Processed Food Classification	Examples of Products	Common Export Destinations	Halal Critical Points
A	Raw / Unprocessed (fresh, chilled, frozen)	Fresh fish, frozen shrimp, frozen chicken	Japan, EU, Middle East	Slaughter method (for meat), cross-contamination during handling, cold-chain integrity
B	Minimally Processed (cooked, steamed, dried; crude oils)	Dried fish, steamed seafood, crude coconut oil	ASEAN, East Asia, Middle East	Processing aids, shared equipment, drying and storage hygiene
C	Processed (salted, pickled, brined; added sugar; smoked)	Salted fish, smoked fish, sweetened beverages	ASEAN, GCC countries	Additives (salt, sugar), smoking agents, contamination during curing
D	Processed by Fermentation or Smoking (without salting/brining)	Tempeh, fermented soy products, fermented beverages	ASEAN, EU, Japan	Starter cultures, fermentation media, potential alcohol formation
E	Composite Foods / Preparations / Refined Oils	Instant meals, biscuits, refined cooking oils	ASEAN, Middle East, EU	Multi-ingredient sourcing, emulsifiers, refining agents
F	Ingredients and Intermediate Products	Spices, seasoning mixes, brewing ingredients	ASEAN, Middle East, foodservice markets	Flavor carriers, anti-caking agents, yeast extract

Code	Processed Food Classification	Examples of Products	Common Export Destinations	Halal Critical Points
G	Precursors (non-food or not directly consumable)	Fertilized eggs, livestock, bees	Middle East, ASEAN	Feed sources, breeding practices, traceability and transport

3.5 Strategic Recommendations for Enhancing Global Competitiveness

In light of the previous findings, several strategic recommendations can be proposed to strengthen the global positioning of Indonesian halal-certified processed food products:

1. Streamlining Halal Certification for SMEs

BPJPH has allocated one million free halal certification quotas under the SEHATI program in 2025, as part of the government's strategic efforts to accelerate halal certification among micro and small enterprises (MSEs) [18]. This initiative aims to enhance the competitiveness of Indonesian products by facilitating wider participation in the halal-certified market, both domestically and internationally. Looking ahead, the government has announced a planned increase in free certification quotas to 1.35 million in 2026, covering all regions of Indonesia [19]. This expansion represents a concrete policy measure in preparation for the mandatory halal certification requirement scheduled to take effect in October 2026. By lowering financial barriers, the SEHATI program has the potential to significantly increase certification uptake and ensure that a broader range of Indonesian processed food products can access halal-certified market segments. In turn, this supports national objectives related to export readiness, market diversification, and global halal trade integration.

Nevertheless, despite these policy advances, procedural challenges remain, particularly at the early stages of the certification process. Many MSEs continue to experience difficulties in account registration and application submission, including uncertainty in determining product categories, selecting the appropriate Indonesian Standard Industrial Classification (KBLI) codes, and completing business licensing through the Online Single Submission (OSS) system. These administrative complexities may hinder effective participation, especially among first-time applicants with limited regulatory literacy.

Accordingly, further simplification and targeted guidance, particularly during the initial registration and licensing phases, are essential to maximize the effectiveness of the SEHATI program and to ensure that the expansion of halal certification translates into genuine improvements in market competitiveness and regulatory compliance.

2. Integration with Global Halal Standards

Indonesia has taken significant steps to strengthen its halal certification system through Law No. 33/2014 and the implementation of the Halal Product Assurance System (SJPH). However, aligning this national framework with internationally recognized halal standards, such as OIC/SMIIC 1:2019, MS 1500:2019 (Malaysia), and GSO 993:2015 (Gulf countries), continues to present practical challenges [20], [21]. One major obstacle lies in differences in scope and technical requirements, particularly regarding the classification of critical materials, documentation of halal raw materials, and audit depth. For example, Indonesia's SJPH places strong emphasis on system-based assurance and continuous internal monitoring, while MS 1500:2019 incorporates more detailed requirements on halal risk management, cleanliness, and hygiene integration with food safety systems. Similarly, OIC/SMIIC 1:2019 adopts a broader framework intended for cross-country application, which may differ in interpretation and implementation across member states, leading to inconsistencies in acceptance.

These differences create opportunities to strengthen cooperation through the development of *Mutual Recognition Agreements* (MRAs), enabling more efficient and coordinated cross-border acceptance of halal certification. In practice, Indonesian processed food products exported to Malaysia or *Gulf Cooperation Council* (GCC) countries may still require additional adjustments in the form of supplementary verification or documentation, underscoring the importance of further technical harmonization. Accordingly, strategies that integrate regulatory alignment, capacity building for certification bodies, and sustained dialogue among halal authorities represent constructive pathways to reinforce mutual trust. Such efforts are expected to accelerate the implementation of MRAs with key trading partners, reduce technical barriers to trade, and ultimately enhance the global competitiveness of Indonesian halal processed food products.

3. Digital Transformation and Traceability Systems

As a concrete step toward digital transformation in halal governance, BPJPH has developed the SIHALAL platform as a national digital system to support halal certification processes, including registration, document submission, verification, and monitoring. SIHALAL has significantly improved administrative efficiency and expanded access to halal certification, particularly for micro and small enterprises through the self-declare scheme. By centralizing certification workflows, SIHALAL represents an important foundation for strengthening transparency and accountability within Indonesia's halal assurance system. Nevertheless, the platform's current scope remains primarily administrative, indicating further potential for development toward integrated halal supply chain transparency and post-certification oversight.

