



RESEARCH ARTICLE

The Importance of Green Halal Industry in Sustainable Sharia Economics Development in Indonesia

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ABSTRACT

Indonesia is the only country in the world that requires halal certification for every product circulating in Indonesian territory. This obligation is regulated in Law Number 33 of 2014 concerning Halal Product Assurance and Government Regulation Number 39 of 2021 concerning Halal Product Assurance Implementation. However, the regulation does not include environmental proper as a requirement to obtain halal certification. This is contrary to the concept of halal itself which is transcendental. This study aims to provide a foundation for the importance of environmental proper in the development of an environmentally friendly halal industry. The method used is a literature study and field research through examining reference sources on the halal industry and looking at empirical facts from halal industry players. This study shows that the practice of the halal industry in Indonesia tends to be regulative commercially oriented without balancing it while protecting the environmental sustainability. Green halal industry as a concept emerged from transcendental Quranic theology that can support economic sustainability and is truly a guide for industry players and policy makers in the development of the halal industry. The halal industry is an industry that is part of the sharia economic industry that operates in the real sector and is in direct contact with the economic life of the community.

INTRODUCTION

Entering the 21st century, the development of sharia economics in Indonesia is no longer based on the sharia banking and finance sector alone, but has begun to enter other sectors, namely the real economic sector. The real economic sector is one of the economic sectors that is directly in touch with the economic life of the community (Azam & Abdullah, 2020). This sector is largely driven by the community and is a fundamental supporter of the national economy. In the scope of sharia economics, one of the sectors that is directly in touch with the economic life of the current community is the halal industry sector (Irfany & Rusydiana, 2022).

The halal industry is a growing industry. According to Dinar Standard in the Global Islamic Economy Indicator Report 2023/2024, the development of the global halal industry reached US 3,007 trillion which is spread across various halal products; halal food US 1863 Bn, halal travel US 274 Bn, halal modest fashion US 361 Bn, halal media and recreations 288 Bn, halal pharmaceuticals US 131 Bn, halal cosmetics US 90 Bn (Dinar Standard, 2023/2024). This development is supported by two

things: 1) the growth of the global halal market share, and 2) the increase in the global Muslim population which has increased significantly from year to year (KNEKS, 2023).

According to data from the Pew Research Center and the State of the Global Islamic Economic Report (SGIER), the global Muslim population has reached 2 billion (Dinar Standard, 2023/2024). This figure is very large in terms of industry, so many other countries are competing to get a niche in this industrial economy (Mujar & Hassan, 2014). In the Southeast Asia region: Singapore has declared itself the Global Halal Industry Hub, Thailand has declared itself the global halal kitchen, Malaysia has declared itself the center of global halal industry development and Indonesia has declared itself the center of halal traceability or the mecca of the global halal industry (Abdullah & Azam, 2020; Urairat, 2024).

Indonesia has the potential to become the mecca of the global halal industry. Efforts are systematically made through preparing regulations and policies for the development of the halal industry (Yazid, Kamello, Nasution & Ikhsan, 2020). Regulation in the development of the halal industry through Law 33 of 2014 concerning Halal Product Assurance and Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance (Izzudin & Adinugraha, 2021). This regulation is the legal bases for the implementation and development of the halal product industry in Indonesia. In addition to regulations, Indonesia has also issued a policy for the development of the halal product industry through a self-declaration policy carried out by the Halal Product Assurance Organizing Agency (BPJPH). This policy became a halal certification movement which in 2024 had issued 1,118,490 halal certifications (Khoiri & Siregar, 2024).

However, halal certification regulations and policies in Indonesia have not considered the aspect of environmental balance. Where environmental proper requirements are not yet a requirement to obtain halal certification (Kamali, 2010). Whereas in several countries, such as: Singapore and Malaysia have included environmental requirements as one of the requirements to obtain a halal certificate (Ridwan, 2018). In the midst of global public awareness of environmental issues, it should be followed by industry players. The urgency of environmental proper can provide added value to industry players. According to Nielsen, almost 73% of consumers are ready to switch to using environmentally friendly products and 41% of consumers prefer environmentally friendly products (Media Indonesia, 2021). Consumers even have a better view if using environmentally friendly products is the same as contributing to the sustainability of the environmental ecosystem (Data Center Words, 2021).

