

ADRESSING NON-COMPLIANCE WITH HALAL PRODUCT REGULATIONS IN INDONESIA: SAFEGUARDING MUSLIM CONSUMER RIGHTS

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Submitted: 29/04/2024; Accepted: 21/05/2024; Revision: 03/07/2024;
Approved: 13/08/2024

DOI: <https://doi.org/10.24815/kanun.v26i2.38402>

ABSTRACT

This article examines the persistent non-compliance of producers with halal product regulations in Indonesia and its implications for safeguarding the rights of Muslim consumers. Despite the enactment of the Halal Product Assurance Law in 2014, a significant discrepancy exists between regulatory mandates and actual adherence. Through a normative-juridical approach involving legal interpretation and analysis of government reports and academic literature, this study delves into the various factors contributing to this issue. The research findings indicate that non-compliance arises from a combination of regulatory uncertainties, institutional inefficiencies, and socio-economic challenges. Notably, inadequate enforcement mechanisms, overlapping institutional jurisdictions, and the financial burden of certification processes are identified as key factors. This non-compliance undermines the halal integrity of products, thereby violating the rights of Muslim consumers as stipulated by Islamic law. Resolving this issue necessitates a comprehensive overhaul of the halal certification system, encompassing streamlined procedures, improved inter-agency collaboration, and strengthened enforcement measures. These efforts contribute to the broader dialogue on religious consumer rights and regulatory adherence in diverse societies, offering valuable insights for policymakers and stakeholders in the halal sector.

Keyword: Non-Compliance; Halal Product Producers; Muslim Consumers; Legislation; Islamic Law; Indonesia.

INTRODUCTION

Indonesia, with its significant Muslim population of 275 million, representing the largest domestic halal market in the world, faces considerable challenges in ensuring

compliance with halal standards.¹ Despite existing regulations such as Law Number 33 of 2014 on Halal Product Assurance and earlier laws like Law Number 8 of 1999 on Consumer Protection and Government Regulation Number 69 of 1999 concerning Food Labeling and Advertising, many producers still fail to adhere to halal standards. This non-compliance results in numerous violations and the circulation of fake halal certifications. The changes in the authority of the Indonesian Ulema Council (MUI) have further complicated the certification process, raising concerns about the reliability and quality of halal certifications. Additionally, the role of halal auditors and the accreditation of Halal Inspection Institutions are crucial yet fraught with obstacles in the current system.² Muslim consumer awareness about the importance of halal certification remains low, and there are instances of data manipulation in the certification application process, exemplified by cases like the Nabidz product.³ These issues highlight the need for a more effective verification, supervision, and enforcement system. Furthermore, the effectiveness of sanctions against non-compliant producers is questionable, necessitating a thorough evaluation of the types of sanctions and their impact. Despite the issuance of numerous regulations, there is still a need to identify and address the weaknesses in the current regulatory framework to improve compliance levels. The study suggests that significant improvements are needed in the halal protection system, including better coordination among government bodies, MUI, BPOM, and the community. These efforts aim to enhance the legal protection for Muslim consumers in Indonesia, ensuring that all available products are genuinely halal-certified.⁴

In 2022, the Indonesian Food and Drug Authority (BPOM) reported a significant increase in violations concerning halal product standards, such as the use of materials forbidden in Islamic law and the forging of halal certificates in 248 cases.⁵ In 2023, the Halal Product Assurance Organizing Agency (BPJPH) of the Ministry of Religious

¹ Viva Budi Kusnandar, "Sebanyak 86,88% Penduduk Indonesia Beragama Islam," databoks, 2021, <https://databoks.katadata.co.id/datapublish/2021/09/30/sebanyak-8688-penduduk-indonesia-beragama-islam>.

² Hayyun Durrotul Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," *Journal of Halal Product and Research (JHPP)* 2, no. 2 (2019): 68–78.

³ Hafiz Wasim Akram, "Assessment of Global Halal Market : Challenges and Opportunities," *African Journal of Business and Economic Research* 15, no. 4 (2020).

⁴ Nindya Waras Sayekti, "Jaminan Produk Halal Dalam Perspektif Kelembagaan," *Jurnal Ekonomi Dan Kebijakan Publik* 5, no. 2 (2014): 193–203, <https://doi.org/http://dx.doi.org/10.22212/jekp.v5i2.84>.

