

Halal Economic Ecosystem of Indonesia and Thailand through Halal Certification Bodies (BPJPH & CICOT)

(Ekosistem Ekonomi Halal di Indonesia dan Thailand melalui Lembaga Sertifikasi Halal (BPJPH & CICOT))

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ABSTRACT

Purpose: This study aims to analyze the halal economic ecosystem in Indonesia and Thailand through the role of halal certification bodies, namely BPJPH (Halal Product Assurance Organizing Agency) in Indonesia and CICOT (Central Islamic Council of Thailand) in Thailand.

Design/methodology/approach: Using a qualitative descriptive research method, this study examines how both countries develop the halal economic ecosystem through aspects of demand, government support, and the availability of halal products.

Findings: The results indicate the growth of the halal economic ecosystem, which requires approaches in terms of demand, support, and supply.

Research implications: The growing Muslim population drives the increasing demand. The establishment of BPJPH (Halal Product Assurance Organizing Agency) in Indonesia and CICOT (Central Islamic Council of Thailand) illustrates the government's support for developing the halal economic ecosystem in Indonesia and Thailand. Lastly, the collaboration between Indonesia and Thailand serves as an additional effort to advance the global halal economic ecosystem.

Keywords: Halal Economic Ecosystem; BPJPH; CICOT

ABSTRAK

Tujuan Penelitian: Penelitian ini bertujuan untuk menganalisis ekosistem ekonomi halal di Indonesia dan Thailand melalui peran lembaga sertifikasi halal, yaitu BPJPH (Badan Penyelenggara Jaminan Produk Halal) di Indonesia dan CICOT (Central Islamic Council of Thailand) di Thailand.

Desain/Methodologi/Pendekatan Penelitian: Dengan menggunakan metode penelitian deskriptif kualitatif, penelitian ini mengkaji bagaimana kedua negara mengembangkan ekosistem ekonomi halal melalui aspek permintaan, dukungan pemerintah, dan ketersediaan produk halal.

Hasil Penelitian: Hasil penelitian menunjukkan pertumbuhan ekosistem ekonomi halal yang membutuhkan pendekatan dari sisi permintaan, dukungan, dan penawaran. Peningkatan permintaan didorong oleh pertumbuhan populasi Muslim.

Implikasi Hasil Penelitian: Pembentukan BPJPH (Badan Penyelenggara Jaminan Produk Halal) di Indonesia dan CICOT (Central Islamic Council of Thailand) mencerminkan dukungan pemerintah terhadap pengembangan ekosistem ekonomi halal di Indonesia dan Thailand. Kerja sama antara Indonesia dan Thailand menjadi upaya tambahan dalam memajukan ekosistem ekonomi halal global.

Kata Kunci: Ekosistem Ekonomi Halal; BPJPH; CICOT

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INTRODUCTION

The halal economy is currently experiencing positive growth, aligning with the increasing global Muslim population. According to Global Muslim Population data published on the Times Prayer website, the number of Muslims in February 2024 reached 2,022,131,798 out of a total world population of 8,088,527,193 (Kristina, 2024). The global development of the halal economy is also reflected in the expenditure of Muslims. In 2022, Muslims spent USD 2.29 trillion on food, modest fashion, pharmaceuticals, cosmetics, media, and travel. Sharia-compliant financial assets in 2021 reached USD 3.96 trillion and are projected to grow to USD 5.96 trillion by 2026 (Liaqat, 2023).

The growing Muslim population is a significant driver of the global halal economy, but other factors also contribute, including the increasing inclination toward Sharia-based lifestyles emphasizing good values and avoiding harm, the growth of Sharia-based trade, financial technology (fintech), the development of halal industry players, regulations fostering supply and demand in the halal industry, and advancements in information technology (Fauzi et al., 2017). These factors have led non-Muslim countries to develop halal economic ecosystems within their economies, as evidenced by the establishment of institutions responsible for issuing halal certifications.

Halal certification institutions exist in Europe, the Americas, and Australia. Examples in Europe include the Halal Food Council of Europe (HFCE) in Belgium, Halal Quality Control (HQC) in Germany, Instituto Halal de Junta Islamica in Spain, World Halal Authority (WHA) in Italy, Halal Certification Europe (HCE) in the UK, and Halal Certification Services (HCS) in Switzerland. In the Americas, there are the Halal Food Council, the American Halal Foundation (AHF), and the Islamic Dissemination Centre for Latin America (CDIAL) in Brazil. In Australia, the Australian Halal Development & Accreditation (AHDAA) and Asia Pacific Halal Service (APHSNZ) in New Zealand are notable. Meanwhile, in Asia, there are institutions such as the Majlis Ugama Islam Singapura (MUIS), the Muslim Professional Japan Association (MPJA), the Taiwan Halal Integrity Development Association (THIDA), the Jamiat Ulama Halal Foundation in India, the Asia Pacific Halal Council Co Ltd (APHC) in Hong Kong, the Central Islamic Committee of Thailand (CICOT), the Halal Certification Agency (HCA) in Vietnam, and the Halal Development Institute of the Philippines (HDIP) (Rahmawati et al., 2022).

