

## LEGAL POLICY OF HALAL PRODUCTS FOR THE DEVELOPMENT OF SMALL AND MICRO ENTERPRISES AFTER THE ENACTMENT OF GOVERNMENT REGULATION IN LIEU OF LAW NO. 2 OF 2022 ON THE JOB CREATION

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**Abstract:** This study aims to examine the legal policy on halal products for micro, small, and medium enterprises (MSMEs) after the enactment of Government Regulations in lieu of Law No. 2 of 2022 concerning Job Creation. To meet the demand for halal products, government policy is needed to simplify the halal product submission system while maintaining its production by MSMEs in Indonesia. Based on data from the Indonesian Statistics Agency, Indonesia is a Muslim country with 237.53 million Muslims, accounting for 86.9% of the total population. This indicates a significant need for halal products. MSMEs are one of the sources of halal products; hence, the government needs to enact laws that facilitate their production procedures. Objectively, the requirement to have halal certification, as mentioned in Article 4A of Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation, is based on halal declarations from MSME actors. These actors make halal declarations based on the guidelines set by the Halal Product Guarantee Agency (BPJPH). The ratification of this regulation aims to strengthen MSMEs and support the increase in halal products. Therefore, a legal approach based on primary legal materials related to legislation and secondary legal materials based on documents that support this study was adopted. In addition, data from the Ministry of Cooperation, Micro, Small, and Medium Enterprises reveal that there are 8.71 million MSMEs in Indonesia. This potential needs to be facilitated by policies to simplify the production of halal products with a measurable process based on statutory provisions.

**Keywords:** Legal Policy, Small and Micro Enterprises, Halal Products

**Abstrak:** Penelitian ini mengkaji kebijakan hukum produk halal bagi usaha mikro dan kecil setelah disahkannya Peraturan Pemerintah Pengganti Undang-undang No. 2 Tahun 2022 tentang Cipta Kerja. Dalam rangka memenuhi permintaan produk halal, kebijakan pemerintah diperlukan dalam melalui penyederhanaan sistem pengajuan produk halal dengan tetap menjaga kehalalan produk usaha kecil menengah di seluruh wilayah Indonesia. berdasarkan data dari Badan Statistik Indonesia, Indonesia adalah negara Muslim dengan 237,53 juta Muslim, atau 86,9%,

dari total populasi. Umat Islam membutuhkan produk halal karena mereka merupakan mayoritas dari umat Islam. Usaha kecil dan mikro merupakan salah satu sumber produk halal, sehingga pemerintah harus membuat undang-undang yang mempermudah prosedur produk halal. Secara objektif Persyaratan untuk memiliki sertifikasi halal, seperti yang disebutkan dalam Pasal 4A Peraturan Pemerintah Pengganti Undang-Undang No. 2 Tahun 2022 tentang Cipta Kerja, didasarkan pada deklarasi halal dari para pelaku usaha mikro dan kecil. Berdasarkan pedoman halal yang ditetapkan oleh BPJPH, para pelaku usaha mikro dan kecil melakukan pernyataan halal. Pengesahan Peraturan Pemerintah Pengganti Undang-Undang No. 2 Tahun 2022 tentang Cipta Kerja terhadap penguatan usaha mikro dan kecil mendukung peningkatan produk halal, maka penelitian ini menggunakan pendekatan hukum dengan didasarkan kepada bahan hukum primer peraturan perundang-undangan terkait dan bahan hukum sekunder dengan didasarkan kepada dokumen-dokumen yang mendukung penelitian ini. Selain itu berdasarkan data dari Kementrian Koperasi, Usaha Mikro Kecil dan menengah, jumlah Usaha Mikro Kecil dan menengah berjumlah 8,71 Juta, potensi ini perlu dipermudah dengan kebijakan untuk mempermudah menghasilkan produk halal dengan proses yang terukur berdasarkan ketentuan peraturan perundang-undangan.