⁵ Majelis Ulama Indonesia, "Penetapan Produk Halal," Bidang POM dan Iptek, 2023, <https://halalmui.argia.co.id/wp-content/uploads/2023/01/Keputusan-Fatwa-MUI-Tahun-2009-Tentang-Penetapan-Produk-Halal.pdf>.

Affairs revoked the halal certificate of a beverage product (Wine Nabidz) for violations in the halal certification process. Other notable cases that stirred public controversy included the halal certification issues with the seasoning product Aji-No-Motto, which contained Bactosoytone, and the food product Indomie, which was found to contain pork fat, as well as the Bika Ambon case. These incidents highlight issues in the halal certification process, such as unauthorized halal labels on uncertified products or producers altering the food composition from what was initially submitted for halal certification.⁶

As a matter of fact and information, non-compliance by producers with halal product regulations has been highlighted by Iffaty Nasyi'ah⁷ through her research findings. Many businesses that have not yet registered for halal certification should be a concern for the government in enforcing regulations, as stated in Article 4 of Law Number 33 of 2014 on Halal Product Assurance (UU-JPHH). Violations of Article 4 do not have administrative or criminal juridical implications. However, criminalization of violations of Article 4 of the UU-JPHH may still occur due to the absence of status as administrative violations or criminal offenses. Indonesia, with its significant Muslim population of 275 million, representing the largest domestic halal market in the world, faces considerable challenges in ensuring compliance with halal standards. Despite existing regulations such as Law Number 33 of 2014 on Halal Product Assurance and earlier laws like Law Number 8 of 1999 on Consumer Protection and Government Regulation Number 69 of 1999 concerning Food Labeling and Advertising, many producers still fail to adhere to halal standards. Direct or indirect violations of these regulations can harm communities in need of legal certainty. Communities with limited knowledge require competent authorities with authority in the field of halal certification.⁸ Violations of Article 4 of the UU-JPHH in criminal law fall under the category of crimes if committed intentionally and under the category of violations if committed unintentionally, with appropriate legal sanctions including imprisonment and/or fines. However, despite these regulations and the established legal framework, non-compliance still persists. This non-compliance can be attributed to several factors: lack of awareness and understanding among producers about

⁶ Sayekti, "Jaminan Produk Halal Dalam Perspektif Kelembagaan."

⁷ Iffaty Nasyi'ah, "Pelanggaran Kewajiban Pendaftaran Sertifikat Halal," *Jurisdictie* 9, no. 1 (2018): 84–108.

⁸ Akram, "Assessment of Global Halal Market : Challenges and Opportunities."

the importance of halal certification, inadequate supervision and enforcement by the relevant authorities, and the complexities and inefficiencies within the certification process itself. Additionally, the changes in authority, such as the reduced role of the Indonesian Ulema Council (MUI) in the certification process, have led to uncertainties and inconsistencies. These factors combined create gaps in the regulatory system, allowing for continued violations and the proliferation of fake halal certifications. Therefore, it is crucial to address these underlying issues to improve compliance and ensure the integrity of halal certification in Indonesia.⁹

Similarly, the Law Number 8 of 1999 on Consumer Protection, aimed at safeguarding consumer rights by requiring halal labels on food and beverage products, was considered ineffective because halal product registration was voluntary, thus lacking legal sanctions for violations.¹⁰ Violations of halal labels are errors committed by producers who use halal labels on products and services, with many food and beverage products still containing non-halal (haram) ingredients. This legislative deficiency was addressed with the enactment of Law Number 33 of 2014 on Halal Product Assurance, expected to protect Muslim consumers by establishing the Halal Product Assurance Organizing Agency.¹¹

Compliance by producers in issuing halal label certificates must adhere to applicable regulations through established procedures. This issue concerns the rights of Muslim consumers to consume and use halal products in accordance with Islamic law because consumer protection is an integral part of producer business. The halal certification process, prior to the implementation of the halal product assurance law, was conducted by the Indonesian Ulema Council (MUI) through the Food, Drug, and Cosmetic Assessment Institute. Halal product certification remains voluntary upon request from producers seeking halal product certificates. Similarly, supervision of circulating productions is carried out by MUI, which lacks the authority to impose

⁹ Winarno Yudho and Heri Tjandrasari, "Efektivitas Hukum Dalam Masyarakat," *Jurnal Hukum & Pembangunan* 17, no. 1 (June 14, 2017): 57, <https://doi.org/10.21143/jhp.vol17.no1.1227>.