To further enhance system reliability, particular attention should be given to the synchronization and continuous updating of halal material data within SIHALAL. At present, several materials that are already listed as halal-compliant on the BPJPH "Cek Halal" public portal are not consistently reflected in the SIHALAL system, creating data gaps that may lead to confusion among business actors and auditors. It is therefore recommended that BPJPH establish a fully integrated and regularly updated material database across all digital platforms, supported by automated updates, data validation mechanisms, and clear version control. Improving data governance for halal materials will reduce the risk of misinterpretation, strengthen audit accuracy, and enhance stakeholder confidence in the integrity of Indonesia's halal certification system.

4. Brand Positioning and Halal Market Diplomacy

Indonesia has made significant strides in positioning itself not only as the world's largest Muslim-majority market but also as a leading actor in the global halal economy through concerted institutional and promotional initiatives. One of the key coordinating bodies in this effort is the National Committee for the Islamic Economy and Finance (KNEKS), which functions to synchronize policies, strengthen governance, and accelerate the development of the Islamic economic ecosystem, including halal product industries, across government, private sector, and financial institutions. KNEKS plays a central role in translating the strategic objectives of the *Masterplan Ekonomi Syariah Indonesia 2019–2024* into actionable programs, with a focus on improving competitiveness, supporting SMEs, and enhancing infrastructure for halal industries.

In line with these strategic orientations, the BPJPH has actively participated in international halal exhibitions and forums to elevate the visibility of Indonesian halal products and strengthen diplomatic engagement. Notably, BPJPH showcased Indonesian micro and small enterprise (MSE) halal products at the MIHAS (Malaysia International Halal Showcase), *Makkah Halal Forum* international exhibition, introducing a curated selection of certified halal goods to global buyers and stakeholders [22], [23]. In addition, Indonesia's presence at the *Kazan Halal Market 2025* in Russia, an integral part of the International Economic Forum *Russia–Islamic World: Kazan Forum*, demonstrated its commitment to advancing global halal cooperation and mutual recognition, with participation from over 80 countries and thousands of certified products [24]. Furthermore, BPJPH

has mobilized the *Indonesia International Halal Festival (IIHF)* as a platform for international collaboration, MoU signings, and business matching with stakeholders from more than two dozen countries [25].

As a constructive policy direction, Indonesia may further strengthen its halal market diplomacy by exploring the establishment of a dedicated Halal Trade or Halal Economic Desk within selected overseas missions in priority export markets [21]. This initiative could complement existing promotional efforts by providing continuous technical support on halal certification, facilitating regulatory dialogue with foreign halal authorities, and assisting Indonesian exporters in navigating market-specific halal requirements. By embedding halal expertise within economic diplomacy structures, Indonesia would be better positioned to translate its robust halal governance framework into sustained international market access and long-term competitiveness for processed food products, while reinforcing its role as an emerging global reference in halal assurance.

5. Continuous Improvement of the SJPH Implementation

To meet the five core criteria of the Halal Product Assurance System (SJPH), halal assurance should be treated not as a one-time administrative requirement but as a living management system that evolves with changes in ingredients, suppliers, processing conditions, and regulatory expectations. Companies need to embed halal controls into routine operations—particularly procurement, production, sanitation, and storage—so that halal compliance becomes part of day-to-day decision-making rather than a periodic “certification project.” This orientation is crucial because halal risks often emerge from incremental operational changes (e.g., switching vendors, introducing new additives, modifying cleaning chemicals, or sharing equipment), which can unintentionally create non-compliance if not proactively managed.

A practical way to institutionalize this dynamic approach is through a structured cycle of regular internal audits, continuous employee training, and periodic external verification. Internal audits help detect early deviations and ensure corrective and preventive actions are documented and implemented, while targeted training strengthens staff competence and builds an organizational culture that prioritizes halal integrity alongside quality and safety. External verification by authorized bodies adds independent assurance, reinforces credibility, and reduces reputational risk—particularly important for companies competing in export-oriented markets where buyers increasingly demand traceability, consistent documentation, and robust governance. Together, these mechanisms strengthen SJPH maturity, improve process discipline, and support sustained competitiveness in domestic and global halal markets.

4. Conclusion

The analysis of global and national dynamics surrounding halal certification underscores its growing importance not only as a religious obligation but also as a driver of economic competitiveness. Globally, the increasing demand for halal-certified products reflects a significant shift in consumer preferences, transcending Muslim-majority countries and positioning halal as a universal marker of quality and ethical assurance. The enactment of Law No. 33/2014 and the establishment of BPJPH signify Indonesia’s commitment to institutionalizing halal assurance as part of its broader national economic agenda.

A nuanced understanding of Indonesia’s dual-track halal certification schemes—Regular Certification and Self-Declare pathways—reveals the country’s effort to promote inclusivity, especially for MSMEs, while ensuring adherence to the five core criteria of SJPH. This dual system allows greater flexibility while maintaining credibility. Empirical data suggests that halal certification contributes to increased trust, improved market access, and differentiation of Indonesian processed food products in competitive global markets. However, challenges remain in standard harmonization, SME readiness, and global recognition.

Consequently, strategic policy alignment, capacity building, and strengthened stakeholder collaboration are imperative to optimize Indonesia's halal potential on the world stage. The insights from this analysis offer actionable directions for regulators, industry players, and policymakers seeking to position Indonesia as a leading halal food producer in the global economy.

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