**Katakunci:** Kebijakan Hukum, Usaha Kecil dan Menengah, Produk Halal

## Introduction

The Arabic word "*halal*" denotes something that is permitted or legal in accordance with Islamic law. It also refers specifically to food that is permissible for Muslim consumers and free from components violating Islamic law. The terms *halal* and *thayyib* are commonly used together, driven by spirituality, as *halal* is a standard for food permissible for consumption in accordance with Islamic law. The term *thayyib*, meaning "good", highlights the importance for Muslims to consume not only halal but also healthy foods. One advantage in this situation is that consuming such items provides a sense of safety and comfort to the consumers. The concept of *thayyib* promotes purity, cleanliness, and compliance with Islamic law, emphasizing the importance of processing food in accordance with Islamic law for food safety.<sup>1</sup>

Islam is one of the biggest and fastest-growing religions, with 1.9 billion Muslims worldwide, making it the second-largest religion after Christianity. The demand for halal food has increased as this number consistently grows. Halal food is produced using practices that adhere to strict production and safety regulations for the benefit of all consumers, not only Muslims.<sup>2</sup> The global halal market is a rapidly expanding multitrillion-dollar market. According to a survey by the Dubai Islamic Economic Development Centre (DIEDC) and Thomson Reuter, Muslim consumers spent US\$1.3 trillion on food products in 2017, and this amount was predicted to reach US\$1.9 trillion by 2023. With the global Muslim population growing rapidly and approaching two billion people, the halal food industry has become a

<sup>1</sup> Muhammad Anwar Fathoni, *Kesadaran Konsumen Terhadap Makanan Halal di Indonesia*, Penerbit CV. Pena Persada, 2021, p. 8.

<sup>2</sup> Anat Denyinghot, et. al. "A New Tool For Quality Control To Monitor Contamination Of Six Non-Halal Meats In Food Industry By Multiplex High-Resolution Melting Analysis (HRMA)," *NFS Journal* Volume 25, November 2021, p. 31. <https://doi.org/10.1016/I.Nfs.2021.09.002>

valuable niche market. The increase in the consumption of halal food is primarily driven by Muslims, who have a religious obligation to use and consume goods and services with halal certification.<sup>3</sup> The legal certainty provided by this certification promotes Muslim interests.

The Joint FAO/WHO Codex Alimentarius Committee has issued broad rules (scope, definitions, criteria, and relabeling requirements) for the use of the term "halal" since 1997 in order to eliminate uneven policies and unnecessary hurdles in the worldwide market. Foods and drinks classified as halal are those deemed acceptable or permissible in accordance with Islamic law. The absence of alcoholic, intoxicating, and hazardous beverages, as well as food additives, including derivatives of such beverages, is one of the requirements for halal food and beverage products.<sup>4</sup> To promote halal cuisine for Muslims, the *al-ikhtiat* principle becomes crucial, as every consumer, specifically Muslims, is required to verify the halal status of products, whether they are food, medicine, or other types of consumers' products. The 204.8 million Indonesians identified as Muslims make up a sizeable portion of the country's population. This makes the Indonesian market a sizable Muslim consumers' market. The assurance of halal products is crucial to garnering the state's attention. According to the Preamble of Indonesia's 1945 Constitution (UUD 1945), the State has a duty to safeguard the entire Indonesian people and their homeland as well

as to promote general welfare.<sup>5</sup> To compete in the global halal market, investments in halal food production in emerging and non-Muslim nations demand the implementation of sophisticated and cutting-edge food technologies. However, new Halal business owners occasionally lack Halal knowledge. This can result in food production using haram ingredients, such as food additives and food raw materials.<sup>6</sup> The halal food sector is one of the fastest-growing segments in the food industry, and this trend is anticipated to continue in the global market.<sup>7</sup> As a Muslim-majority nation, Indonesia naturally has a demand for halal food products, particularly when it comes to goods produced by micro, small, and medium enterprises (MSMEs).

Due to the tremendous growth of Indonesia's MSMEs, the government needs to adopt regulations that will positively affect their ability to grow and also provide the Muslim community with legal security. Article 26 of Government Regulation in Lieu of Law No. 2 of 2022 Concerning Employment Creation's fourth part on Simplifying Sector Business Licensing and Ease and Investment Requirements emphasizes the assurance of halal products in relation to its development in Indonesia. There are a number of significant terms in relation to this regulation. The following are the modification made for Article 1: a. Halal products are items deemed

<sup>3</sup> Abderahman Rejeb, et. al. "Integrating The Internet Of Things In The Halal Food Supply Chain: A Systematic Literature Review And Research Agenda," *Internet of Things*, Volume 13, March 2021, p. 1-2. <https://doi.org/10.1016/j.Iot.2021.100361>

<sup>4</sup> Ahmad Rois Mansur, "Determination of ethanol in foods and beverages by magnetic stirring-assisted aqueous extraction coupled with GC-FID: A validated method for halal verification", *Food Chemistry*, Volume 366, 1 January 2022, p. 1, <https://doi.org/10.1016/j.foodchem.2021.130526>