¹⁰ Tami Rusli, "Tanggung Jawab Produk Dalam Hukum Perlindungan Konsumen," *Pranata Hukum* 7, no. 1 (2012): 79–88.

¹¹ Yudho and Tjandrasari, "Efektivitas Hukum Dalam Masyarakat."

sanctions in cases of violations, negligence, or fraud as forms of producer non-compliance with halal product regulations.¹²

These cases underscore the fact that the implementation of halal certification in Indonesia is considered ineffective in fostering producer compliance with halal product certificate regulations. In its formal legal implementation, when misuse of halal labels listed in halal certificates occurs, MUI cannot impose legal sanctions on producers who fail to comply with established regulations, as MUI's authority is limited to issuing warnings and admonitions to producers.¹³ When non-compliance occurs, the authority to impose legal sanctions falls under the jurisdiction of other agencies, specifically the Ministry of Religious Affairs (MoRA) and the National Agency of Drug and Food Control (BPOM). These agencies are responsible for enforcing compliance and can impose legal sanctions, including fines and imprisonment, on producers who violate halal certification regulations. Based on this background, facts, and information, this paper will discuss the halal certification process based on regulations, producer compliance with halal certification, and the protection of Muslim consumers in halal products, while also identifying the roles of MoRA and BPOM in ensuring adherence to halal standards.¹⁴

RESEARCH METHOD

The research method used in this study is a juridical-normative approach, focusing on the analysis of legal literature and documents through doctrinal research.¹⁵ This approach distinguishes between primary, secondary, and tertiary legal materials, with primary legal materials having the strongest binding force. Primary legal materials include laws and regulations established by the state or authorized legal bodies. This study analyzes both primary and secondary legal materials related to halal product assurance, consumer protection, and halal certification. The key legal materials examined are::

¹² Amzar Ardiansyah, Ida Hanifah, and Ida Nadirah, "Halal Investment And Tourism Policy In Aceh Province, Indonesia: Opportunities And Challenges," *Kanun: Jurnal Ilmu Hukum* 26, no. 1 (2024), <https://doi.org/10.24815/kanun.v26i1.36136>.

¹³ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

¹⁴ Wahyu Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia," *Journal of Halal Product and Research (JHPP)* 4, no. 2 (2021): 90–97.

¹⁵ Andar Zulkarnain Hutagalung, "Analisa Undang-Undang Jaminan Produk Halal Dan Cipta Kerja (Antara Kenyataan Dan Keberlanjutan)" (UIN Syarif Hidayatullah Jakarta, 2021).

1. Republic of Indonesia Law Number 8 of 1999 concerning Consumer Protection;
2. Republic of Indonesia Law Number 33 of 2014 concerning Halal Product Assurance;
3. Republic of Indonesia Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance;
4. Republic of Indonesia Government Regulation Number 69 of 1999 concerning Food Labeling and Advertising;
5. Fatwa of the Indonesian Ulama Council Number 4 of 2003 concerning Provisions and Criteria for Halal Products;
6. Decision of the Indonesian Ulama Council Number 1 of 2012 concerning the Halal Certification System of the Indonesian Ulama Council.¹⁶

The analysis employs qualitative methods and interpretation techniques to examine the regulations and legislation related to the halal certification process for producers. Initially voluntary, halal certification became mandatory with the enactment of the Halal Product Assurance Law.

RESEARCH OUTCOME AND DISCUSSION

1. Halal Certification Process Based on Regulations

The halal certification process involves systematically testing to determine if a food, medicine, or cosmetic product produced by a manufacturer meets the requirements of halal standards. As a result of this certification process, a halal certificate is issued as evidence that the product meets halal standards according to Islamic regulations and Sharia law. Government institutions responsible for halal certification include:¹⁷ (a) the Indonesian Ulema Council through the Fatwa Commission as the issuer of fatwas and halal certificates; (b) the Indonesian Ulema Council's Food, Drugs, and Cosmetics Assessment Institute as the examiner of product halal from raw materials to production processes; and (c) the Food and Drug Supervisory Agency as the authority for halal label

¹⁶ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

¹⁷ Faridah.