LITELATURE REVIEW

The international community's attention to the state of the environment, especially for humans, began to emerge in the late 1960s. Especially in 1969, when the United Nation Economic and Social Council (ECOSOC) raised environmental issues, then became a topic of discussion at the UN General Assembly and resulted in General Assembly Resolution No. 2581 (XXIV) 15 December 2015 concerning the United Nations Conference on the Human Environment. In essence, the resolution discussed the plan to implement the UN Conference on the Human Environment, which was then followed up and until the implementation of the conference in question on 5-16 June 1972 in Stockholm, Sweden. The conference has produced several points such as: 1) The Stockholm Declaration consisting of 26 principles, 2) The Action Plan for the Human Environment, consisting of, 3) Framework for environmental action, 4) Recommendations for action at the international level, 5) Resolution on the establishment of environmental institutions and funds (United Nation, 1972).

The last agreement was realized with the establishment of the United Nation Environment Program or abbreviated as UNEP on June 5, 1972. In addition, there were other agreements, namely: 1) the determination of June 5 as World Environment Day; 2). reaffirmation of the dangers of nuclear and the radiation it causes, and encouraging participating countries to cancel nuclear weapons tests; 3)

holding the second UN Conference on the Human Environment. In the same conference, there was also a decision requiring participating countries to implement all recommendations on environmental action plans that had been agreed upon at the national level.

The second conference on the environment was held 20 years later, precisely on June 3-14, 1992 in Rio de Janeiro, Brazil, or commonly called the Earth Summit Rio de Janeiro 1992. The meeting produced The Rio Declaration on Environment and Development (1992) which consisted of 27 principles in environmental management and development. In addition, there was also an agreement on Agenda 21 along with the principles of sustainable development that were stated in it. Agenda 21 itself had been designed since a decade earlier. Through resolution 38/161 December 1983, the UN General Assembly called the World Commission on Environment and Development (WCED) which was chaired by Ms. Gro Harlem Brundtland, the Prime Minister of Norway at that time. The commission consisted of 22 distinguished members who worked for three years to conduct a study compiled in a report entitled *Our Common Future*. The report was presented to the UN General Assembly in October 1987 and distributed throughout the world. The report raised the concept of sustainable development as an urgent appeal and became a global agenda and led to the decision to implement the 1992 Earth Summit (UNESCO, 2017).

Sustainable development "... is development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). This development is based on two inseparable concepts, namely the concept of needs and the concept of limits. When these two concepts are combined, sustainable development can be implemented by maintaining essential ecological processes, the availability of sufficient resources, and an appropriate socio-cultural and economic environment (Otto, 2021) These three elements are commonly referred to as the three pillars of sustainable development, namely the balance between social, economic, and environmental.

From the above understanding, it is often understood that sustainability is an outcome rather than a planned change, whereas in fact it is a process of building relationships between humans, between humans and their environment (Will Allen, 2016). In the 1987, Brundtland commission report it was stated that: (WCED, 2018) "... sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development; and institutional change (ed) are all in harmony and enhance both current and future potential to meet human needs and aspirations."

In principle, the environmental impacts generated by an industrial activity are highly dependent on their level of awareness and responsibility towards the environment. According to Amos, a person's green lifestyle will be greatly influenced by environmental awareness. This awareness will influence a person's behavior to prioritize an environmentally friendly lifestyle (Amos, 2008)

RESEARCH METHOD

The method used in this study uses a content analysis approach to the halal product assurance regulations issued by the Indonesian government. According to Bernard Berelson, content analysis is a research technique to obtain an objective and systematic description of the content of what appears in a message (Bernard, 1959). In the context of content analysis, according to Krippendorff, there is something called semantic analysis, namely analyzing the meaning of a phrase or diction (Krippendorff, 1991). Semantic analysis as expressed by Krippendorff can be used in this study. The use of semantic analysis is intended to analyze regulations on halal product assurance issued by the Indonesian government, namely the Law Number 33 of 2014 concerning Halal Product Assurance and Government Regulation Number 39 of 2021 concerning the Implementation of Halal Product Assurance. These regulations are the legal umbrella used as a guideline by the government and halal industry players. Moreover, the sources and data analysis technique of this study also refer to the

number of literatures and documents that relevant with the research objective, which are analyzed through deductive method until the formulation of the conclusion.

