
SAIZU INTERNATIONAL CONFERENCE ON TRANSDISCIPLINARY RELIGIOUS STUDIES (SAIZU ICON-TREES)

ISSN 2964-5859, 2023, Pages 184-198

DOI: <https://doi.org/10.24090/icontrees.2023.326>

Proceeding of 3rd Internasional Conference on Implementing Religious Values on Transdisciplinary Studies for Human Civilization

Halal Industry Development in Indonesia: Opportunities and Challenges Post Covid-19 Pandemic

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Abstract: Indonesia is a country where the development of the halal industry can become a sizeable potential, not only domestically but also abroad. The halal industry has played an important role in improving the economy in Indonesia. The halal industry is recorded to have contributed USD 3.8 billion to Indonesia's Gross Domestic Product (GDP) each year. Looking at the facts on the ground, even though Indonesia is a country with the largest Muslim population in the world. However, the large Muslim population has not been able to make Indonesia a supplier country for the needs of halal commodities in the world. For this reason, this study aims to look at the Development of the Halal Industry in Indonesia regarding Opportunities and Challenges in the Post-Covid-19 Pandemic. The data collection technique for this research uses documentation and literature studies. Documentation studies, namely by downloading files on development reports of companies and businesses engaged in the halal industry on the official website of the Indonesian Central Bureau of Statistics. The problem-solving framework in this study starts from selecting the research topic and then formulating the problem to see what the problem is to be studied. Furthermore, the researcher collects the required data and performs an analysis based on the data that has been collected, and then draws conclusions based on the descriptive analysis that was carried out. Through this research, the authors hope to contribute to a portrait of the halal industry in post-pandemic Indonesia, so that they can see opportunities for development.

Keywords: *halal industry; covid-19; opportunities; challenges*

A. INTRODUCTION

In March 2020 the World Health Organization (WHO) declared that the Covid-19 virus outbreak was declared a global pandemic. According to data from Worldometers, as of November 27 2021,

more than 200 countries in the world (including Indonesia) have been infected with Covid-19 with a total of 260.8 million cases and 5.2 million deaths. The impact of the Covid-19 pandemic has not only had an impact on the health crisis, but has also



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caused the economies of most countries to grow negatively and even experience a recession (kompas.id).

The President of the Republic of Indonesia stipulated in Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB) in order to accelerate the handling of coronavirus disease 2019 (Covid-19), this regulation was stipulated on March 31 2020. The implementation of this PSBB policy has affected a number of business sectors deep enough to cause damage.

The existence of a pandemic has greatly impacted every industrial sector, including the halal industry in Indonesia. However, this situation actually motivates the country to continue to strengthen the Islamic economic ecosystem in Indonesia, especially the halal industry, which is getting better than before. This is evident from the prospects for the halal industry which continues to grow from year to year. Indonesia is a country where the development of the halal industry can become a sizeable potential, not only domestically but also abroad. The latest data from The State of The Global Islamic Economy Report 2020-2021 states that Indonesia's position continues to improve. Indonesia's ranking on the global Islamic indicator is ranked 4th. This rating continues to increase compared to the previous year, which was recorded as being ranked fifth (2019) and 10th previously. Kontan Deputy President Ma'ruf Amin, who is also listed as Chair of the Board of Trustees of the Sharia Economic Community, expressed his gratitude for this

achievement, (Indonesian Information Portal).

The halal industry has played an important role in improving the economy in Indonesia. The halal industry is recorded to have contributed USD 3.8 billion to Indonesia's Gross Domestic Product (GDP) each year. Apart from that, the halal industry has also contributed USD 1 billion in investment from foreign investors and created 127 thousand jobs per year. If optimized again, the halal industry can increase the value of exports and the country's foreign exchange reserves (Ministry of Finance of the Republic of Indonesia 2019). Based on this, Indonesia should be able to optimally develop the halal industry so that it continues to be able to maximally develop the Indonesian economy.

