

Harmonization of Global Halal Standards: Challenges and Legal Implications for Indonesia in the International Halal Market

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ABSTRACT: This article discusses the legal implications of differing halal standards between countries on international trade, as well as Indonesia's position in the global halal market from the perspective of Islamic economic law. The rapid growth of the global halal industry has increased cross-border trade in halal products; however, this development has not been accompanied by uniform international halal standards. Differences in certification systems, mechanisms for mutual recognition of halal certificates, and authorities for standard setting have the potential to create technical trade barriers and legal uncertainties for business actors. This study employs a normative juridical method with legislative, conceptual, and comparative approaches, analyzed through the concepts of *Maqāṣid al-Sharī'ah*, protection of the spiritual rights of Muslim consumers, and the theory of legal harmonization in international trade. Research results indicate that differences in global halal standards pose challenges to the effectiveness of cross-border trade in halal products while also affecting the competitiveness of the national halal industry. Nonetheless, mandatory halal certification policies in Indonesia still have legal legitimacy as instruments for consumer protection and guarantees for the exercise of religious rights. Therefore, it is necessary to strengthen international cooperation and mutual recognition mechanisms to support the harmonization of global halal standards.

KEYWORDS: Global Halal Standards, Halal Certification, International Trade.

I. INTRODUCTION

The development of the global halal industry in recent decades has shown a very significant transformation. It is not only a manifestation of the obligations of the Muslim community but also a part of the increasingly competitive global economic dynamics. The development of the halal sector, which includes food, pharmaceuticals, cosmetics, and tourism, shows that the halal industry has grown into a global economic standard with strategic value in international trade.

The global halal industry development cannot be separated from the increasing demand for halal products in various countries. According to the State of the Global Islamic Economy Report, global Muslim consumer spending on the halal sector reached approximately USD 2.29 trillion in 2022 and is projected to increase to more than USD 3 trillion by 2027. This growth encompasses sectors such as halal food and beverages, pharmaceuticals, cosmetics, Muslim clothing, media, and halal tourism, indicating that halal has developed into a part of the global trade system and is no longer merely a religious issue.

Interestingly, the development of the halal industry is no longer dominated by countries with a majority Muslim population. Countries such as Japan, Thailand, South Korea, Australia, and Brazil have begun to develop the halal industry as part of their export strategies and to enhance the competitiveness of their products in the global Muslim market. Thailand, for example, is positioning itself as the Kitchen of the World through strengthening national halal certification, while Japan is actively developing the halal tourism sector to attract international Muslim tourists.

In Indonesia, the development of the halal industry shows a positive direction, particularly with the strengthening of regulations through Law Number 33 of 2014 concerning Halal Product Assurance. The obligation for halal certification is no longer only intended to provide protection for Muslim consumers but also has become a strategic part of boosting the competitiveness of Indonesian halal products in the global market. The strengthening of this legal framework is further emphasized through Government Regulation Number 42 of 2024, which more specifically regulates the mechanisms for implementing halal product assurance, including certification governance, the role of institutions, and supervision within the national halal product assurance system.

In this growth, structural challenges have emerged related to the absence of alignment in halal standards at the international level. In response to the need for harmonization, member countries of the Organisation of Islamic Cooperation (OIC), through the establishment of the Standards and Metrology Institute for Islamic Countries (SMIIC), are striving to develop international halal standards that can be used collaboratively. The OIC is an organization for cooperation among Islamic countries,

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consisting of 57 member states, while SMIIC is a technical institution under the OIC responsible for developing standards, metrology, and accreditation mechanisms, including in the field of halal certification, in order to promote harmonization and mutual recognition mechanisms among member countries.

Differences in halal standards between countries, whether in terms of institutions, certification mechanisms, or methods of determining halal status, create complexities in international trade practices. This situation impacts the need for recertification, increases compliance costs, and also poses potential legal uncertainties for businesses seeking to enter global markets. From the perspective of international trade law, these differences may also lead to the emergence of technical trade barriers, especially when a country does not recognize halal certification from another country.

Sharia Economic Law considers that the halal standard functions not only as a regulatory instrument but also as a mechanism for protecting the values of *maqāsid al-sharī'ah*, particularly in safeguarding religion (*hifz al-dīn*) and consumer protection. However, the implementation of halal standards in a global context still raises a dilemma between consumer protection interests and the demands for efficiency in international trade. Therefore, an approach is needed that can integrate Sharia principles with the framework of global trade law.