RESULT AND DISCUSSION

Halal Industry Practices in Indonesia

Viewed from sharia law perspective, the halal industry practices in Indonesia use the *haram li dzatihi* category, not to the point of using the *haram li aqibatihi* category. The use of the *haram li dzatihi* category only considers the material aspect of a product. If the product does not contain any prohibited elements, then the product is automatically worthy of halal certification. Meanwhile, the *haram li aqibatihi* category is not only materially halal, but also includes green industry instruments during the product production process, whether the process pays attention to environmental principles or not. Then whether the product has a bad impact on the environment or not. This aspect is very much considered in the *haram li aqibatihi* category. If the product is produced with a bad impact on the environment, even though it is materially halal, then the product is not worthy of halal certification (Laluddin, Haneef, Saad & Khalid, 2019).

Halal industry practices in Indonesia are regulated in: 1) Law Number 3 of 2014 concerning Halal Product Assurance, 2) PP 31 of 2019 concerning Halal Product Assurance, 3) Government Regulation Number 39 of 2021 concerning Implementation of Halal Product Assurance, 4) Law Number 6 of 2023 concerning Stipulation of Government Regulation in Lieu of Law Number 2 of 2022 concerning Job Creation into Law. None of these regulations require proper environment in submitting halal certification. Halal certification requirements are more focused on the halalness of raw materials, production processes until they reach consumers. This aspect is the main requirement in halal certification. The flow of halal certification can be seen as follows:

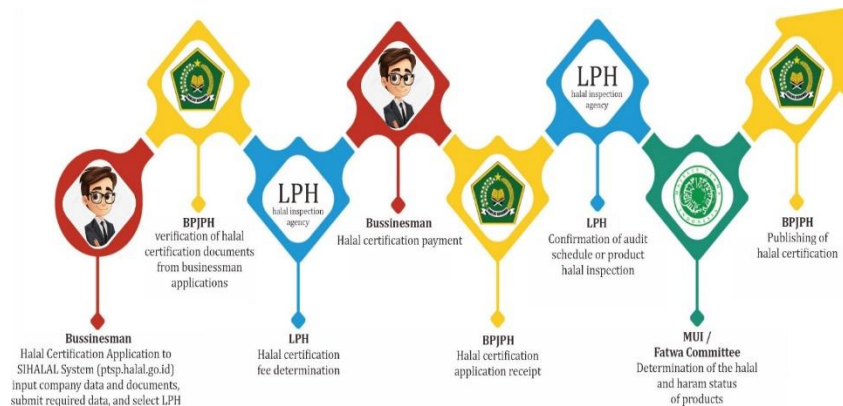


Figure 1. Halal Certification Flow in Indonesia

Referring to the above regulations, it is rather difficult to determine policy support for the relationship between the halal industry and the environmentally friendly industry. Policies for environmentally friendly industries will provide added value and expand the market share of the halal industry at the global level.

The Concept of Green Halal Industry.

Halal as a concept appears in the Koran. In the Qur'an the word halal is mentioned 55 times. One of them is in surah al-Baqarah verse 168:

يَسْأَلُكَ اللَّهُ لِمَ أَتَيْتَهُ بِهَذَا مِمَّا هُوَ حَلَالٌ لَكَ يَا أَيُّهَا الْمَرْءُ الْكَافِرُ أَوْ عَسَيْتَ أَلَّا تَكُونَ مِنَ الْكٰفِرِيْنَ

“O mankind, eat whatever is on earth that is lawful and good and do not follow the footsteps of Satan, for he is a clear enemy”.

The meaning of *كُلُوا* there literally means eat, but contextually it can also mean consume, considering that there is the next phrase is: *الأرض في ممّا* which means everything on earth. This phrase shows the vastness and abundance of everything on earth that Allah SWT provides for human consumption. When the meaning is interpreted as consume, then it is not just what is eaten or what enters through the mouth and is accommodated by the stomach, but what is used and what is utilized by humans must be halal and good (*halalan thayyiban*).