Looking at the facts on the ground, even though Indonesia is a country with the largest Muslim population in the world. However, the large Muslim population has not been able to make Indonesia a supplier country for the needs of halal commodities in the world. Based on the assessment listed in the State of The Global Islamic Report (2019), Indonesia is only ranked 5th in the Top 15 Global Islamic Economy Indicator category with a score of 49. Meanwhile, when viewed from various sectors of the halal industry, Indonesia is ranked -5 in Top 10 Islamic Finance, 4th in Top 10 Muslim-Friendly Travel, and 3rd in Top 10 Modest Fashion. Meanwhile, for the Halal Food, Media and Recreation and Pharma and Cosmetics sectors, Indonesia is not included in the top 10 (State of Global Islamic Economy Report 2019).

Based on the background above, the author is interested in conducting an analysis related to the development of the halal industry in Indonesia by raising the title "Development of the Halal Industry in Indonesia: Opportunities and Challenges after the Covid-19 Pandemic". Through this research, the authors hope to contribute to a portrait of the halal industry in post-pandemic Indonesia, so that they can see opportunities for development. Not only that, the results of this study are also expected to provide an explanation of which industrial sectors have great strength and potential in helping the Indonesian economy.

B. MATERIALS AND METHODS

This research is a type of literature study research, with a descriptive approach, by collecting data and information from various literature and secondary data from various sources (journal references, reports, web information, etc.) related to the themes raised in this paper, then processed and developed by the author. The problem-solving framework in this study, starts from the selection of research topics and then formulates the problem to see what is the problem to be studied. Furthermore, the researcher collects the required data and performs an analysis based on the data that has been collected, and then draws conclusions based on the descriptive analysis that was carried out. Next, Compile a research report.

C. RESULT AND DISCUSSION

More than three years since the positive case of Covid-19 in Indonesia was first detected on March 2 2020, the government has officially revoked the status of the Covid-

19 pandemic in Indonesia. Reported from dpr.go.id. This decision was made by Indonesian President Joko Widodo at the Merdeka Palace, Wednesday (21/6/2023), which is in line with the revocation of the Public Health Emergency of International Concern (PHEIC) status for COVID-19 by the World Health Organization (WHO). In the wake of the COVID-19 crisis, government and industry have unique experiences and important lessons to learn. The pandemic has affected the global economy in many ways. Some companies were able to strategize and bounce back, while others suffered heavy losses and waited for the pandemic to end.

So with that the Government since 2021 has made important policies as milestones in the development of the sharia economy. First, Bank Syariah Indonesia which is a combination of three state-owned Islamic banks. Second, launch of the National Cash Waqf Movement. Third, strengthening halal regulations through Government Regulation (PP) Number 39 of 2021 concerning Implementation of the Halal Product Guarantee Field. "Furthermore, the Ministry of Industry will hold the IHYA for the first time in 2021 and it will be held again for the second year of the 2022 Indonesia Halal Industry Awards (IHYA) with the aim of strengthening the sharia economic ecosystem, especially the halal industry. (kemenperin.go.id). and for the first time in 2022 Indonesia is entrusted with holding the presidency of the Group of 20 (G20) with the theme "Recover Together, Recover Stronger". Indonesia was chosen to invite countries to work together and support each other in order to recover

together, grow stronger, and develop in a sustainable manner and demonstrate international confidence in Indonesia's ability and capacity to manage the country's economic recovery, and at the same time, encourage the world economy to rise return. As stated by President Joko "Jokowi" Widodo, the G20 Presidency is a catalyst for an inclusive global economic recovery. (kemenag.go.id)

The growth of the halal industry in Indonesia after Covid 19 has experienced growth, with an Indonesian population of 229.6 million in 2020, make Indonesian home to the world's largest Muslim population. Based on the report from the State of Global Islamic Economic Report 2020-2021, the consumption level of the world's Muslim community has reached USD 2.02 trillion in the food, pharmaceutical, cosmetic, fashion, travel and halal media/recreation sectors. Expenditures of Indonesian Muslims for halal products and services amount to USD 184 billion in 2020, the Islamic economy also continues to grow and shows encouraging developments. Bank Indonesia (BI) in the Indonesia Halal Market Reports 2021/2022 notes the potential contribution of the Islamic economy to a total of US\$5.1 billion to national GDP through exports of halal products, growth in foreign investment, and import substitution.