placement. Before the enactment of Law Number 33 of 2014 concerning Halal Product Assurance, the halal certification process was carried out by the Indonesian Ulama Council's Food, Drugs, and Cosmetics Assessment Institute (MUI). Halal certification registration was voluntary at the request of manufacturers to obtain halal product certificates.¹⁸ This voluntary nature was the cause of issues regarding manufacturers' non-compliance in ensuring the rights of Muslim consumers were met.¹⁹ After the implementation of the law, halal certification became mandatory for producers. Compliance with the procedures and processes of halal certification established in the regulations became an obligation to protect the rights of Muslim consumers, there have been changes²⁰ in the institutions responsible for certification under the halal product assurance law:

- a. The Halal Product Assurance Agency as the main authority in the halal certification process;
- b. The Halal Inspection Institute as the body conducting audits or inspections of halal products;
- c. The Indonesian Ulama Council remains as the issuer of fatwas but no longer has full authority in the halal certification process; and
- d. The Indonesian Ulama Council and the Halal Product Assurance Agency together certify halal auditors and accredit the Halal Inspection Institute.

Halal has become a lifestyle for Muslim consumers worldwide due to their awareness of consuming halal food.²¹ The research results revealed that religiosity, halal awareness, halal certification, and food ingredients significantly influence the intention to purchase halal food. Consuming halal food is a primary need for Muslims. Therefore, companies must obtain halal certification to provide halal food for Muslim needs.

Principles and responsibilities applicable to protect consumers harmed by the use of goods or services can be in the form of contractual responsibility when businesses have

¹⁸ Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia."

¹⁹ Ardiansyah, Hanifah, and Nadirah, "Halal Investment And Tourism Policy In Aceh Province, Indonesia: Opportunities And Challenges."

²⁰ Susilowati Suparto et al., "Harmonisasi Dan Sinkronisasi Pengaturan Kelembagaan Sertifikasi Halal Terkait Perlindungan Konsumen Muslim Indonesia," *Mimbar Hukum - Fakultas Hukum Universitas Gadjah Mada* 28, no. 3 (2016): 428-36.

²¹ Lu'liyatul Mutmainah, "The Role of Religiosity, Halal Awareness, Halal Certification, and Food Ingredients on Purchase Intention of Halal Food," *Ihtifaz: Journal of Islamic Economics, Finance, and Banking* 1, no. 1 (December 16, 2018): 33-50, <https://doi.org/10.12928/ijiefb.v1i1.284>.

committed a breach of contract, and product liability can be applied when there is no contractual relationship or in cases of wrongful acts.²²

Ensuring the halal status of products is important to attract Muslim consumers' attention.²³ Thus, the state is obligated to protect and guarantee the halal production and consumption from a material, acquisition, and presentation perspective. Halal products consumed and/or used must display the Halal Label as evidence of Halal Certification. The regulation of halal certification is proof of alignment between the state and Islamic teachings in ensuring producers' compliance and safeguarding the rights of Muslim consumers. With industrialization advancements in food, medicine, and cosmetics production, producers must not neglect Islamic teachings' halal principles regarding a product's halal and haram provisions.²⁴

The Indonesian government's seriousness in accommodating halal product certification to ensure producer compliance and fulfill the rights of Muslim consumers is evident in the issuance of Government Regulation Number 31 of 2019 concerning the Implementation of Law Number 33 of 2014 concerning Halal Product Assurance. This regulation aims to cover all products, goods, and/or services such as food, beverages, drugs, cosmetics, chemical products, biological products, genetically engineered products, and items used, consumed, or utilized by the public declared halal according to Islamic law. The purpose of this regulation is to provide comfort, security, safety, and certainty of halal product availability to the community, especially Muslim consumers, in consuming and using halal products, and to increase added value for producers in producing and selling halal products according to regulations, legislation, and Islamic law.²⁵

2. Producer Compliance in Halal Certification

Producer compliance in the production of food, drugs, and cosmetics as halal guarantees for Muslim consumers to consume or use halal products is crucial. In the Halal Product Assurance law, Article 4 stipulates that every food, drug, and cosmetic product circulated and traded in Indonesia must be halal certified. Article 4 changed the practice

²² Rusli, "Tanggung Jawab Produk Dalam Hukum Perlindungan Konsumen."

²³ Arna Asna Annisa, "Kopontren Dan Ekosistem Halal Value Chain," *Jurnal Ilmiah Ekonomi Islam* 5, no. 01 (April 4, 2019): 1, <https://doi.org/10.29040/jiei.v5i01.398>.

²⁴ Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia."