<sup>5</sup> May Lim Charity, "Jaminan Produk Halal di Indonesia (Halal Products Guarantee In Indonesia)," *Jurnal Legislasi Indonesia*, Vol. 14 No. 01 - Maret 2017, p. 99. <https://doi.org/10.54629/Jli.V14i1.77>

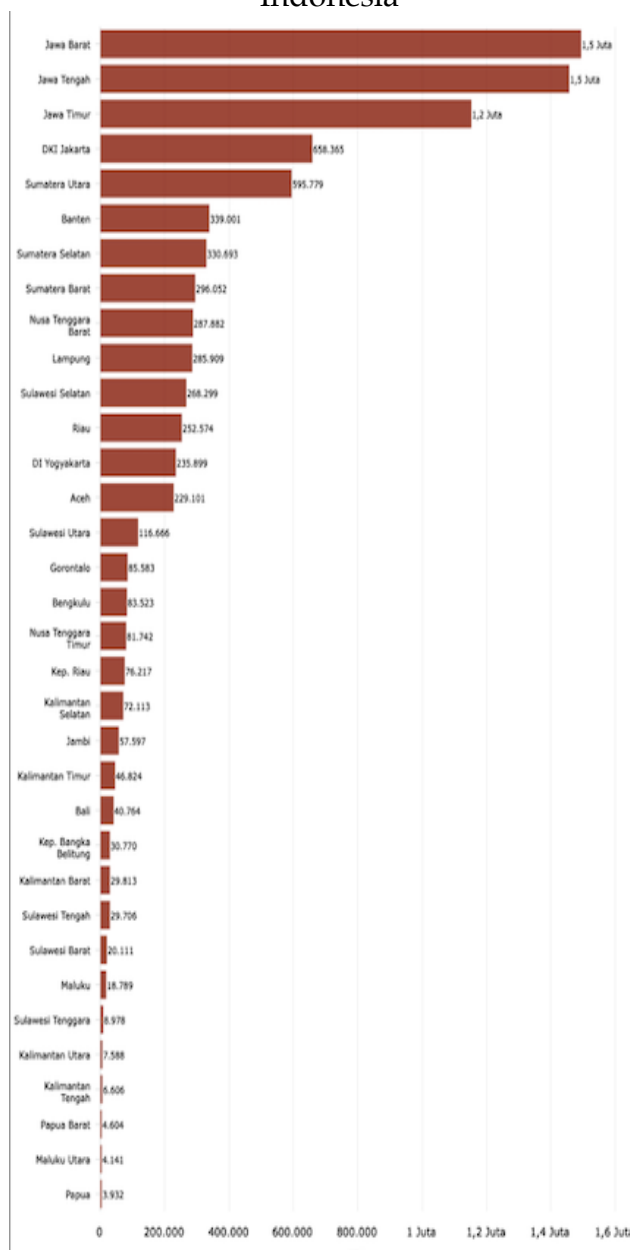
<sup>6</sup> SUNAINEE MAHAMA, et. al, "Postmarket Laboratory Surveillance For Forbidden Substances In Halal-Certified Foods In Thailand," *Journal Of Food Protection*, Vol. 83, No. 1, 2020, p. 147. <https://doi.org/10.4315/0362-028X.JFP-19-051>

<sup>7</sup> Aiedah Abdul Khalek, "Young consumers' attitude towards *halal* food outlets and JAKIM's *halal* certification in Malaysia," *International Halal Conference, PWTC, Kuala Lumpur, Malaysia, 4-5 September 2012, Science Direct Social and Behavioral Sciences* 121 (2014), p. 27. <https://doi.org/10.1016/j.sbspro.2014.01.1105>

permissible in conformity with Islamic law; b. Halal Product Process, also known as PPH, is a set of procedures used to verify that a product is halal. These procedures include the provision of materials, processing, storage, packaging, distribution, and sales of the product; c. Material is a component used in product creation; d. Halal Product Guarantee, also known as JPH, is the legal assurance of a product's halal status in form of a Halal Certificate; e. The government established Halal Product Guarantee Agency (BPJPH) to coordinate JPH; f. The Indonesian Ulama Council, also known as MUI, is a platform for discussion among Muslim intellectuals; and g. Halal Examining Agency, often known as LPH, is an organization that conducts testing and/or examination procedures for halal items.