This potential provides an opportunity for Indonesia to become the center of the World Halal Industry, seeing that the public's need for products and services labeled halal is increasing along with increasing awareness of the quality, safety

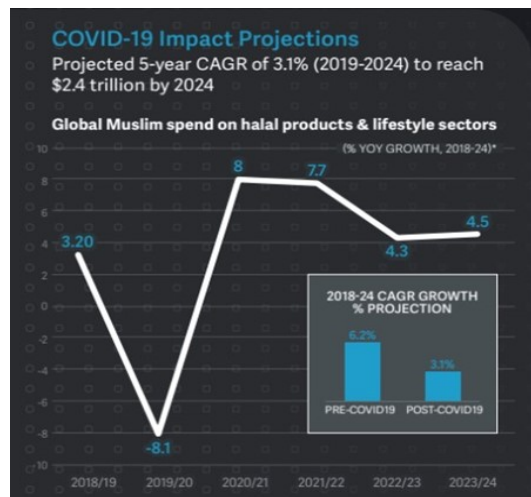
and health of products consumed in the food, pharmaceutical, cosmetic, fashion, travel and Halal media/recreation poses a challenge for Indonesia to recover its economy.

Opportunities for the development of the halal industry which has become a trend in the midst of global society is a distinct opportunity for the halal industry in Indonesia towards the center of the world halal industry which is targeted for 2024. Several aspects that become opportunities for the Indonesian halal industry include:

1. Aspects of Global Recognition

Even though the economic crisis occurred in various countries during the Covid 19 period, it did not stop the growth of the halal industry. Observing the growth of the world's halal industry before Covid-19 and after Covid-19 can be seen in the graph below:

Figure 1. Growth of the World Halal Industry



Source: Global Islamic Economy Report 2020/2021

Based on the graph of the Global Islamic Economy Report (Standard, 2020). The growth of the halal industry before Covid-19 grew 6.2% while during Covid-19 the growth was only 3.1%, it can be concluded that the growth of the world's halal industry has decreased by 50% from the year before the pandemic (Hasanah, 2021). Even though it has decreased, the halal industry is still experiencing growth which can at least affect the national economy.

Figure 2. World Islamic Economic Ranking Indicator Scores

Top 15 Global Islamic Economy Indicator Score Rank		Top 10 Indicator Score Rank By Sector	
1. Malaysia		HALAL FOOD	ISLAMIC FINANCE
2. Saudi Arabia		1. Malaysia	1. Malaysia
3. UAE		2. Singapore	2. Saudi Arabia
4. Indonesia		3. UAE	3. UAE
5. Jordan		4. Indonesia	4. Jordan
6. Bahrain		5. Turkey	5. Bahrain
7. Kuwait		6. Iran	6. Indonesia
8. Pakistan		7. South Africa	7. Kuwait
9. Iran		8. Pakistan	8. Pakistan
10. Qatar		9. Brunei	9. Qatar
11. Oman		10. Russia	10. Nigeria
12. Turkey		MODIST FASHION	PHARMA & COSMETICS
13. Nigeria		1. UAE	1. Malaysia
14. Sri Lanka		2. Turkey	2. UAE
15. Singapore		3. Indonesia	3. Singapore
		4. Malaysia	4. Iran
		5. Spain	5. Egypt
		6. Italy	6. Indonesia
		7. Bangladesh	7. France
		8. Canada	8. South Africa
		9. France	9. Turkey
		10. Iran	10. Tunisia
		MUSLIM-FRIENDLY TRAVEL	MEDIA & RECREATION
		1. Malaysia	1. UAE
		2. UAE	2. Malaysia
		3. Turkey	3. Singapore
		4. Thailand	4. United Kingdom
		5. Tunisia	5. Indonesia
		6. Indonesia	6. Brunei
		7. Azerbaijan	7. Bahrain
		8. Jordan	8. Lebanon
		9. Singapore	9. Kuwait
		10. Albania	10. Netherlands

Global Islamic Economy Report 2022

In 2022 Indonesia maintains the 4th position in the overall GIEI ranking. Indonesia continues to rise in the ranking of the Halal Food indicator, occupying the 2nd position this year. where previously in 2021 it occupied 4th position. Islam Finance occupied 6th position and modest fashion in 3rd position, both positions remained the same as the previous year, while in the Muslim friendly travel category in 2022 it experienced a decline not entering the top 10, whereas previously in 2021

occupying the 4th position. pharma and cosmetics has decreased from 6th position to 9th position. Media and recreation has decreased from 5th place, in 2022 it is not included in the category.