²⁵ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

of the voluntary halal certification process to mandatory, which producers must adhere to. The obligation to obtain halal certification for all products circulated and traded in Indonesia was implemented five years after the enactment of the Halal Product Assurance law from 2014 to 2019. However, many producers have not yet registered their products to obtain halal certification as required to ensure their products' halal status for Muslim consumers.

The process of obtaining halal product brand permission is based on the Halal Certificate issued by the Indonesian Ulema Council. Producer compliance with halal product regulations needs collective attention because it concerns a significant number of Muslim consumers who consume and use halal products. Muslim consumers' awareness of the halal status of food, drugs, and cosmetics is still considered weak. The obligation for producers to register halal certification for products has not been fully maximized because many food, drugs, and cosmetic products traded do not use the Halal Label as evidence of their halal status. Various cases of non-compliance by producers with halal products have resulted in the revocation of halal certificates from products traded. The revocation of these halal certificates is based on the results of investigations by the Halal Product Assurance Agency Supervisory Team. There are producers and halal product process assistants suspected of intentionally manipulating halal certification application data for Nabidz products. The Halal Product Assurance Agency has imposed sanctions, including the revocation of the halal certificate with ID number ID311100037606120523 for Grape Juice products effective from August 15, 2023, due to the violations committed by producers.²⁶ This indicates the need for improvement in the halal certification verification, supervision, and enforcement system in Indonesia through the cooperation of all parties to oversee halal certification implementation.²⁷

The Halal Product Assurance Agency has deployed a Supervisory Team following complaints and viral news in society regarding claims about halal wine branded Nabidz. One example of a product with the Nabidz brand certified by the Halal Product Assurance Agency is fruit juice or fruit extract, which is one of the products that can be certified through the Self Declare mechanism. The producer's statement is due to fruit extracts

²⁶ Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia."

²⁷ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

being categorized as one of the non-risky products.²⁸ The number of violations related to halal labeling that can be sanctioned by the Food and Drug Supervisory Agency & the Indonesian Ulema Council reaches 24% of halal labeling violations enforced based on the self-declaration process.²⁹

Halal certification is not just an administrative obligation mechanism but a commitment to regulations that must be complied with by producers and manufacturers to provide certainty and comfort to Muslim consumers in consuming and using products. The enactment of Government Regulation Number 31 of 2019 concerning the Implementation of Law Number 33 of 2014 concerning Halal Product Assurance as a derivative regulation has provided strong legal standing and comprehensive guidance for stakeholders involved in halal certification, including producers and manufacturers. This regulation emphasizes the importance of halal certification for all products, goods, and/or services in the food, beverage, drug, cosmetic, chemical, biological, and genetically engineered product industries. The government, through the Halal Product Assurance Agency, must provide supervision, verification, and enforcement of halal certification regulations as mandated by regulations and legislation. Producers and manufacturers must fulfil their obligations to obtain halal certification for their products to ensure their halal status for Muslim consumers.³⁰

Apart from ensuring health aspects, what is also crucial is to provide assurance and satisfaction to the community. The Ministry of Religion has previously imposed sanctions on halal product inspection assistants suspected of violations by revoking the registration number of assistants deemed to have violated the regulations.³¹

Number of businesses not registering halal certificates has drawn government attention.³² This is reflected in Article 4 of the Halal Product Assurance Law. Violations of this article do not have legal implications, either administratively or criminally. However, criminal sanctions such as imprisonment and/or fines can be imposed. Criminalizing violations of Article 4 of the Halal Product Assurance Law is still possible

²⁸ Hutagalung, "Analisa Undang-Undang Jaminan Produk Halal Dan Cipta Kerja (Antara Kenyataan Dan Keberlanjutan)."

²⁹ Ardiansyah, Hanifah, and Nadirah, "Halal Investment And Tourism Policy In Aceh Province, Indonesia: Opportunities And Challenges."

³⁰ Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia."

³¹ Nasyi'ah, "Pelanggaran Kewajiban Pendaftaran Sertifikat Halal."