Research on the halal industry and global halal standards has been widely conducted, but most studies have still focused on the economic aspects and the development of the halal industry. Research by Johan Fischer highlights halal standards as instruments of global governance influenced by religious, economic, and political aspects, but it has not yet discussed their legal implications for international trade. Research by Azam and Abdullah examines a comparison of various global halal standards and finds differences in certification procedures as well as the authorities of halal institutions between countries, but it has not yet analyzed the juridical impact on global trade. Furthermore, research by Gul et al. discusses trends in the harmonization of international halal standards through initiatives by international organizations such as SMIIC, but it is still limited to technical standardization aspects. Meanwhile, the research by Mashuri and Nasrullah has linked halal certification with international trade and *maqāsid al-syarī'ah*, yet it has not positioned Indonesia as a strategic focus in the global halal market. The study by Jalaluddin et al. on halal regulations in Indonesia and Malaysia is also still limited to a comparison of institutional frameworks and law enforcement at the national level. Thus, there remains a research gap concerning the integration of Islamic economic law, international trade, and Indonesia's legal strategy in addressing the diversity of global halal standards. This study aims to fill that gap through an analysis of the legal implications of differences in international halal standards as well as Indonesia's position in the global halal market.

Based on the above description, there is a research gap in the aspect of comprehensive analysis between the differences in global halal standards and their legal implications in international trade, as well as Indonesia's position in facing these dynamics. Previous studies tend to be partial, either focusing only on economic aspects, national regulations, or comparisons of halal standards, without constructing a comprehensive legal analysis in a global context.

Thus, this study offers a normative approach that examines the legal implications of differences in halal standards among countries from the perspective of Sharia economic law and international trade. This study not only analyzes the challenges of harmonizing global halal standards but also formulates Indonesia's position and strategy in strengthening its role in the international halal market. The purpose of this study is to analyze the causes of the unrealized harmonization of global halal standards, examine its legal implications for international trade, and assess Indonesia's position and strategy in facing these dynamics.

II. METHODOLOGY

This research is a normative study that positions law as a system of norms analyzed systematically, argumentatively, and prescriptively. The use of the normative method is based on the nature of the problem, which focuses on the differences in halal standards between countries and their legal implications in international trade. The focus of this study is directed at analyzing the norms governing the halal product assurance system, both at the national level and global halal standards, as well as their examination from the perspective of Islamic economic law.

The legislative approach (statute approach) is carried out through a review of various regulations related to the implementation of halal product guarantees in Indonesia, particularly Law Number 33 of 2014 concerning Halal Product Assurance and Government Regulation Number 42 of 2024 concerning the Implementation of the Halal Product Assurance Sector, as well as other related regulations that support the national halal certification system. Through this approach, the research not only identifies the basis of legitimacy for the mandatory application of halal certification but also analyzes how these regulations interact with the international trade regime, the principle of non-discrimination, and efforts to harmonize global halal standards. Thus, the legislative approach is used to assess the extent to which the national legal framework is able to accommodate the needs of Muslim consumer protection while maintaining the competitiveness of Indonesian halal products in the international market.

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A conceptual approach is used to analyze the principles of Islamic economic law, particularly *maqāṣid al-sharī'ah* as a normative foundation in assessing the applicability of halal standards. In this study, *maqāṣid* is understood not only as a classical normative doctrine but also as an evaluative criterion in assessing halal certification policies in a global context. The principle of protection of religion (*hifz al-dīn*) and consumer protection serves as the basis for evaluating the legitimacy of implementing halal standards as a legal instrument.

The comparative approach is used by comparing Indonesia's halal certification system with several countries that have a significant influence on the global halal industry, namely Malaysia, Thailand, and South Korea. Malaysia is chosen because it has a halal certification system that has gained international recognition through the Department of Islamic Development Malaysia (JAKIM), Thailand is chosen as a representation of a non-Muslim country that has successfully made the halal industry a national export strategy, while South Korea is chosen due to the increasing export of halal products to Muslim countries but still facing issues regarding the recognition of halal standards in several destination countries, including Indonesia.

The type of data used is secondary data, consisting of primary, secondary, and tertiary legal materials. Primary legal materials include legislation related to halal product guarantees. Secondary legal materials consist of books, scientific journal articles, and relevant research findings. Tertiary legal materials include legal dictionaries and encyclopedias that support the understanding of concepts. Legal materials were collected through library research. Subsequently, the legal materials were identified based on their relevance to the issue of global halal standard harmonization, and then classified into primary, secondary, and tertiary legal materials. After that, a systematization was conducted by arranging the legal materials according to the discussion themes, namely international halal standard harmonization, legal implications on international trade, and Indonesia's position in the global halal market.

Data analysis was conducted qualitatively using legal interpretation methods, both grammatically, systematically, and teleologically, to understand the meaning of norms within the context of the overall legal system. The results of the analysis were then used to examine the legal implications of differences in global halal standards on international trade and to formulate normative arguments concerning Indonesia's position and strategy in facing the dynamics of the global halal market.