2. Islamic Finance

In 2022 Indonesia maintains the 4th position in the overall GIEI ranking. Indonesia continues to rise in the ranking of the Halal Food indicator, occupying the 2nd position this year. where previously in 2021 it occupied 4th position. Islam Finance occupied 6th position and modest fashion in 3rd position, both positions remained the same as the previous year, while in the Muslim friendly travel category in 2022 it experienced a decline not entering the top 10, whereas previously in 2021 occupying the 4th position. pharma and cosmetics has decreased from 6th position to 9th position. Media and recreation has decreased from 5th place, in 2022 it is not included in the category.

The growth of Islamic finance in Indonesia is increasing from year to year, Even in the midst of a pandemic, Islamic finance in Indonesia continues to grow. Based on the 2020 Indonesian Sharia Finance Development Report, Indonesia's sharia financial assets grew 22.71% (yoy) in 2020 amid the COVID-19 pandemic, according to a study released by the Financial Services Authority (OJK). An increase of IDR 1,801.40 trillion compared to the

previous year or equivalent to IDR 1,468.07 trillion.

The condition of the Covid-19 Pandemic which has begun to improve has had an impact on Indonesia's economic growth with growth in Q4-2021 of 5.02% (yoy). This is also indicated by an increase in community activities and business operations, resulting in a significant increase in demand for the goods and services sector.

In maintaining the momentum of economic recovery during the Covid-19 pandemic, the Islamic financial services industry also experienced positive growth with Indonesian Islamic financial assets able to grow by 13.82% (yoy) to IDR 2,050.44 trillion from the previous year's IDR 1,801.40 trillion. This shows that Islamic finance is able to survive well after the Covid-19 pandemic.

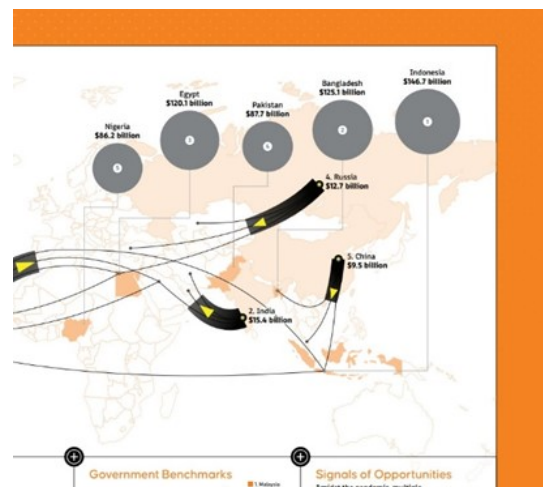
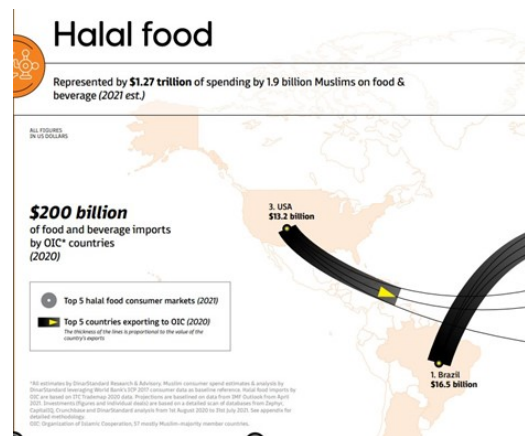
Global Economic Growth