³² Nasyi'ah.

since this article has not yet attained the status of a specific offense. Whether it constitutes an administrative violation or a criminal offense, direct or indirect violations of Article 4 of the Halal Product Assurance Law can adversely affect individuals needing legal certainty. People with limited knowledge rely on experts and those who are concerned about halal certification. Violations of Article 4 of the Halal Product Assurance Law in criminal law fall into the category of crimes if committed intentionally and into the category of violations if committed unintentionally, with appropriate legal sanctions being imprisonment and/or fines.³³

Certification and labelling are two distinct yet interconnected matters. Halal certification is a process to obtain a halal certificate through several inspection stages to demonstrate that the raw materials, production processes, and halal product assurance systems in a company comply with the established standards (<http://www.halalmui>). Certification is conducted through inspections by competent auditors in their field, and then the halal status is determined, resulting in a written fatwa declaring the halal status of the product in the form of a halal certificate within four years.³⁴

The assurance of Halal Products is considered necessary in Indonesia to provide security, comfort, safety, and availability of halal products for the entire Indonesian society, especially Muslim consumers. With the implementation of the Halal Product Assurance Law, it is expected that all products imported or circulated in Indonesia will have halal certificates, bringing about changes, especially concerning the institutionalization of halal certification through the Halal Product Assurance Agency collaborating with other institutions such as the Ministry, Halal Inspection Institutions, and the Indonesian Ulema Council in realizing the Halal Product Assurance Law.³⁵

The issuance of the Head of the Halal Product Assurance Agency's Decision Number 33 of 2022 concerning Technical Guidelines for Halal Product Guarantee Companion, as a determination in stipulating the obligation to certify halal for micro and small businesses (MSMEs) based on the producer's statement. This decision facilitates micro and small producers in understanding the criteria of Self-declaration, which is a statement of the halal status of micro and small business products by the producers

³³ Nasyi'ah.

³⁴ Nasyi'ah.

³⁵ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

themselves. Self-declaration must meet certain requirements, including being accompanied by a Halal Product Process (PPH) companion and halal determination by the Fatwa Commission of the Indonesian Ulema Council. The halal certification pathway with Self-declaration for micro and small producers must be based on several predetermined criteria.

3. Protection of Muslim Consumers in Halal Products

Consumer protection is any effort to ensure legal certainty to provide protection to consumers. To meet these needs, the government, along with MUI, has enacted provisions regarding halal certification for traded products. The Indonesian Ulema Council also applies standardization in the halal certification process, referring to the requirements of the Indonesian Council of Food, Drugs, and Cosmetics Assessors.³⁶ The basis for Indonesian Ulema Council's Halal certification policy comes from Islamic law and positive law applicable in Indonesia. The legal basis from Islamic law is as follows:

The Quranic verses emphasize the importance of consuming lawful (halal) and good (tayyib) food, which is a religious obligation for Muslims. Despite this clear mandate, non-compliance with halal certification regulations remains a significant issue in Indonesia. Several factors contribute to this non-compliance, including a lack of awareness and understanding of halal certification requirements among producers, inadequate supervision and enforcement by relevant authorities, and the complexities and inefficiencies within the certification process itself.³⁷ Additionally, recent changes have reduced the authority of the Indonesian Ulema Council (MUI), creating uncertainties and inconsistencies in the certification process. This reduction in MUI's authority necessitates a reevaluation of the roles of other agencies, such as the Ministry of Religious Affairs (MoRA) and the National Agency of Drug and Food Control (BPOM), in enforcing compliance. Halal auditors and Halal Inspection Institutes play a critical role in ensuring compliance, but their accreditation and supervision face significant challenges. Empirical data shows that consumer awareness about the halal status of food, drugs, and cosmetics is still weak, underscoring the need for effective education and awareness campaigns.³⁸

³⁶ Setyorini et al., "Opportunities and Challenges Halal Marketplace in Indonesia."

³⁷ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

³⁸ Nur Insani et al., "Islamic Law and Local Wisdom: Exploring Legal Scietific Potential in Integrating Local Cultural Values," *Kanun: Jurnal Ilmu Hukum* 26, no. 101–124 (2024), <https://doi.org/https://doi.org/10.24815/kanun.v00i0.00000>.

There are also instances of intentional manipulation of halal certification application data by producers, which undermines the integrity of the system. To address these issues, significant improvements in the verification, supervision, and enforcement system are needed. This includes enhancing coordination among all parties involved, increasing transparency, and implementing stricter law enforcement measures. The effectiveness of current sanctions against non-compliant producers is questionable, and stricter and more consistently enforced sanctions may be required to deter non-compliance.³⁹ Despite numerous regulations, gaps in the regulatory framework prevent effective enforcement, necessitating a thorough evaluation and improvement of these regulations. The study concludes that the current halal protection system regulations require significant improvements. By identifying non-compliance factors and proposing legal solutions, the study aims to enhance the effectiveness of the halal protection system in Indonesia and provide better guarantees for Muslim consumers. Cooperation between the government, MUI, BPOM, and the community is essential to ensure producers' compliance with halal regulations and to achieve a more effective halal certification system.⁴⁰