Several countries are actively developing their halal economic ecosystems. This study focuses on the halal economy ecosystems of Indonesia and Thailand. Evidence of Indonesia's progress includes its entry into the top three of the Global Islamic Economy Indicator (GIEI) in the State of the Global Islamic Economy (SGIE) Report 2023 published by DinarStandard in Dubai, UAE. In 2022, Indonesia ranked fourth but has now risen to third place, below Malaysia and Saudi Arabia (State of the Global Islamic Economy Report, n.d.). In Thailand, the development of the halal economy is supported by the government's strategic efforts to position the country as a leading halal hub in Southeast Asia, leveraging its agricultural strengths and robust certification processes (Amalia, 2024). Additionally, Thailand ranks second among the top 10 Muslim-friendly travel destinations outside the Organization of Islamic Cooperation (OIC) countries, following Singapore in first place (RAHMI, 2023).

The increasing Muslim population and heightened awareness of halal products make Indonesia, as a Muslim-majority country, and Thailand, with its government's recognition of opportunities in the halal economy, key players in Southeast Asia's halal economy. Both countries have taken significant steps in nurturing their respective halal economic ecosystems. They also show potential for mutually beneficial collaboration in developing the halal economy. Therefore, this study seeks to examine the development of the halal economic ecosystems in Indonesia and Thailand, focusing on the urgency and historical growth of the ecosystem through halal certification bodies, the roles of their governments, and their

cooperation in the halal economy. This research aims to provide insights and broader knowledge for others as well.

LITERATURE REVIEW

The Urgency of the Halal Economic Ecosystem

One of the fundamental acts of worship for Muslims is consuming only what is halal (permissible) and avoiding what is haram (prohibited). The legal foundation for halal products in accordance with Islamic sharia can be found in Surah Al-Baqarah: 168, which states:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

"O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy." (Surah Al-Baqarah: 168)

Muslims need clear information about what is halal (permissible) and haram (prohibited) across various aspects, including food, beverages, medicine, cosmetics, and other consumable goods. To facilitate this, the issuance of halal certification for products frequently consumed by Muslims plays a crucial role. Halal certification provides consumers with a sense of security and confidence that the products they purchase and consume adhere to Islamic teachings.

Ensuring halal certification involves a standardized testing process that examines the raw materials used, their sources, and the manufacturing processes. The issuance of halal certificates is a critical component of the halal economic ecosystem and is managed by institutions responsible for halal certification. This ecosystem has garnered attention from global organizations that regulate international trade systems.

Consequently, the production of halal food, beverages, medicines, cosmetics, and other halal products is no longer merely a domestic concern for Muslims but encompasses international production and trade systems supported by various countries (RI, 2003).

Halal has evolved beyond being a religious obligation or cultural tradition for Muslims; it has emerged as a powerful market force and a global phenomenon. Adding the "halal" label to a product not only ensures its acceptability for Muslims but also represents a global symbol of quality assurance and a lifestyle choice. This is evidenced by the active participation and involvement of non-Muslim countries in the halal market (Syarif et al., 2019).

Countries worldwide are competing to introduce halal production systems to increase their market share. As a result, guaranteeing the halal status of products serves not only the interests of Muslims in consuming halal food, medicine, cosmetics, and other products but also establishes halal as a comprehensive management and production system for international trade (RI, 2003).

Halal Certification Institutions in Indonesia

Since October 11, 2017, halal certification in Indonesia has been managed by the Badan Penyelenggara Jaminan Produk Halal (BPJPH), which replaced the role of LPPOM-MUI. The history of halal certification in Indonesia began in 1988, triggered by the "pork fat" controversy, which led to the establishment of LPPOM-MUI (Lembaga Pengkajian Pangan, Obat-obatan, dan Kosmetika Majelis Ulama Indonesia) in January 1989. Initially, MUI operated as a non-governmental organization (NGO). However, the enactment of Law No. 33 of 2014 on Halal Product Assurance (JPH) marked a transformation, positioning Indonesia

not just as a quasi-religious state but as an integral entity embodying substantive Islamic principles, such as the Halal Movement in Islam (Lynarbi et al., 2020).