Negara	2020	2021					Projections (Tahunan)	
	Tahunan	Q1	Q2	Q3	Q4	2021e	2022f	
Global	-3,1					5,9	4,4	
Advanced Economies	-4,5					5,0	3,9	
Amerika Serikat	-3,4	0,5	12,2	4,9	5,6	5,7	4,0	
Zona Euro	-6,4	-0,9	14,6	4,0	4,6	5,3	3,9	
Jepang	-4,5	-1,8	7,3	1,2	0,7	1,7	3,3	
Inggris	-9,4	-5,0	24,6	7,0	6,5	7,5	4,7	
Emerging Markets	-2,0					6,5	4,8	
Tiongkok	2,3	18,3	7,9	4,9	4,0	8,1	4,8	
India	-7,3	1,6	20,3	8,5	5,4	8,2	9,0	
Brazil	-3,9	1,3	12,3	4,0	1,6	4,6	0,3	
Indonesia	-2,1	-0,7	7,1	3,5	5,0	3,7	5,6	

Indonesia Sharia Finance Development Report 2021

3. Halal Food

Muslim spending on food increased by 3.1% in 2019 to \$1.17 trillion from \$1.13 trillion in 2018. The COVID-19 crisis is not expected to result in a significant reduction in Muslim spending for 2020, with an estimated decrease of 0. .2%. A CAGR of 3.5% is expected between 2019 and 2024, with Muslim spending expected to reach \$1.38 trillion by 2024.



Muslim spending on food increased by 6.9%, from US\$1.19 trillion in 2020 to US\$1.27 trillion in 2021, with Indonesia, Bangladesh and Egypt ranking as the top three countries, retaining their positions from last year. A CAGR of 7.1% is expected between

2021 and 2025, with Muslim spending expected to reach US\$1.67 trillion by 2025

In fact, based on a report from the State of the Global Islamic Economy Report 2020/2021, it was broken down that world Muslim halal food spending had increased 3.1 percent in 2019 to US\$1.17 trillion from US\$1.13 trillion in 2018. In addition, government investment in the halal food sector is the world's third largest, with a total investment of US\$6.3 billion in 2020.

- a. Indonesia made significant revisions to the Halal Product Assurance Law No. 332014 to speed up, simplify and clarify processes, reduce processing time and facilitate certification for micro and small businesses.
- b. The Indonesian government and halal authorities are taking various steps to fortify the halal food ecosystem.
- c. The Government of Indonesia is holding online digitalization and capacity building training for MSMEs struggling with financial losses due to the pandemic.
- d. A new halal information system was introduced, incorporating all halal procedures and programs that are integrated with halal marketplaces, applications and e-money providers. Codified and digitized halal certificates will

help track value and volume information on halal products.

- e. Indonesian halal certificate is preparing to implement ISO 37001 anti-bribery management system after previous allegations of corrupt practices

Indonesia as the world's largest Muslim population has great potential and opportunities in developing halal products. It is a demand for Muslims to consume halal food products better, so that with a Muslim population in Indonesia which reaches 87 percent of Indonesia's total population of 265 million, Indonesia is one of the most promising market share for halal products.

Based on the State of the Global Islamic Economy Report 2020/2021, Muslim spending on food increased by 6.9%, from US\$1.19 trillion in 2020 to US\$1.27 trillion in 2021, with Indonesia, Bangladesh and Egypt ranks as the top three countries, retaining its position from last year. A CAGR of 7.1% is expected between 2021 and 2025, with Muslim spending expected to reach US\$1.67 trillion by 2025

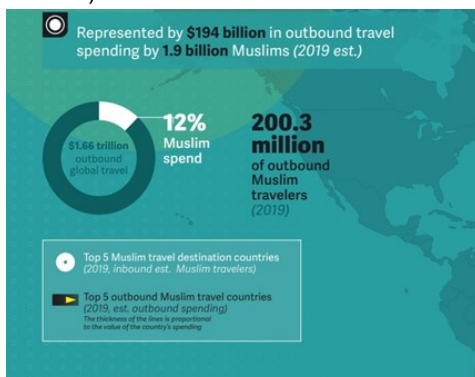
In addition, Indonesia maintains its position on The Global Islamic Economy Indicator in the State of the Global Islamic Economy (SGIE) Report 2022 which was launched by DinarStandard in Dubai. Indonesia is ranked fourth after Malaysia, Saudi Arabia and the United Arab Emirates. DinarStandard CEO Rafi-uddin Shikoh said, although

still in the same ranking as last year, Indonesia experienced a significant increase in the halal food sector. Indonesia rose two places to second place in the halal food sector. In addition, government investment in the halal food sector is the world's third largest, with a total investment of US\$6.3 billion by 2020.