Due to the close alignment of normative rules with legal norms that specify the compliance of halal products with Islamic law, this provision offers legal certainty for business actors involved in halal products and safeguards the interests of the community. This study specifically focused on the government's legal policy on the halal product submission system for MSMEs. With the enactment of Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation, which strengthens MSMEs and supports the increase in halal products, a legal approach based on primary legal materials related to legislation and secondary legal materials derived from documents that support this study was adopted. According to data from the Ministry of Cooperation, the number of MSMEs is 8.71 million. This potential needs to be facilitated by policies in order to simplify the production of halal products, as shown in the data below:

**Figure 1.** The Potential of MSMEs in Indonesia



Source: Data from Ministry of Cooperation, Micro, Small, and Medium Enterprises 2022

The potential of MSMEs in Indonesia is a great opportunity for meeting the demand for halal products among the Indonesian people, the majority of whom are Muslim. Therefore, the policies made through Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation can promote the increase in halal products while maintaining a good system for the recognition of the products.

## Direction of Halal Product Legal Policy for the Development of Small and Medium Enterprises After the Enactment of Government Regulation in Lieu of Law No. 2 of 2022 on The Job Creation

One could readily discern between halal and haram food when science and technology relating to food were not as advanced. However, in current settings of the Industrial Revolution 4.0, it is difficult to make this discernment. This can be attributed to the quick advancement of science and technology in the food industry, where food now contains extra substances that are probably derived from haram foods and their derivatives, rather than just raw materials. Furthermore, the production and distribution processes do not follow Islamic law, allowing the possibility of haram food being introduced into the food production process. As a result, it is challenging for regular people to distinguish between haram and halal food items. An indepth understanding of food science and technology, coupled with knowledge of Islamic legal principles, is necessary to address this issue.<sup>8</sup> Beyond its effects on the manufacturing industry, the Industrial Revolution 4.0 has a significant impact on globalization by erasing national borders and fostering international competition. The availability of several halal food detection tools or applications, including those based on locations and ingredients, eliminates the struggle in finding halal food or doubting its status. This can contribute to the affordability and increased competitiveness of this food industry, both domestically and abroad.<sup>9</sup>

Indonesia as a country with a majority of Muslims has a substantial demand for halal products, leading to rapid development of MSMEs.

In 2010, there were 1.6 billion Muslims worldwide, accounting for 23.9% of the global population. Since the yearly growth rate of Muslims worldwide is predicted to be 1.705%, compared to 1.194% for the rest of the world's population, the figure is expected to rise over time. The demand for halal products, as well as the consumption and marketing of halal meals, are expected to rise along with the global Muslim population's growth.<sup>10</sup> Customers' eating habits are now influenced by their increased awareness of the value of health. They actively seek out foods that will maintain their good health and enhance the quality of life and mental condition. Consuming halal food is a significant component of Islam. Muslim adherents share a common awareness of the complicated role of food in cultural customs and religious beliefs. A halal logo or label, for instance, informs and reassures Muslim customers that food goods are prepared and produced in compliance with Islamic law.<sup>11</sup> This is an endeavor to maintain goods compliant with Sharia law.

Halal products serve as a fundamental tool for defending Muslim interests. The Global Halal Forum Europe, held in London in 2010, featured a large number of experts, including lawyers, to discuss the primary topic of "Halal Goods and Services-Going Mainstream", combining theoretical and practical advancements. The six themes explored in relation to this core concern are as follows: (1)

<sup>8</sup> Hadi Peristiwa, "Indonesian Halal Food Industry: Development, Opportunities And Challenges On Halal Supply Chains," *Journal Of Islamic Studies And Humanities*, Vol. 4, No. 2 (2019), p. 222. <http://doi.org/10.21580/Jish.42.5228>

<sup>9</sup> Hadi Peristiwa, "Indonesian Halal Food Industry: Development, Opportunities And Challenges On Halal Supply Chains," *Journal Of Islamic Studies And Humanities*, Vol. 4, No. 2 (2019), p. 223. <http://doi.org/10.21580/Jish.42.5228>

<sup>10</sup> Nur Aini Rakhmawati, et.al. "Linked open data for halal food products," *Journal of King Saud University*, Volume 33, Issue 6, July 2021, p. 728, <https://doi.org/10.1016/j.jksuci.2019.04.004>