III. RESULTS AND DISCUSSION

A. Dynamics and Challenges of Harmonizing Global Halal Standards

Harmonization is the process of aligning different norms, standards, or regulations to create consistency and mutual recognition without eliminating the legal characteristics of each country. In the context of the halal industry, harmonization is aimed at unifying the principles, procedures, and certification mechanisms so that products that have obtained halal certification in one country can be accepted and recognized by other countries through a mutual recognition mechanism. Halal standards themselves are a set of provisions that regulate the requirements for a product's halal status, ranging from raw materials, production processes, storage, distribution, to presentation, in accordance with Sharia principles. When these standards are applied to cross-border trade, the concept of global halal standards emerges, which are halal standards intended to share common principles and serve as a mutual reference in international trade.

The development of global halal standards is inseparable from the rapid growth of the world's halal industry. The increasing demand for halal products in various countries has prompted the growth of cross-border halal product trade, which requires legal certainty and uniformity in certification standards. In its development, halal standards are no longer understood merely as religious norms, but have also become regulatory instruments that have implications for international trade, product competitiveness, and a country's economic policies.

In response to this need, the Organisation of Islamic Cooperation (OIC), through the Standards and Metrology Institute for Islamic Countries (SMIIC), has developed international halal standards aimed at promoting the harmonization of regulations and mutual recognition mechanisms among members. The standards developed by the Standards and Metrology Institute for Islamic Countries (SMIIC) cover principles regarding raw materials, production processes, halal assurance systems, and the halal supply chain. Nevertheless, the implementation of these standards has not been fully effective because not all member countries of the Organisation of Islamic Cooperation (OIC) have adopted the Standards and Metrology Institute for Islamic Countries (SMIIC) as national standards. In addition, there are still differences in *fiqh* interpretations influenced by madhhab, the institutional structures of halal certification in each country, as well as national economic interests, which cause each country to tend to maintain its own halal certification system.

The challenge of harmonization also becomes increasingly complex with the development of the halal industry in countries where the majority of the population is not Muslim, such as Thailand and Japan. These two countries have successfully developed halal certification systems as a strategy to enhance exports and the competitiveness of products in the global market. However, the standards applied are not yet fully identical to those in Muslim-majority countries, both in terms of inspection procedures and the authorities that determine product halal status. These differences create issues in the recognition of halal certification across countries because the legitimacy of certification bodies in the country of origin is not necessarily

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acknowledged by the export destination countries. Consequently, global halal standards are essentially influenced not only by theological aspects but also by legal, political, and international trade strategy considerations.

The suboptimal implementation of the mutual recognition mechanism indicates that the harmonization of global halal standards still faces structural challenges. Each country essentially has the authority to determine halal standards according to its national legal system, so the alignment process often conflicts with the principle of regulatory sovereignty. From the perspective of Islamic economic law, this condition shows that the goal of realizing public welfare (*maslahah 'āmmah*) through the facilitation of halal trade has not been fully achieved due to legal uncertainties, certification duplication, and increased compliance costs for business actors. Therefore, although the harmonization of global halal standards has begun to be established through various international forums, its realization still requires the strengthening of cooperation between countries in order to create a halal certification system that is more effective, efficient, and provides legal certainty in international trade.

B. Legal Implications of Differences in Halal Standards in International Trade

Differences in halal standards between countries give rise to various legal implications in international trade. These implications are not only related to halal certification aspects but also affect legal certainty, consumer protection, and business actors' access to international markets. One of the most tangible implications is the emergence of technical barriers to trade. When a country does not recognize halal certificates issued by another country, businesses are required to undergo re-certification in accordance with the regulations of the export destination country. This situation leads to increased compliance costs, longer distribution times, and decreased efficiency in cross-border trade of halal products. Thus, halal standards no longer merely function as instruments for fulfilling religious obligations, but also evolve as regulatory instruments that have legal and economic consequences in international trade.

From the perspective of international trade law, differences in halal standards can be categorized as a form of non-tariff barriers that have the potential to restrict market access if a country implements halal certification requirements without a mutual recognition mechanism. However, from the perspective of Sharia economic law, mandatory halal certification policies still have a legitimate basis because they are part of the protection of Muslim consumers. This protection is not only understood as safeguarding product safety but also as a form of respect for consumers' rights to obtain certainty that the products they consume comply with Islamic law.