This investment shows how serious the government is in supporting the development of Indonesian halal food products. Other steps and support that show the government's seriousness in the halal food sector is the establishment of the Halal Product Assurance Organizing Agency (BPJPH) which is mandatory for the birth of Law Number 33 of 2014 concerning Halal Product Guarantees. BPJPH was ratified on October 27 2017 under the command of the Ministry of Religion, as well as a transformation of the implementation of halal products in Indonesia which started from voluntary to mandatory, in order to provide guarantees and comfort.

4. Muslim Friendly Travel

Top 5 Muslim travel destination countries (2019, inbound est. Muslim travelers)



Based on the 2021 Global Travel Muslim Index (GMTI), Indonesia is in fourth place on the list of the world's 20 best halal tourist destinations with a score of 73. In 2022, Indonesia is ranked second, outperforming 138 destinations from around the world. In 2023 Indonesia ranks first as the best halal tourist destination in the world, beating 140 other countries.

Muslim spending on travel increased by 2.7% in 2019 to \$194 billion from \$189 billion in 2018. With the impact of the COVID-19 crisis, Muslim spending on travel is expected to fall to \$58 billion in 2020 and recover to 2019 levels by 2023. Muslim consumer spending on travel is expected to grow at a 5-year CAGR of 1.4% from 2019 to 2024.

There are three main assets owned by the Indonesian people, namely, human resources, natural resources and culture or customs. These three capitals can be used as the main pillars in the development of halal tourism with Sharia travel. Meanwhile, to apply it post-covid 19, there are three strategies that can serve as guidelines, namely: 1. Reorientation of the Indonesian people in the movement for halal tourism and Sharia travel, 2. Government

regulations in supporting the development of halal tourism and Sharia travel 3. Participation of Islamic Organizations in the development of Halal tourism and Sharia travel.

D. CHALLENGES OF THE INDONESIAN HALAL INDUSTRY

In addition to the opportunities that Indonesia has in the field of the halal industry, it also has many challenges that deserve common attention, especially from the government and stakeholders. As a country with a majority Muslim population and the world's largest Muslim population, ideally Indonesia is able to be at the forefront of all sectors in the country's halal industry, but in reality it is not as easy as imagined. Becoming the center of the world halal industry as targeted by the government in 2024 has two challenges in general, namely external challenges and domestic internal challenges, as described in the results of research conducted by Fathoni and Syahputri, that there are three external challenges faced by Indonesia namely First, the number of competing countries. Competitor countries emerged from Muslim countries and non-Muslim countries. Muslim countries consist of Malaysia, Brunei Darussalam, Turkey, Pakistan, Qatar, United Arab Emirates, Jordan, Bahrain, Kuwait, Iran, Oman, Sri Lanka, Egypt, Tunisia, Azerbaijan, Albania, Bangladesh and Lebanon and others. Meanwhile, non-Muslim countries include Australia, Thailand, Singapore, United Kingdom, Italy, Spain, Canada, France, South Africa, Nigeria and the Netherlands.

As a result of the emergence of these competing countries, it will certainly affect the absorption of Indonesian halal products in the global arena. So that it is necessary to improve the quality of products and services so that they are able to compete with these competing countries so that they do not become bystanders or consumer countries of the world's halal products. In addition, domestic products will also be threatened with reduced levels of absorption of consumption among Indonesian people by the presence of foreign products entering the country.

Second, the unavailability of uniform halal certification that is agreed globally. One of the reasons is the absence of a consensus by countries in the world regarding international standard halal certification. In addition, each country has its own halal certification standards. The involvement of non-Muslim countries in the world's halal industry, as described above, cannot be separated from the incompatibility of Muslim countries in setting halal product standards so that the majority of non-Muslim countries actually play a large role in the production of halal products. This condition is one of the things that needs serious attention for Indonesia if it wants to become the center of the world halal industry, at least Indonesia appears as a pioneer in initiating world halal certification standards.