<sup>11</sup> Vloreen Nity Mathew, et.al. "Acceptance on Halal Food among Non-Muslim Consumers," *International Halal Conference, PWTC, Kuala Lumpur, Malaysia, 4-5 September 2012, Procedia - Social and Behavioral Sciences Volume 121*, 19 March 2014, p. 263. <https://doi.org/10.1016/j.sbspro.2014.01.1127>

international halal accreditation and certification; (2) EU market issues and challenges; (3) food safety and quality assurance issues for halal product businesses; (4) the significance of the growth of the halal sector in the economic environment at that time (until now); (5) the growth of halal products in the EU and UK retail markets; and (6) the impact of changes in the level of consumers' preferences and concerns.<sup>12</sup> Although the government has attempted to make arrangements through a number of legislation to ensure religious practice in the area of halal goods, these regulations remain ad hoc and lack legal validity. The laws governing food, health, and consumers' protection, such as Law 18 of 2012, Law 36 of 2009, and Law 8 of 1999, all reflect this situation. Requirements related to halal labeling and advertising are also mentioned in Government Regulation No. 69 of 1999 Concerning Food Labels and Advertising, Presidential Instruction No. 91 Concerning Improved Guidance and Supervision of the Production and Distribution of Processed Food, Joint Decree No. 427/Menkes /SKB VII/1985 Concerning Inclusion of the Writing "Halal" on Food Labels, and Decree of the Minister of Health Concerning Inclusion of the Writing "Halal" on Food Labels.<sup>13</sup> The promotion of certainty and human protection through halal label is essential. The following are the various guidelines for determining whether a product is halal or haram:<sup>14</sup> a. With a few expressly prohibited exclusions, everything is considered essentially legal. The

sole authority to approve or disapprove of anything belongs to Allah SWT. Shirk is equivalent to banning the halal and defending the haram (associating partners with Allah SWT). The rise of evil and injury is the primary justification for prohibition. There is something that can prevent the haram in the halal. Only things that are absolutely necessary are forbidden by Allah SWT, and are always replaced with better options. b. It is not permissible to engage in activities that promote non-halal goods, as this is not appropriate. The haram cannot be justified by good intentions. For the fear of consuming a non-halal substance, it is advised to avoid anything or a product that makes one feel *shubhat*. Halal certification is the procedure for acquiring a halal certificate after undergoing a number of inspection stages to show that enterprises' raw materials, production process, and product halal assurance system are in compliance with specified criteria. A written fatwa confirming the product as halal in the form of a certificate is issued after a series of examinations conducted by qualified auditors in their respective professions.

The certificates are valid for four years, with a possibility of extension. By consistently upholding the uniformity of halal products, the corporation should offer halal certification. They are required to report on the implementation of Halal Assurance System (SJH) in their organization every six months.

**Figure 2.** Procedure for Halal Certification Applications



Source: Agency for Halal Product Administration

<sup>12</sup> May Lim Charity, "Jaminan Produk Halal Di Indonesia (Halal Products Guarantee In Indonesia)," *Jurnal Legislasi Indonesia*, Vol. 14 No. 01 - Maret 2017, p. 100. <https://doi.org/10.54629/Jli.V14i1.77>

<sup>13</sup> Widyawati, "Konfigurasi Politik Legislasi Produk Jaminan Halal Persepektif Fiqih Siyasaah,, *Asy-Syari'ah* Vol. 24 No. 1, Juni 2022, p. 123. 1 <https://doi.org/10.15575/As.V24i1.18724>

<sup>14</sup> Nidya Waras Sayekti, "Jaminan Produk Halal Dalam Perspektif Kelembagaan," *Jurnal Ekonomi & Kebijakan Publik*, Vol. 5 No. 2, Desember 2014, p. . 196, <https://doi.org/10.22212/Jekp.V5i2.84>

Legal effectiveness can be attained in the context of halal legislation implementation when the components of the legal system operate properly. According to Lawrence M. Friedman, the components of the legal system can be divided into three categories:<sup>15</sup> a. Substance is the fundamental idea behind the legislation's content. This category encompasses all written and unwritten legal regulations. b. Structure is the hierarchy or order of laws, judges, legal institutions (institutions), and lawmakers. Its legal framework is based on three distinct components, namely: 1. *Beteknis-system*, which is the overarching laws, regulations, and legal precepts structured into an understanding system; 2. Institutions and law enforcement officers, as the operational components or legislation's implementers, are examples of institutions or organizations; 3. *Beslissingen en handeling* are decisions and practical actions taken by both citizens and legal authorities; c. Legal (or legal culture) as a component of general culture, encompasses customs, beliefs of citizens, and law enforcers, as well as modes of speaking, thinking, and acting. It influences how social forces are redirected toward or away from the law. The phrase "legal culture" refers to attitudes and behaviors toward the law as well as the overall forces that shape how the legal system is positioned within the context of community culture. It ensures that the system is proper and acceptable to citizens.