According to Muhammad Rawas, the word halal that appears in the Qur'an is taken from the word *الحل* which means permissible (*الإباحة*), (M. Rawas, 1985), according to Al-Jurjani it means "open" (*الفتح*), (al-Jurjani, 1984), and according to At-Thabari it means free or detached (*طُلْفًا*). These meanings contain the intention that the understanding of halal is something that is permitted according to sharia (Islamic law). For those who consume it will bring or open the doors of goodness and be free from bad behavior. According to Ali Ashabuni, by adhering to the principle of *halalan thayyiban*, it can bring good behavior to anyone who consumes it. (Al-Shabuni, 224, n.d.). This is the ontology of why Allah SWT commands us to consume what is halal and *thayyiban* because by consuming what is halal and *thayyiban* it will open the doors of goodness and avoid bad behavior that can degrade human dignity and endanger lives.

The command to consume what is halal and good is a command to provide it (*فهو به إلا الواجب يتيم لا ما* (واجب). What is meant is when Allah SWT commands to consume what is halal and good, in fact the command is a command to provide it. From here, business actors or halal industry actors emerge who aim to fulfill human needs. Both clothing and food needs, all must be provided and fulfilled sustainably.

In terms of industry, the public's need to consume halal products continues to grow. Halal products are no longer connoted only in the food and beverage sector but there are several other halal product sectors. Based on Law No. 33 of 2014, there are 8 types of halal products, namely: 1) Food, 2) Beverages, 3) Medicine, 4) Cosmetics, 5) Biological Products, 6) Chemical Products, 7) Genetically Engineered Products, and 8) Goods used or utilized by the community. These eight halal products have encouraged the birth of halal industry players.

The existence of the halal industry is very important to meet the needs of public consumption of halal products. Without the halal industry, the needs of public consumption are difficult to realize. However, how should the halal industry produce halal products without damaging the environment. The following is the flow of the green halal industry concept as below:

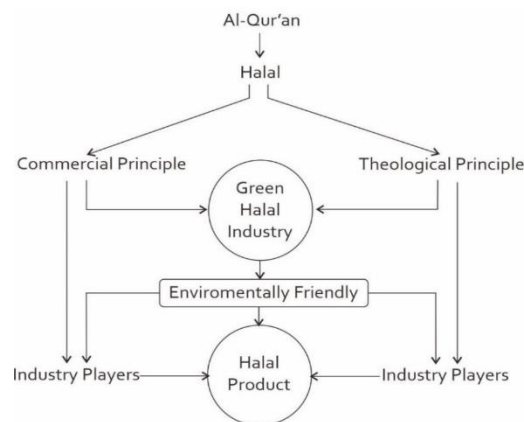


Figure 2. Green Halal Industry Concept Flow

Based on the image above, halal as a concept originated from the Qur'an. In the Qur'an, the concept of halal is revealed to be an industrial activity. The existence of industry plays an important role in procuring and maintaining the supply of halal product consumption needs for the community.

In the context of industry, the command to consume halal (طَيِّبًا حَلَالًا الْأَرْضِ فِي مِمَّا كَلُوا) in the Qur'an gives birth to two principles in managing halal products, namely: 1) theological principles and 2) commercial principles. Theological principles are principles that connect halal industry players with Godly values. While commercial principles are principles that are carried out by halal industry players to gain commercial benefits from the large demand for halal products.

The consequence of this principle for halal industry players is by including environmental requirements in the halal assurance system, halal-labeled products or halal-certified products may not damage and ignore the environment during the production process. If industry players ignore this principle, then it loses its characteristics, loses its spirit. The principle of management in the halal industry is not only halal in terms of its objects or halal in terms of its products, but it must also be halal in terms of its process. Halal in terms of its process is then called the green halal industry. According to Ibrahim Abdul Matin, through his teachings, Islam has complete tools in maintaining the sustainability of the planet earth so that it remains maintained according to its nature (Matin, 2010)

Thus, the green halal industry is a concept in the management of the halal industry that prioritizes the balance between the interests of industry players and the sustainability of the environmental ecosystem. This is part of the theological consequences of the halal concept applied in industry. This theological dimension is the fundamental basis for building a civilized halal industry ecosystem and goodness for the universe.

