

Halal Products Certification in Indonesia – A Practical Guide

Background

Law No. 33 of 2014 on Halal Products Assurance as amended by Government Regulation in Lieu of Law No. 2 of 2022 on Job Creation (“**Job Creation Regulation**”) (collectively referred to as the “**Halal Product Law**”) has been enacted as a mandate of 1945 Constitution of the Republic of Indonesia (“**1945 Constitution**”). The 1945 Constitution mandates that the state must ensure the rights of citizens of the Republic of Indonesia to embrace their respective religions and practice according to their own respective beliefs. Since Islam is the majority religion of the Indonesian population as well as one of the recognized religions in Indonesia, through the Halal Product Law and its implementing regulations, the government intends to ensure the halal state of the products distributed in the territory of the Republic of Indonesia to ensure Muslims in Indonesia are able to and protected in implementing their religious practice regularly, i.e., consuming halal products in their daily life.

Based on Halal Product Law, in essence, a halal product is a product (foods, beverages, medicines, cosmetics, etc., that are used or utilized by the public) that has been declared halal in accordance with Islamic (Sharia) Law and marked by the existence of a halal certificate (*sertifikat halal*).

Overview of Halal Certification

Generally, Halal Products Law requires that all products, unless they are made based on ingredients or materials (i) that are coming from nature in the form of plant and mining material without any processing (*pengolahan*), (ii) categorized as being at no risk of having haram ingredients, and (iii) not categorized as dangerous and not related to haram ingredients, must go through a process to be certified as halal products.¹ On the other hand, a business actor who produces products originating from non-halal or prohibited (*haram*) ingredients or material under Islamic (Sharia) Law must

¹ Article 2 (2) and Article 62 of Government Regulation No. 39 of 2021 on Implementation in the Sector of Halal Product Assurance (“**Government Regulation No. 39/2021**”).

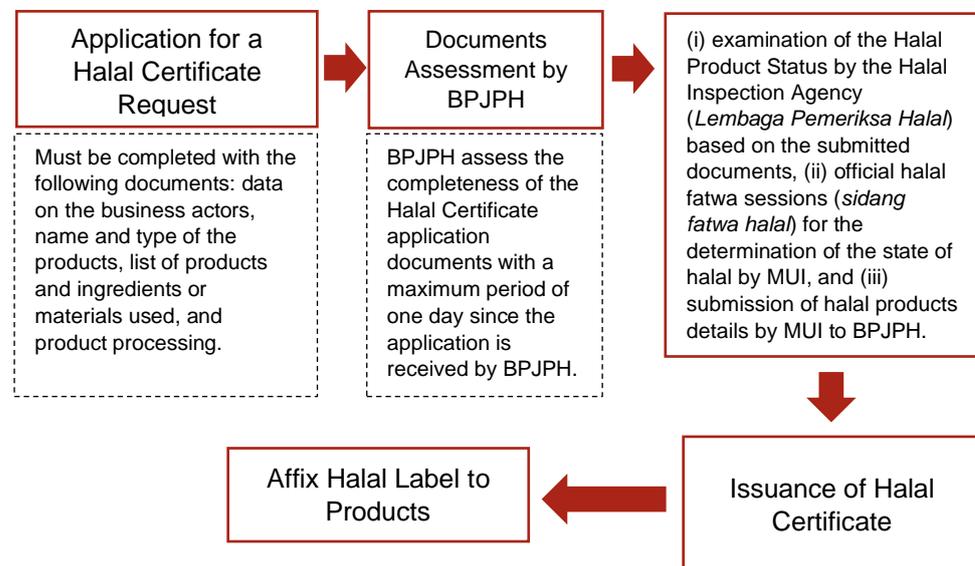
affix a non-halal label or information on such non-halal or prohibited (*haram*) products.²

“All products” are referred to as goods³ and services⁴ that are related to foods, beverages, medicines, cosmetics, chemical products, biological products, genetically engineered products, and goods that are used or utilized by the public that are imported/entered, distributed, and traded in the territory of the Republic of Indonesia.⁵ Note that Decree of the Minister of Religious Affairs No. 1360 of 2021 on Ingredients Exempted from Halal Certification Obligations (“**Decree No. 1360/2021**”) also list out the ingredients or materials that are exempted from the obligation to obtain the halal certificate. If (i) your products or the ingredients you used to produce your products are not listed in Decree No. 1360/2021 and (ii) such products or ingredients are imported/entered, distributed, and traded in the territory of the Republic of Indonesia, generally, you are obligated to obtain the halal certificate for your products if not fulfilling one or more exemptions as elaborated above.