Examining the global scene reveals that Indonesia is still unable to fully realize its potential. According to information from the Status of Global Islamic Economy Report 2019/20, Indonesia ranks sixth in the Global Islamic Economy Indicator category with a score of 49. Malaysia, Bahrain, the United Arab Emirates, and Saudi Arabia hold the top four positions, with scores of 111, 79, 60, and

50.2, respectively.<sup>16</sup> As a nation with a majority of Muslims, this situation is undoubtedly alarming.

By passing Law No. 33 of 2014 Concerning Halal Product Guarantee, the state of Indonesia formally acknowledged and backed halal certification (JPH). The adoption of this law implies that the state formally upholds and respects Islamic law, including the requirement to eat *halal* and *thoyib* food. Moreover, the Ministry of Religion's BPJPH has overseen the halal certification carried out by MUI. The publication of Government Regulation No. 31 of 2019 concerning Halal Product Assurance enhances the law's emergence. Consumers of halal products could benefit from the transparency of this regulation and assurance of information, thereby facilitating the expansion of the halal industry market in Indonesia. Although the passage of this law was joyfully received by Muslims and the majority of the general public, business people were still worried that it would have a detrimental effect on Indonesia's business environment and foreign investment. Economically, the JPH Law can truly inspire Indonesia to maximize and expand its market potential in order to become a global halal center and profit from the predicted remarkable growth of the halal food sector by the end of this decade.<sup>17</sup>

Under the administration of Joko Widodo-Jusuf Kalla, Indonesia, the nation with the largest proportion of Muslims in the world, has likewise created a master plan for Sharia economic development. This masterplan includes a halal industrial masterplan, and it covers halal food and drink, halal travel, halal Muslim clothing, halal media and entertainment, halal pharmaceuticals and

<sup>15</sup> Nurlaela, et. al, *Produk Halal, Perspektif Hukum Perlindungan Konsumen*, Penerbit Pusaka Almada, Sulawesi Selatan, 2021, p. 8-9.

<sup>16</sup> Muhammad Anwar Fathoni, *Kesadaran Konsumen Terhadap Makanan Halal di Indonesia*, Penerbit CV. Pena Persada, 2021, p. 3.

<sup>17</sup> Sukoso, et.al. *Ekosistem Industri Halal*, Penerbit Departemen Ekonomi Dan Keuangan Syariah - Bank Indonesia, 2020, p. 1.

cosmetics, as well as renewable energy. Several individuals, including academics, religious believers, and members of the general public, have responded favorably to the government's good intentions and projections. They have also taken proactive steps to support the growth of halal assurance and business. For instance, halal study centers along with various institutions engaged in halal, actively participated in the formation of halal communities, and they were established as a response by educational institutions, such as universities. Many colleges have also prepared the creation of degree programs centered on the halal industry. In response to the JPH Law's introduction, a number of halal-related courses were also modified and added through in-person lectures. However, it is unfortunate that there is a lack of literature or textbooks to thoroughly cover the various halal advances in Indonesia and complement the very broad halal development.<sup>18</sup>

Islamic finance and the halal sector ecology can be correctly integrated. The 2019 Indonesian Sharia Economic Master Plan emphasizes the utmost importance of advancing the Islamic economy and the halal sector. This master plan is supported by four primary pillars, namely strengthening Islamic finance, supporting Islamic MSMEs, improving the value chain or halal supply chain, and expanding the digital economy.<sup>19</sup> It is elaborated as follows: a. Various programs are implemented to strengthen the halal value chain or halal supply chain. One of the initiatives is the establishment of halal centers and industrial zones in potential locations to aid businesses and MSMEs in halal certification and the growth of additional halal sectors. This encompasses the entire value chain from producers of raw materials to finished goods ready for sale. The halal industrial region consists of producers, financial services, warehouses, test sites for