Differences in halal standards also create legal uncertainty for business actors engaged in export or import activities. Business actors are not only required to comply with halal certification regulations in their country of origin, but they must also adapt to the halal standards applicable in the destination country. Differences in inspection procedures, certification bodies, and administrative requirements result in business actors needing to meet different standards for the same product. This situation poses an even greater challenge for micro, small, and medium enterprises (MSMEs) due to the limited resources available to meet various cross-border certification requirements.

In addition to creating legal uncertainty, differences in halal standards also have the potential to give rise to disguised protectionism, which is the use of trade regulations as a means to protect domestic industries through non-tariff barriers without directly prohibiting the entry of foreign products. In such circumstances, halal standards are no longer solely based on Sharia considerations, but can also be influenced by national economic interests and a country's trade strategy. As a result, the function of halal certification has the potential to shift from a consumer protection instrument to a trade policy tool that can affect business competition in the international market.

C. Indonesia's Position and Strategy in Global Halal Standards

Indonesia holds a strategic position in the global halal industry as one of the countries with the largest Muslim population in the world, with the potential to become a center of production as well as a determinant of international halal standards. Through Law Number 33 of 2014 and Government Regulation Number 42 of 2024, Indonesia has established a comprehensive halal product assurance system. These policies not only reflect the country's commitment to providing legal protection for Muslim consumers but also demonstrate institutional efforts in building an integrated halal industry ecosystem from upstream to downstream.

In the global arena, Indonesia's position still faces structural challenges, particularly regarding the recognition of halal standards by other countries. Indonesia's halal certification system has not yet fully gained broad international recognition, so Indonesian products still need to adjust to the halal standards of the export destination countries. This situation indicates an imbalance in Indonesia's position within the global halal value chain, where Indonesia remains more dominant as a consumer than as a producer and standard setter.

From an institutional standpoint, although Indonesia already has a relatively strong system through the Indonesian Ulema Council, the Halal Product Assurance Organizing Agency, and Halal Inspection Institutions, the coordination and competitiveness of these institutions still need to be strengthened in order to compete with halal certification bodies of other countries such as

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Malaysia, which has long had international recognition. This indicates that the strength of domestic regulations has not fully translated into bargaining power in global forums.

To address these challenges, the following strategies are required: first, strengthening international cooperation through increased active participation in global halal standard forums such as the Standards and Metrology Institute for Islamic Countries is a strategic step in promoting the harmonization and recognition of Indonesian halal standards. Second, the development of mutual recognition agreement mechanisms with trading partner countries needs to be optimized to reduce recertification barriers and enhance trade efficiency. Third, strengthening the capacity of the national halal industry, particularly in the MSME sector, is a key factor in improving the competitiveness of Indonesian halal products in the global market. This includes improving access to halal certification, sharia financing, as well as strengthening an integrated halal supply chain. Fourth, a more aggressive legal and economic diplomacy strategy is needed to advocate for the recognition of Indonesian halal standards as part of national interests at the international level.

Thus, Indonesia's position in global halal standards is still in the stage of strengthening towards a more strategic role. A transformation is needed from merely being the largest halal market to becoming a key player in the formation of global halal standards. This can be achieved through a synergy between strengthening domestic regulations, enhancing industry competitiveness, and implementing an integrated international diplomacy strategy.

IV. CONCLUSIONS

Differences in halal standards between countries indicate that the harmonization of global halal standards has not yet been fully realized. Although efforts to align standards have been made through the Standards and Metrology Institute for Islamic Countries (SMIIC) under the Organisation of Islamic Cooperation (OIC), their implementation still faces various obstacles in the form of differences in legal systems, halal certification authorities, *fiqh* interpretations, as well as the economic interests of each country. This situation has implications for international trade through increased compliance costs, the need for re-certification, legal uncertainty for business actors, and the potential emergence of technical barriers to trade.

From the perspective of Islamic economic law, the mandatory halal certification policy in Indonesia represents a form of protection for the spiritual rights of consumers and is in line with the objectives of *maqāṣid al-sharī'ah*, particularly the protection of religion (*ḥifẓ al-dīn*) and the welfare of society. However, without harmonization and an effective mutual recognition mechanism at the international level, differences in halal standards have the potential to reduce trade efficiency and decrease the competitiveness of Indonesian halal products in the global market.

Based on the results of the research, it is recommended that Indonesia strengthen legal diplomacy in international forums, particularly through active participation in SMIIC/OIC and the formulation of Mutual Recognition Agreements (MRA) with trade partner countries. In addition, it is necessary to enhance the capacity of national halal certification institutions, improve the competitiveness of the halal industry, and align national regulations with developments in international halal standards without compromising the principles of Muslim consumer protection. This strategy is expected to strengthen Indonesia's position not only as the largest halal market but also as one of the actors involved in the formation of global halal standards.

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