The Fatwa of the Indonesian Ulema Council Number 4 of 2003 concerning Provisions and Criteria for Halal Products - is the main basis for determining the criteria for halal products that regulate criteria, production methods, storage, and packaging to categorize products as halal. Indonesian Ulema Council Decision Number 1 of 2012 concerning the Halal Certification System specifically regulates the procedures for certification and issuance of halal certificates carried out by the Indonesian Ulema Council with the aim of providing legal certainty and uniformity over halal products. Halal production standards and procedures are technical guidelines that serve as references for food production processes to obtain halal certification from the Indonesian Ulema Council, which must be met by producers to obtain halal certification.⁴¹

There it is necessary to formulate reasons justifying state intervention in the halal certification institution to protect Muslim consumers in accordance with the institutional regulation of halal assurance.⁴² The state's role in the halal certification institution

³⁹ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

⁴⁰ Faridah.

⁴¹ Faridah.

⁴² Ismaae Alee, Audit and Halal Certification (Thailand: 22/03/2023, issued 2021).

functions to ensure the creation of symmetric information and minimize the risk of information asymmetries. Without halal certification institutions, the rights of Muslim consumers to consume halal food are not guaranteed, as they cannot validate the halal status of massive and credentialed products. (Justification of State Intervention in Halal Certification Institutions for Massive And Credential Products).⁴³

The government and society need to provide guidance and supervision to ensure that business activities support the fulfilment of the rights and obligations of producers and consumers in accordance with regulations and laws.⁴⁴ Oversight is carried out by the government, society, and community-based consumer protection organizations, namely:

- a. Oversight of consumer protection implementation, and enforcement of legal provisions is carried out by the government, society, and community-based consumer protection organizations.
- b. Government oversight as referred to in paragraph (1) is carried out by the minister and/or related technical ministers.
- c. Oversight by society and community-based consumer protection organizations is carried out on goods and/or services circulating in the market.
- d. If the results of oversight as referred to in paragraph (3) deviate from the applicable legal provisions and endanger consumers, the minister and/or technical ministers take action in accordance with the applicable laws and regulations.
- e. The results of oversight conducted by society and community-based consumer protection organizations can be disseminated to the public and conveyed to the minister and technical ministers.
- f. The provisions for implementing oversight tasks as referred to in paragraphs (1), (2), and (3) are determined by government regulations.

Legal protection for consumers is based on Law Number 8 of 1999 concerning consumer protection. According to Article 1 paragraph (1), consumer protection is any effort to ensure legal certainty to provide protection to consumers. The objectives of

⁴³ D.Q Alva Salam and Ahmad Makhtum, "Implementasi Jaminan Produk Halal Melalui Sertifikasi Halal Pada Produk Makanan Dan Minuman UMKM Di Kabupaten Sampang," *Qawwam: The Leader's Writing* 3, no. 10–20 (2022), <https://doi.org/https://doi.org/10.32939/qawwam.v2i2.110>.

⁴⁴ Indah Fitriani Sukri, "Implementasi Undang-Undang Cipta Kerja Terhadap Penyelenggaraan Sertifikasi Halal Dan Produk Halal Di Indonesia," *Majalah Hukum Nasional* 51, no. 1 (July 31, 2021): 73–94, <https://doi.org/10.33331/mhn.v51i1.139>.

consumer protection are: (a) to increase awareness, abilities, and independence of consumers to protect themselves; (b) to elevate the dignity and honor of consumers by avoiding negative access to the use of goods or services; (c) to empower consumers in choosing, determining, and demanding their rights as consumers; (d) to create a consumer protection system that contains elements of legal certainty and openness to information and access to information; (e) to raise producers' awareness of the importance of consumer protection, thus fostering honesty and responsibility in business endeavors; (f) to improve the quality of goods or services, ensuring sustainability; and (g) to produce goods or services that guarantee the health, comfort, safety, and security of consumers.