The halal certification mechanism has evolved significantly. In 2017, BPJPH was established, followed by the issuance of Government Regulation (PP) No. 31 of 2019. Since then, BPJPH, MUI, and LPH (Lembaga Pemeriksa Halal) have worked together, defining their respective duties and functions incrementally to ensure halal product assurance. This regulation solidified BPJPH's presence, and as of October 17, 2019, LPPOM-MUI transitioned into one of the authorized LPHs (Lynarbi et al., 2020).

Under Article 6 of Law No. 33 of 2014 on Halal Product Assurance, BPJPH is granted the following responsibilities:

1. Formulating and establishing halal product assurance (JPH) policies.
2. Establishing norms, standards, procedures, and criteria for JPH.
3. Issuing and revoking halal certificates and labels for products.
4. Registering halal certificates for foreign products.
5. Conducting socialization, education, and publication of halal products.
6. Accrediting LPHs.
7. Registering halal auditors.
8. Supervising JPH implementation.
9. Training halal auditors.

Collaborating with domestic and international organizations on JPH implementation.

Based on these attributes, BPJPH is the sole authority for managing halal product certification in Indonesia. The halal certification process has shifted from LPPOM-MUI's domain to BPJPH's jurisdiction, reflecting a transformation in Indonesia's halal economic ecosystem. The transition marked a shift from voluntary halal assurance to a mandatory system, moving responsibility from Islamic religious organizations to the state.

BPJPH plays a critical role in bridging the relationship between religion and the state. Its establishment demonstrates that Indonesia's halal certification institution now operates as a government entity, further integrating halal assurance into the framework of national governance (Japar et al., n.d.).

Halal Certification Institutions in Thailand

Thailand is a non-Muslim country, yet it has shown significant attention to the development of the halal economic ecosystem. Halal certification in Thailand is managed by non-governmental Islamic religious organizations. The halal certification in Thailand is overseen by the Central Islamic Council of Thailand (CICOT), an institution consisting of national Islamic scholars. CICOT operates through the Halal Standard Institute of Thailand, which is responsible for inspecting and certifying Thai products. In addition, Thailand has a halal research center at Chulalongkorn University called The Halal Science Center, located within the Faculty of Applied Science.

Although Thailand is not a Muslim-majority country, the government supports halal certification for economic reasons. The government is highly enthusiastic and ready to support programs related to halal certification to enter the global market, especially given the significant Muslim population in other parts of the world (Chaikong & Mukarromah, 2022).

Development of the Halal Economic Ecosystem in Thailand

The development of Thailand's halal economic ecosystem has progressed with government support. Starting in 1949, halal products and services were initially based on the opinions of Islamic scholars, without formal halal certification. From 1949 to 1997, the halal industry was developed to meet the needs of Muslims in Thailand, and in 1971, the Thailand Islamic Center Committee introduced the first halal food standards.

From 1997 to 2016, the Codex-Based Thailand's Standard Institute was established. In 2002, the Thailand Islamic Center Committee successfully persuaded the Thai government to establish a halal center in southern Thailand. The government supported funding to create the halal-HACCP system in 2003, involving the Halal Science Center at Chulalongkorn University, which set up laboratories specifically for halal food research. In 2009, the quality of halal standards in Thailand was further refined. Since 2017, halal products and services have become a promising market choice. Product marketing has incorporated logos and digital promotional features, connected to online media, cloud, and e-commerce (Purnama et al., 2021).

Government Support for Halal Certification

Among the forms of government support is the enactment of CICOT and the Shaykhul Islam under the law, specifically Act 340/1997 on the Administration of Islamic Organizations. Furthermore, the Thai government, in its effort to improve halal certification, established several institutions under CICOT, such as the Halal Executive Committee (HEC), the Halal Standard Institute of Thailand (HSIT), the Halal Accreditation Body, and the Halal Science Centre (HSC). The Thai government has also provided active support for halal certification by issuing various regulations and providing programs funded by the national budget (Zain et al., 2024).

METHODS

This research is a qualitative study with a descriptive approach, utilizing both primary and secondary data collection methods. Primary data is obtained from official government websites and halal certification institutions. On the other hand, secondary data is gathered using the library research method, which involves collecting data from library sources. This method is carried out by reviewing, reading, and analyzing various literature sources such as journals, documents, books, and previous research findings. The data collection process supports the ongoing research as it is directly related to the topic being discussed by the researcher.

RESULTS AND DISCUSSION

The halal economic ecosystem continues to experience significant global development. Many countries, both with Muslim majorities and minorities, have been actively engaging in the halal economy. Each country has its own policies regarding the halal economy ecosystem. One of the major developments in this ecosystem is the issuance of halal certification for various products. Halal certification is issued by halal certification bodies, and each country has its own certification mechanisms, which vary. Some countries have government-based certification bodies, while others rely on non-governmental organizations. Indonesia has a government-based halal certification body, while Thailand's halal certification body is non-governmental (Zain et al., 2024).