halal production, and distribution facilities, facilitating the production of halal goods for both domestic and international markets. b. Improving Islamic finance for the growth of capital and assets. The assets of Islamic banks are currently between Rp 500 and Rp 550 trillion, although their market share over the previous 5 (five) years has remained between 5 and 6%. Expanding Islamic banking and other Islamic finance in order to strengthen and establish them as the foundation of the Indonesian economy, specifically in the halal sector, is the responsibility of various authorities and allied organizations in collaboration with KNEKS. Supporting MSMEs in Islam is another crucial aspect of this endeavor. To build Islamic MSMEs, pertinent ministries and institutions should work with KNEKS to increase literacy and knowledge on Islamic financing. Currently, with emphasis on raising the caliber of their products, MSMEs are urged to prioritize halal certification and employ Islamic funding to construct or develop their goods. The growth of the online economy can also be prioritized with the involvement of appropriate ministries and organizations working alongside KNEKS to develop the facilities and infrastructure necessary for Islamic banking and finance. This can be carried out by issuing electronic money and other types of digital payment systems, as electronic money is increasingly becoming part of daily life.

To promote the halal certification of their products, MSMEs are an intriguing topics. According to data from the Ministry of Cooperative, each province of the Republic of Indonesia has a growing number of MSMEs as shown in the table below:

<sup>18</sup> Ibid., p. 1

<sup>19</sup> Ibid., p. 112.



**Table 1.** Data on Small, Micro, and Medium Enterprises in Each Province

| No | Province             | Small, Micro, and Medium Enterprises |
|----|----------------------|--------------------------------------|
| 1  | Aceh                 | 229.101                              |
| 2  | Sumatera Utara       | 595.779                              |
| 3  | Sumatera Barat       | 296.052                              |
| 4  | Riau                 | 252.574                              |
| 5  | Jambi                | 57.597                               |
| 6  | Sumatera Selatan     | 330.693                              |
| 7  | Bengkulu             | 83.523                               |
| 8  | Lampung              | 285.909                              |
| 9  | Kep. Bangka Belitung | 30.770                               |
| 10 | Kepulauan Riau       | 76.217                               |
| 11 | DKI Jakarta          | 658.365                              |
| 12 | Jawa Barat           | 1.494.723                            |
| 13 | Jawa Tengah          | 1.457.126                            |
| 14 | DI Yogyakarta        | 235.899                              |
| 15 | Jawa Timur           | 1.153.576                            |
| 16 | Banten               | 339.001                              |
| 17 | Bali                 | 407.640                              |
| 18 | Nusa Tenggara Barat  | 287.882                              |
| 19 | Nusa Tenggara Timur  | 81.742                               |
| 20 | Kalimantan Barat     | 29.813                               |
| 21 | Kalimantan Tengah    | 66.060                               |
| 22 | Kalimantan Selatan   | 72.113                               |
| 23 | Kalimantan Timur     | 46.824                               |
| 24 | Kalimantan Utara     | 7.588                                |
| 25 | Sulawesi Utara       | 116.666                              |
| 26 | Sulawesi Tengah      | 29.706                               |
| 27 | Sulawesi Selatan     | 268.299                              |
| 28 | Sulawesi Tenggara    | 8.978                                |
| 29 | Gorontalo            | 85.583                               |
| 30 | Sulawesi Barat       | 20.111                               |
| 31 | Maluku               | 18.789                               |
| 32 | Maluku Utara         | 4.141                                |
| 33 | Papua Barat          | 4.604                                |
| 34 | Papua                | 3.932                                |

The government should establish regulations to facilitate the use of halal items in the development of MSMEs, as well as product production in each province. Halal refers to goods, food, or beverages that are

permissible when used in relation to food in any context during trade, business, or as part of a trade description. It can also refer to something acceptable to the Islamic faith for use or consumption. An indication that the item does not consist of or contain any animal parts or materials forbidden by Sharia for ingestion by Muslims should be present, and when it pertains to an animal, it should signify it was slaughtered in accordance with Sharia Law. In other words, it does not contain anything that is prohibited by Sharia Law. When it comes to food, it signifies that no techniques or materials deemed unclean by Sharia law were used in its preparation, processing, or production. In addition, it should not be prepared, processed, or stored in contact with or adjacent to anything that is regarded as unclean.<sup>20</sup> These regulations are crucial for the creation of a product.

*Halal* cuisine is defined by Islamic law as being free of prohibited substances (*haram*) as well as clean and safe for consumption without any traces of contaminants [4]. Muslims are required to consume halal cuisine made from wholesome components in accordance with Islamic law. The term "Halal food" or "food in compliance with Islamic law" has a broad definition. Firstly, Halal-compliant food are food obtained from legal sources, and are devoid of fraud or corruption. Secondly, it should be Halal in terms of the kind or class of items that can be consumed. This includes animals or substances in meals permitted by Islam, or in terms of what the body can tolerate. It also emphasizes the "Processing" or steps of manufacture, starting from slaughter, washing and cleaning, packaging, storage, transportation, as well as other activities linked to the hygiene of workers and premises.