Additionally, to obtain consumer rights protection, consumers have the following rights and obligations. First, consumer rights include: (a) the right to advocacy, protection, and dispute resolution efforts; (b) the right to receive consumer education and training; (c) the right to be treated, served, or provided with correct, honest, and non-discriminatory treatment; and (d) the right to receive fair compensation. These rights are regulated by other laws after being obtained. Second, consumer obligations in consumer protection include: (a) reading or following information and usage or utilization procedures for goods or services for safety and security; (b) acting in good faith in transactions for the purchase of goods and services; (c) paying according to the agreed exchange value; (d) participating in legal efforts to settle consumer disputes; and (e) ensuring that goods in the market or in society are not separated from the role of producers.⁴⁵

Consumer protection law in Article 7 stipulates the rights and obligations of producers in producing goods to be marketed. The aim is to create a relationship between producers and consumers that ensures comfort and security for business and economic development. The obligations for producers have been determined as follows:

- a. Acting in good faith in conducting business activities.
- b. Providing true, clear, and honest information about the conditions and guarantees of goods and/or services, as well as providing explanations of usage, repair, and maintenance.
- c. Treating or serving consumers correctly and honestly, and without discrimination.

⁴⁵ Faridah, "Halal Certification in Indonesia; History, Development, and Implementation."

- d. Guaranteeing the quality of goods and/or services produced and/or traded based on the provisions of the quality standards for goods and/or services.
- e. Allowing consumers to test and/or try certain goods and/or services, as well as providing guarantees and/or warranties for the goods produced and/or traded.
- f. Providing compensation, compensation, and/or replacement services if the received or utilized goods and/or services do not meet the agreement.

Compliance of producers in producing food, drugs, and cosmetics as halal assurance for Muslim consumers to consume or use halal products is crucial. Especially in the Halal Product Assurance Law, it is emphasized that the obligation to certify halal for products circulating in Indonesia, which began when the law was enacted, changes the practice of the voluntary nature of halal certification processes to mandatory and must be complied with by producers.⁴⁶ The obligation to certify halal applies to all products circulating and traded in Indonesia, whether produced domestically or imported. Despite the fact, until now, many producers have not registered their products to obtain halal certification as an obligation for producers to ensure the halal status of their products for Muslim consumers.⁴⁷ The compliance of producers with halal product regulations needs joint attention, as it concerns Muslim consumers who consume and use halal products without halal labels. Similarly, the awareness of Muslim consumers regarding the halal status of food, drugs, and cosmetics is still considered weak.

CONCLUSION

Despite the legal requirement for halal certification in Indonesia, this study uncovers a substantial disparity between regulation and execution, stemming from a myriad of factors contributing to producer non-compliance, spanning normative, institutional, and socio-cultural dimensions. Normatively, while the Halal Product Assurance Law is in place, ambiguities in sanction enforcement diminish its preventive impact. Institutionally, overlapping jurisdictions among the Halal Product Assurance Agency (BPJPH), Indonesian Ulema Council (MUI), and National Agency of Drug and Food Control (BPOM) lead to inefficiencies in certification and oversight procedures. Societally,

⁴⁶ Faridah.

⁴⁷ Insani et al., "Islamic Law and Local Wisdom: Exploring Legal Scietific Potential in Integrating Local Cultural Values."

limited awareness among Muslim consumers regarding the significance of halal certification, coupled with insufficient government educational initiatives, results in weak market pressure on producers to adhere. Moreover, the financial burden and intricacy of certification processes present significant obstacles, particularly for small and medium-sized enterprises. These findings underscore that producer non-compliance is not solely a law enforcement issue but a multifaceted challenge necessitating a comprehensive approach. To tackle this issue, policy reforms are imperative, including bolstering sanction and incentive mechanisms, streamlining certification processes for SMEs, improving inter-agency collaboration, intensifying consumer education campaigns, and offering technical and financial assistance to producers throughout the certification journey. This comprehensive approach is expected to create an ecosystem conducive to compliance with halal product regulations, thereby ensuring Muslim consumer rights while fostering growth in Indonesia's halal industry.

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Acknowledgment

I would like to express my sincere appreciation to authors, Desty Anggie Mustika, Ady Purwoto, and Abdu Rahmat Rosyadi, whose invaluable guidance and expertise have been instrumental throughout the course of this research. I am also deeply grateful to Abdu Rahmat Rosyadi for his invaluable assistance in data analysis, without which this study would not have been feasible. Furthermore, I extend my thanks to Tohir Solehudin for his generous support and provision of resources, which have greatly enhanced the quality of this research endeavor.

Funding Information

The authors state that there is no funding information in the publication of this article.

Conflicting Interest Statement

The authors state that there is no conflict of interest in the publication of this article.

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