The development of the halal economic ecosystem is especially important for both Indonesia and Thailand. Indonesia, with the world's largest Muslim population, needs to make efforts to keep up with developments in halal management systems and production. Meanwhile, Thailand, as a tourist destination for Muslim travelers, is positioning itself as a key player in the halal economy within Southeast Asia. Both countries have taken important steps in nurturing the halal economic ecosystem. Indonesia, with its large Muslim population, has a strong framework to promote the halal economy. The country's 2045 vision includes a significant contribution from the halal industry to Indonesia's GDP. Thailand, although predominantly Buddhist, has made remarkable progress in developing its halal economy. The

Thai government has strategically positioned the country as a leading halal hub in the region, leveraging its agricultural strengths and robust certification processes (Amalia, 2024).

The halal industry has fostered cooperation between Indonesia, Malaysia, and Thailand, which are part of the seven pillars of sub-regional cooperation. This collaboration was highlighted at the 34th ASEAN Summit under the theme "Advancing Partnership for Sustainability." The seven pillars include agriculture and agro-based industries, tourism, halal products and services, transportation and IT connectivity, trade and investment facilitation, environmental sustainability, and human resources development, education, and culture. Indonesia and Malaysia are among the Southeast Asian countries that import the most halal products from Thailand, particularly because of the large Muslim populations in these countries (Purnama et al., 2021).

The cooperation between Thailand and Indonesia is mutually beneficial. Thailand, with its high awareness of the halal economy ecosystem, needs support from Indonesia to market Thailand's halal-certified products in the Indonesian market. Additionally, Thailand requires access to the large halal market in Indonesia to promote its products, as Thailand does not have a Muslim majority population, which limits the development of halal food products. Several forms of cooperation between Indonesia and Thailand have been implemented. Firstly, Indonesia has developed a Blockchain platform, which will also serve as a halal product tracking system and will help streamline halal logistics in Southeast Asia with support from Thailand. The Blockchain will improve logistics conditions by enhancing supply chain efficiency, providing fast and accurate traceability, improving food quality management, and increasing profitability for all supply chain or logistics providers. Secondly, the QR Code Scanner system is being developed to connect directly to the database of the Indonesian Ulama Council (MUI). This system is designed to make it easier for Muslim tourists to verify the halal status of food served in restaurants, which is part of the implementation of the Indonesia-Thailand strategy.

The third cooperation plan involves the construction of halal product industries in various cities. This initiative aims to tap into the global halal product market's full potential. Fourthly, Indonesia and Thailand have released a Muslim-friendly tourism guidebook, which provides comprehensive information on tourist destinations offering facilities for Muslim travelers, such as halal restaurants, places of worship, and comfortable accommodations. Additionally, in Thailand, a version of the guidebook is available in Indonesian. All these efforts are based on similar strategies employed by Indonesia and Thailand in developing the halal market (Rahmi, 2023).

In the cooperation between Indonesia and Thailand, Thailand plays a key role in helping develop SMEs by providing support for the export of goods. The focus of Indonesia-Thailand cooperation is directed towards SMEs as part of efforts to expand the global halal market. Their collaboration aims to foster further partnerships with countries that influence the flow of halal products, particularly Muslim-majority nations that can serve as target markets. The ecosystem needed to advance the halal industry takes an approach based on demand, support, and supply. On the supply side, Indonesia's halal industry sectors—such as tourism, food, fashion, media, pharmaceuticals, and renewable energy—have provided a wide range of halal products for consumption. Indonesia ranks fourth as an exporter of halal products within the Organization of Islamic Cooperation market (Rahmi, 2023).

The future of the halal economy in Indonesia and Thailand looks promising, with both countries poised to capitalize on the growing global demand for halal products. Ongoing collaboration between government agencies, educational institutions, and the private sector will be crucial in driving the growth and sustainability of the halal economy. The importance of sustainable development and support for the halal economy is essential for realizing its full potential in Indonesia and Thailand (Amalia, 2024).

CONCLUSION

The development of the halal economic ecosystem has attracted the interest of various countries, both with Muslim majorities and minorities, due to the need for an approach based on demand, support, and supply within the halal economy. The increasing demand, driven by the growing Muslim population worldwide, and the fact that halal products can be enjoyed by people of all faiths because of their guaranteed safety, have made the halal economy a new lifestyle. Indonesia, as a Muslim-majority country, is driving the development of the halal economy ecosystem due to the continuous increase in demand from its population. Meanwhile, Thailand is advancing its halal economy ecosystem due to the significant potential it holds for its national economy, positioning itself as a supplier of halal products to Muslim-majority countries.

The development of the halal economy ecosystem between Indonesia and Thailand is evidenced by the existence of halal certification bodies in both countries, as well as the cooperation between the two nations.

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