<sup>20</sup> Abdul Raufu Ambali and Ahmad Naqiyuddin Bakar, "People's Awareness on *Halal* Foods and Products: Potential Issues for Policy-Makers," International Halal Conference, PWTC, Kuala Lumpur, Malaysia, 4-5 September 2012, ScienceDirect, Social and Behavioral Sciences 121 (2014), p. 5. doi:10.1016/j.sbspro.2014.01.1104

This is to assure safety, proper manufacturing practices, storage, and distribution. The actions taken in the food production chain guarantee that they are safe for ingestion.<sup>21</sup>

When a food is labeled as "Halal" or any other designation indicating its permissibility for Muslims, it signifies that the respective food, good, or service meets the following criteria:<sup>22</sup>

1. does not consist of, contain, or come from an animal whose consumption by Muslims is prohibited by *syara'* law or whose slaughter does not comply with *syara'* law and fatwa;
2. does not include anything impure according to *syara'* law and fatwa, as well as does not contain anything intoxicating;
3. does not include any human tissue or items that are prohibited by the *syara'* law and fatwa;
4. is not poisonous or unhealthy, and is suitable for use or consumption;
5. is not prepared, processed, or created using equipment that is free of anything considered impure by *syara'* law;
6. is not being prepared, processed, or stored alongside, in contact with, or next to any food.

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<sup>21</sup> Chiratus Ratanamaneichat and Sakchai Rakkarn, "Quality Assurance Development of Halal Food Products for Export to Indonesia," Social and Behavioral Sciences Symposium, 4<sup>th</sup> International Science, Social Science, Engineering and Energy Conference 2012 (I-SEEC 2012), ScienceDirect, Social and Behavioral Sciences 88 (2013), p. 135. <https://doi.org/10.1016/j.sbspro.2013.08.488>

<sup>22</sup> Che Rosmawati Che Mohd Zaina, et.al, "Jurisdiction and Prosecution of Halal Related Matters in Malaysia: Challenges and Prospects," *Global Conference on Business & Social Science-2014, GCBSS-2014, 15th & 16th December, Kuala Lumpur Procedia - Social and Behavioral Sciences*, Volume 172, 27 January 2015, p. 295. <https://doi.org/10.1016/j.sbspro.2015.01.367>

The legal policy of the Indonesian government, as stated in Article 4A of Government Regulation in Lieu of Law No. 2 of 2022 Concerning Job Creation, is based on the halal declarations of MSMEs actors. This is done to support halal products made by MSMEs. MSMEs actors carry out their halal statements based on the halal guidelines established by BPJPH. These provisions offer a new paradigm to simplify the process.

Every Muslim has a fundamental right to the necessities of halal living. This is connected to need for worship as well as aspects of health, economics, security, and morality. In a nation where the majority of people are Muslims, the government is expected to proactively protect its residents and uphold their fundamental rights. Business actors (producers) should also follow suit and offer consumers' protection. To achieve this, the state should play a more active role in controlling the economy, as indicated by the techniques it employs to implement business instruments, including regulation.<sup>23</sup> By having rules relating to halal products, the public will have legal guarantees and legal certainty when consuming items with the halal label.

## Conclusion

The legal policy of the Indonesian government, as stated in Article 4A of Government Regulation in Lieu of Law No. 2 of 2022 Concerning Employment Creation, is based on the halal declarations of MSMEs actors and supports the production of halal products by these enterprises. MSMEs actors carry out their halal statements based on the

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<sup>23</sup> Warto dan Samsuri, "Sertifikasi Halal dan Implikasinya Bagi Bisnis Produk Halal di Indonesia," *Al Maal: Journal of Islamic Economics and Banking*, Vol 2 No. 1 Bulan Juli Tahun 2020, p. 100. <https://doi.org/10.31000/almaal.v2i1.2803>

halal guidelines established by BPJPH. These regulations offer a fresh perspective that simplifies meeting the necessities of life for Muslims, as halal is a fundamental right. After the passage of this regulation, provisions will support the economy and MSMEs products in each province. Indonesian MSMEs, which produce many products for the community, require halal certification. As a result, a legislative policy that promotes the halal of small and large products is a crucial component of the sustainability and defense of Muslims' interests in consuming halal products.

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