The certification process is conducted, and the halal certificate is issued by Halal Product Assurance Agency (*Badan Penyelenggara Jaminan Produk Halal* or “**BPJPH**”) based on a written halal fatwa (decision and/or opinion) that is issued by the Indonesian Ulema Council (*Majelis Ulama Indonesia* or “**MUI**”). Failure to comply with halal certification related obligations can result in business actors being imposed with administrative sanctions based on Government Regulation No. 39/2021 in the form of a written warning, administrative fine, revocation of the halal certificate, and/or seizure of goods or services from distribution.⁶

General Procedures to Obtain Halal Certificates and Obligations to Affix Halal Label⁷

Government Regulation No. 39/2021



² Article 2 (3) of Government Regulation No. 39/2021 and Article 42 of Halal Product Law and National Agency for Drug and Food Control (*Badan Pengawas Obat dan Makanan* or “**BPOM**”) Regulation No. 31 of 2018 on Processed Food Labels as amended by BPOM Regulation No. 20 of 2021.

³ Goods include foods, beverages, medicines, cosmetics, chemical products, biological products, genetically engineered products, and goods that are used or utilized by the public.

⁴ Services include slaughter (*penyembelihan*), processing (*pengolahan*), storage (*penyimpanan*), packaging (*pengemasan*), distribution (*pendistribusian*), sale (*penjualan*), and/or presentation (*penyajian*).

⁵ Article 1 paragraph 1, Article 1 paragraph 4, Article 1 paragraph 6, Article 2 (1), and Article 3 of Government Regulation No. 39/2021.

⁶ Articles 149 (1), (2), and (4) of Government Regulation No. 39/2021.

⁷ Articles 59 - 64, 66, 67 (1) – (3), 72 - 73, 76 (1), 77 (1) and 78 (1) of Government Regulation No. 39/2021.

Recent Key Changes

1. Staging Halal Certification Obligations and Validity of Halal Certificates

Although it is generally mandatory to obtain halal certificates, however, the obligation to obtain halal certificates is applied/implemented in the following stages:⁸

| No. | Type of Products | Timeline to Obtain Halal Certificates |
|-----|---|--|
| 1. | Food and beverages, products resulting from slaughter and slaughtering services | 17 October 2019 – 17 October 2024 |
| 2. | Traditional medicines, quasi-medicines and health supplements | 17 October 2021 – 17 October 2026 |
| 3. | Over-the-counter medicines and limited over-the-counter medicines | 17 October 2021 – 17 October 2029 |
| 4. | Hard or prescription medicines (excluding psychotropics) | 17 October 2021 – 17 October 2034 |
| 5. | Cosmetics, chemical products, and genetically engineered products | 17 October 2021 – 17 October 2026 |
| 6. | Clothing, headwear, and accessories | 17 October 2021 – 17 October 2026 |
| 7. | Household health care products, household appliances, Muslim worship equipment and stationery | 17 October 2021 – 17 October 2026 |
| 8. | Medical equipment (risk class A) | 17 October 2021 – 17 October 2026 |
| 9. | Medical equipment (risk class B) | 17 October 2021 – 17 October 2029 |
| 10. | Medical equipment (risk class C) | 17 October 2021 – 17 October 2034 |
| 11. | Pharmaceutical products, biological products, and medical devices which raw materials and/or production processes are not in line with halal-related laws and regulations | In accordance with the provisions of the relevant laws and regulations |

In addition, in contrast to the previous regulation prior to the enactment of the Job Creation Regulation that governs halal certificates are generally only valid for four years, it is now governed that halal certificates are and remain valid from the issuance by BPJPH and to the extent there is no change in composition of the ingredients/material and/or halal products process (*proses produk halal*).⁹

2. Halal Certification for Small and Micro Business

Another one of the key changes is the obligation for Small and Micro Enterprises (*Usaha Kecil dan Menengah* or “SME”) to obtain halal certificates for its products. The obligation to obtain halal certificate is

⁸ Article 140 and Article 141 (1) of Government Regulation No. 39/2021.

⁹ Article 42 of Halal Product Law.

based on the SME's halal statement (*pernyataan halal*)¹⁰ submitted to and based on the standards of BPJPH.¹¹ In the above case, the halal standards for SMEs are consist of at least:¹²

- a. the existence of an SME's statement in the form of a contract (*akad*) or undertaking (*ikrar*) containing (i) the halal-ness of the products and materials used, and (ii) halal product process (*proses produk halal*); and
- b. the existence of assistance with the halal product process (*proses produk halal*).

Conclusion

The issuance of Government Regulation No. 39/2021 and the Job Creation Regulation aims to improve the acceleration of the determination of halal products and the compliance of business actors in obtaining halal certificates to protect and ensure Muslims consumers can carry out their religious practice, as well as easing SME participation in the halal certification process. In this case, we believe this will subsequently and simultaneously lead to positive impacts on the Indonesian economy, especially attracting new entrepreneurs to do business in Indonesia to reach the Indonesian markets that are covered by Muslims as the majority.

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¹⁰ Article 4a of Halal Product Law.

¹¹ Article 35 of Halal Product Law.

¹² Article 79 of Government Regulation No. 39/2021.

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