Third, the incompatibility of Muslim countries in setting standards for halal products. Head of the World Halal Association Ahmet Gelir, quoted by Dea Alvi Soraya, the world's Muslim countries in

setting halal product standards is a challenge to the Islamic world. Making non-Muslim majority countries take a big role in producing halal products. Even though the issue of halal products is a matter of Shari'a so it should be managed by an organization or accreditation body that has experts with sensitivity to the Islamic faith.

The internal challenges faced by Indonesia, which were explained by Fathoni and Syahputri, included; First, the lack of halal awareness in Indonesian society. Halal awareness is closely related to knowledge, understanding and the level of religiosity of the community, so it requires more intense socialization by related parties, in order to provide understanding and awareness of the halal life style for the community, especially in consuming halal products. Likewise, socialization for MSME entrepreneurs, especially those engaged in the halal industry, both goods and services. In the current millennial era, there are many ways that can be done to socialize halal products so that they can easily reach the public and are easy to understand, starting from social media, web sites, print media, television, and others. The most effective media for the community can certainly be adjusted to the conditions of the community, those in urban areas can be done through online media, such as social media, websites, and others. While those in remote areas, can be done through television and radio media.

Second, there are problems with Law Number 33 of 2014 concerning Guarantees for Halal Products. Fajaruddin, quoted by Fathoni and Syahputri, explained that since Law Number 33 was enacted in 2014, its

implementation only came into effect on October 17, 2019. Even after it was enacted in 2019, the JPH Law still requires time because the obligation to certify halal is carried out legally. gradually. This shows how slow the implementation of regulations in the country is, as well as the weak implementation of halal certification for the halal industry in the country.

Third, the low awareness of the Indonesian people to compete. One of the things that has become the weakness of the Indonesian people is their consumptive habits and lack of awareness to become producers of goods and services. So it is natural that the Indonesian market is dominated by imported products, ranging from home products to large industrial products. Imported products can be found not only in modern markets, such as malls and supermarkets, but also in traditional markets. Especially in the online market or e-commerce business which is being loved by the majority of the Indonesian population, especially millennials. Based on the results of a survey conducted by We Are Social in April 2021 quoted by Databooks Katadata.co.id, Indonesia is the first country out of the 10 countries with the highest e-commerce users in the world, namely 88.1% of internet users are e-users. -commerce. This is an opportunity as well as a challenge for Indonesia to be able to compete in the global halal industry.

In addition to the respective challenges of the three external and internal challenges mentioned above, an Economist from the Core Indonesia institution said that the halal industry in Indonesia is still facing

obstacles, these obstacles are at the same time a challenge for the Indonesian halal industry. First, The business opportunity for the halal industry has not been realized by many parties or regulators. The halal industry business opportunities that have been described above, have not been understood and realized by all elements of society, the nation and state in the country, so it requires various parties to conduct outreach to all levels of society so that they have awareness and understanding of the opportunities for the Indonesian halal industry which can become one of the a superior product in the eyes of the world. Ideally, the Indonesian people, who are predominantly Muslim, have great potential to develop halal products, especially for existing MSMEs, but due to their lack of understanding, this has not been optimal and has not been able to become a superior product in society. Coupled with the business focus and conditions of educational background and understanding of various communities.

Second, Limited supply of raw materials that meet halal criteria. This can be seen from the supply of halal raw materials in Indonesia which is still around 37% of the total demand. Whereas on the other hand the abundance of natural resources in Indonesia if managed properly will produce raw materials that meet halal criteria. Third, there is still limited understanding of a number of producers accompanied by inadequate infrastructure. The lack of understanding of producers of the goods and services business industry about the importance of the halal industry is a challenge for stake holders, especially the

government, in socializing halal products. Likewise with the availability of adequate infrastructure to ensure the implementation of the halal cycle in the industrial world. This ultimately makes it difficult to guarantee that the production chain of goods is truly halal.