From Sharia Economy to Green Halal Industry

At the beginning of its history, in 1992, sharia economy was often associated with the sharia financial industry. This view is not wrong, considering that at the beginning of its history, the first sharia economic industry to be established was sharia banking. This view continued until the 2010s. Entering the 21st century or around 2010, sharia economic studies experienced development after the Organization of Islamic Corporation (OIC) began to develop the halal industry into a strategic industry to meet the consumption needs of Muslim communities in the world (Noordin, Noor, Hashim & Samicho, 2009).

Now, the halal industry has become part of sharia economic studies. This can be seen from several study results published by global institutions such as the State of The Global Islamic Economic Report (SGIER). Since 2013 until now, SGIER has included the halal industry in sharia economic studies.



Figure 3. Development of Sharia Economy (Halal Industry) in SGIER Year 2013-2023/2024

There are several reasons why the halal industry is included in the scope of Islamic economic studies: 1) The Halal Industry is an industry that is born from the manifestation of values adopted in Islam or which are sourced from Islamic law, 2) The halal industry is an industry that is directly in touch with economic activities in society, 3) The halal industry is an industry that operates in the real economic sector. These three reasons are correlated with the halal industry being part of Islamic economic studies. This industry continues to develop along with the increasing world Muslim population (Ali & Suleiman, 2018).

The increasing world Muslim population is a driving factor in the growth of the global halal industry. SGIER data for 2023-2024 states that the development of the world's Muslim population has reached 2 billion with a market potential predicted to reach USD 2.4 trillion. This condition was then captured by many countries regarding the large potential of the world halal market (global halal industry). The big players in this industry are actually dominated by Non-OIC countries, including: 1) China, 2) India, 3) America, 4) Brazil and 5) Russia. These five countries are the largest importers as suppliers of the world's halal needs. In fact, the suppliers of the world's halal consumption need for the consumption of the world's Muslim community are the OIC countries. But in fact, they are unable to compete with the world's giant economic powers (Hashim & Shariff, 2016).

Religious beliefs are a major factor. For Muslims, consuming food and using halal products is an obligation that comes from religious teachings. They believe that only halal products are pure and good for consumption. In addition, many consumers believe that halal products are healthier. The strict production process and freedom from haram ingredients such as alcohol and blood make halal products considered safer and more hygienic. Halal certification is often associated with better product quality. Manufacturers who have obtained halal certification generally have a standardized quality management system, so that the products produced are more guaranteed in quality (Sucofindo, 2024).

In response to the current global competition, Indonesia is one of the countries that is considered serious in developing the global halal industry. Therefore, to face this global competition, strategic steps are needed. There are 6 steps that need to be taken in developing the halal industry, namely:



Figure 4. Green Halal Industry Development Steps

Strengthening Green Halal Industry Regulation and Including Environmental Proper in to Halal Certification

The Law Number 33 of 2014 concerning Halal Product Assurance (JPH) is the only law in the world that specifically regulates halal product assurance. This law comprehensively regulates halal product assurance. Substantively, this law states that matters related to the implementation of halal product

assurance are the responsibility of the Halal Product Assurance Organizing Agency (BPJPH). Previously, halal product certification was issued by LPOM MUI, after the issuance of this law, the authority lies with BPJPH.

BPJPH is an institution under the Ministry of Religion that has the authority to issue halal certificates and revoke halal products that violate halal provisions. This law also states that every product circulating in the territory of Indonesia must be halal certified. Thus, the nature of halal assurance or halal certification becomes mandatory, no longer voluntary. There are 8 products based on the Law that must be halal certified: 1) food, 2) beverages, 3) medicine, 4) cosmetics, 5) chemical products, 6) biological products, 7) genetic engineering, and 8) goods used by the community. These eight products must be halal certified.

Based on the BPJPH policy, for food and drink products, halal certification must be carried out this year in 2024 and for medicine, cosmetics and goods will only be implemented in 2026. In the context of the green halal industry, halal certification for these eight products has not included environmental proper as a requirement to obtain halal certification as regulated by law/regulation. The Law only looks at halal requirements from two aspects: 1) Row material aspect and 2) Processing aspect.

