

Development of Halal Industry: Indonesia Perspective

Agus Kusumaramdhani^{1,a,*}, Muhammad Nusran^{2,a}

^aBusiness Administration - School of Graduate Studies, Asiae University, Malaysia.

^bDepartment of Industrial Engineering - Faculty of Industrial Technology, Universitas Muslim Indonesia, Makassar Indonesia

*agus.kusumaramdhani@aeu.edu.my, ²muhammad.nusran@umi.ac.id

Abstract. With the largest Muslim population in the world, Indonesia has a huge market potential for the world's halal industry. The demand for halal products is directly proportional to the relatively large seasonal population in Indonesia. Therefore, Indonesia is referred to as the embodiment of the world halal industrial market. The halal industry has a strategic role in improving the economy. The halal industry should be developed in Indonesia. The halal industry has contributed USD 3.8 billion to Indonesia's Gross Domestic Product (GDP) every year. In addition, the halal industry has also contributed USD 1 billion in investment from foreign investors and created 127,000 jobs per year. Therefore, it is very unfortunate that the potential of Indonesia's halal industry has not been fully exploited. Data in the field shows that there is still very little halal industry output in Indonesia. The large number of Muslim populations has not been able to make Indonesia a supplier country for halal commodities in the world. This can be seen from Indonesia's inability to enter the Top 10 in all sectors of the halal industry. In fact, for halal food which is the basic need of an Indonesian Muslim, it has not been able to fulfill it. If we look at it, there is a huge gap between the potential and the reality of the halal industry that is happening in reality. This inequality makes Indonesia still struggling as a consumer of the world halal industry market. In its implementation, the halal industry, among others, has been regulated in Law no. 33 of 2014 concerning Halal Product Guarantee. The law aims to guarantee the independence of each resident to embrace their respective religions, where the state is obliged to provide protection and guarantees regarding the halalness of the product. The law emphasizes that products circulating in Indonesia are not only food and beverages, but also cosmetics, medicines, chemical products, biological products, engineered products, goods used, used, and utilized by the community. In addition, this law also regulates halal services, including tourism, travel, media, and entertainment. The halal industry has developed into a new manufacturing sector that is growing together into the fastest growing global business worldwide. This is in line with the increasing number of countries that accept the Halal concept as one of the determining factors for the quality of a product. This is evident from the prospect of the halal industry which continues to grow from year to year. The halal industry has experienced rapid development in recent years. The halal lifestyle that is identical with Muslims is already well known to various countries, even to countries with minority Muslim populations. In its development, the halal life style includes several industries, namely halal food, halal fashion, halal cosmetics and pharmaceuticals, halal tourism, halal media and recreation, Islamic finance. The potential is quite large when viewed from the large number of Muslim populations in Indonesia so that they can enter the top 10 halal industrial countries in the world. The development of these sectors can be an opportunity for the halal industry in Special Regions. Indonesia has 4 main strategies to realize the world's leading Islamic economic center in the 2019-2024 Indonesian Islamic Economic Master plan: 1) Strengthening the halal value chain; 2) Strengthening Islamic finance; 3) Strengthening micro, small and medium enterprises (MSMEs); and 4) Strengthening the digital economy. A number of Main Programs in Strengthening Halal Value Chain: 1) Regional Halal Hubs; 2) Halal Certification; 3) Halal Lifestyle Campaign; 4) Investment incentives; and 5) International Cooperation.

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