Fourth, Differences in standardization and certification of halal products. As previously stated, uniformity in the standardization of halal certification is important to guarantee the halalness of halal products not only domestically but also products originating from abroad. This is in line with what was disclosed by the Governor of Bank Indonesia, who is also the Chairman of the Council of Experts on the Islamic Economic Community (MES), Perry Warjiyo, in the Opening Ceremony Road to ISEF 2021, 1st Indonesia International Halal Fair and 2nd Intercontinen Talk quoted by Ihram.co .id. that the four aspects of optimizing the Indonesian halal value chain towards global market competition include halal certification, strengthening the ecosystem of business actors, improving product quality, and maximizing the overall value chain.

Fifth, the number of imported products entering Indonesia. In research conducted by Uswatun Hasanah that one of the challenges of the Indonesian halal industry consists of four, one of which is the large number of imported products circulating in the Indonesian market. The Indonesian Employers' Association (APINDO) cited by mediaindonesia.com stated that the number of imported goods entering Indonesian territory apart from Batam and the Riau

Islands, throughout 2019 was 57.9 million packages, experiencing a drastic increase of around 197% when compared to imports in 2018. This data does not include imported goods traded directly on social media and e-commerce applications.

According to the Minister of Trade of the Republic of Indonesia (Mendagri), Enggartiasto Lukita quoted by Tirta.id. He stated that around 90 percent of the products traded on the Indonesian e-commerce market were dominated by imports, only around 10 percent of products were domestic. Of course this is a separate threat to domestic MSME products, which incidentally are the backbone of the nation's economy. In addition to the obstacles mentioned above, there are still other challenges in the development of the halal industry in Indonesia which are no less important, namely the role of Islamic banks which are not yet optimal in encouraging the development and improvement of the halal industry. There are at least seven things that cause the role of Islamic banks to be less than optimal in guarding the halal industry in Indonesia.

First, the lack of human resources who can not only understand fiqh aspects but also can understand financial aspects. Even though in terms of numbers, Indonesia is a country with the world's largest Muslim population, which of course this can be an asset for Islamic banks in creating quality human resources. However, the world's largest Muslim population apparently does not guarantee the availability of quality human resources. Second, there is still a lack of Islamic banking education for the "lower

layer" society which postscript plays an important role in the MSME sector. Third, less active Islamic banks in financing. This can be shown by the still difficult process of managing and applying for financing in Islamic banks. Fourth, the existence of one of the moral hazard actions in the form of information asymmetry between Islamic banks and customers. Fifth, there are still widespread irregularities committed by some individuals who work in Islamic banks. Sixth, Islamic banks as partners of MSME actors are considered not optimal, because Islamic banks are only limited to assisting in providing financing, but do not participate in helping advance MSMEs in increasing their income. Seventh, there is still a small number of Islamic banks in Indonesia which causes Islamic banks to not reach remote areas.

E. CONCLUSION

Based on the description of the results of the discussion above, it can be concluded that there are several aspects to the opportunities for developing the Indonesian halal industry towards the center of the world halal industry which is targeted in 2024. First, global recognition, Second Finance, Third, halal food, Fourth, halal tourism, and finally the halal lifestyle aspect. The challenges of the Indonesian halal industry in general come from external and internal to the Indonesian nation. External Challenges consist of three challenges, namely the number of competing countries, the unavailability of uniform halal certification that is agreed globally, and the incompatibility of Muslim countries in setting halal product standards. The

challenges that originate from within the Indonesian nation consist of, the lack of halal awareness in Indonesian society, the existence of problems from Law Number 33 of 2014 Concerning Halal Product Guarantees, and the low awareness of the Indonesian people to compete. In addition to these challenges, there are also obstacles faced by the Indonesian people towards the world's halal center. First, Halal industry business opportunities have not been realized by many parties or regulators; Second, limited supply of raw materials that meet halal criteria; Third, still limited understanding of a number of producers accompanied by inadequate infrastructure; Fourth, differences in standardization and certification of halal products, and Fifth, the large number of imported products entering Indonesia.

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