The row material aspect is an aspect to measure the raw materials used in producing goods. The standard of raw materials used to produce goods must be ensured to be halal. After the raw materials are confirmed to be halal, the next stage is the processing stage, which is the stage of the manufacturing process from raw materials to goods. At this processing stage, the equipment used must be ensured to be halal, the equipment used must not be mixed with haram elements until the distribution process to consumers, all must be guaranteed to be halal. These two aspects, row material and processing, are the main considerations for issuing halal certificates, there are no environmental proper requirements. In the future, when the time comes, environmental proper requirements should be a requirement to obtain halal guarantees that are regulated by the state. Urgently, this requirement is the gateway for national halal products to various countries that are very strict in terms of environmental issues.

Interconnection and Collaboration between Institutions

The halal industry is not an independent industry, although institutionally it is under the coordination of the Ministry of Religion (BPJPH), but the traffic of goods in circulation will be linked to other ministries. Institutions that overlap with the development of the halal industry include: The Ministry of Trade, the Ministry of Industry, the Ministry of SMEs, and the Ministry of Agriculture.

Interconnection and collaboration between ministerial institutions are very important in the development of the national halal industry. For example, the Ministry of Trade has the authority over the entry and exit of goods. In fact, the Ministry of Trade has a major role in introducing national halal products to the global market as well as the Ministry of Industry, KUKM, and the Ministry of Agriculture. The interconnection and collaboration are carried out systematically so that there is no overlap between regional centers. At the regional level there are agencies, including: The Trade Agency, the Industry Agency, the SME Agency, and the Agriculture Agency. The interconnection and collaboration are carried out systematically from upstream to downstream. This effort, if carried out properly, can have a major impact on the development of the national halal industry. 3) Strengthening Human Resources (HR) in the Halal Industry

The resources of the halal industry are still relatively minimal. This can be seen from the still minimal public literacy of the halal industry. Ideally, the supply of human resources for the halal industry is generated from educational institutions, especially at the university level. So far, halal literacy has been widely carried out by the government and community groups, such as: The Halal Product Guarantee Agency (BPJPH), the Islamic Economic Community (MES), the Halal Center, the National

Committee for Islamic Economics and Finance (KNEKS), and several university campuses in Indonesia.

Ideally, the supply of human resources for the halal industry is generated from educational institutions, especially universities. The intervention is through the curriculum or the opening of a halal industry study program that is in accordance with the competencies needed technically and non-technically, such as: Halal Auditor, Halal Supervisor, Halal Product Companion (PPH), halal product exporter, halal product importer, halal product digitalization and others.

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Strengthening Applied Research in the Halal Industry

Applied research in the halal industry is very important to support the sustainability of the development of the national halal industry. As we know, many food raw materials to meet domestic consumption needs still have to be imported, such as gelatin. Gelatin is a substance obtained from the partial hydrolysis of collagen from skin, white connective tissue and animal bones (KNEKS, 2020). Gelatin is a high molecular weight protein that can dissolve in hot water. Gelatin on the market is generally made from the hydrolysis of cow bones, cowhide, and pigskin (GMIA, 2012).

According to BPS data in 2023, imports of gelatin consumption needs for food, pharmaceuticals, and cosmetics reached 2.45 million tons with a value of USD 20.77 million. In general, commercial gelatin imports come from pigs. The largest sources of gelatin are pigskin (46%), cowhide (29.4%), a mixture of pig and cow bones (23.1%) and other sources (1.5%). Pig skin was the first source used by the industry to produce gelatin in 1930 and is still the main source of gelatin today (KNEKS, 2020)

The large amount of raw material for gelatin derived from pork is feared to be consumed by the public, especially Muslims. Therefore, applied research to replace raw materials for gelatin derived from pork is very important. Indonesia has raw materials for gelatin that are economically very potential and halal. Like fish and poultry are promising new sources (Indarti, Lukito-Budi & Islam, 2020). However, production is still limited, gelatin derived from fish and poultry is less competitive than land mammals. However, researchers must continue to develop skin, fish bones and other raw materials for gelatin production and study their properties, so that it is industrially feasible to produce and competitive in an effort to increase awareness of the importance of health and a sustainable lifestyle, halal products are increasingly in demand by various groups. Halal products are considered a better choice because they not only meet physical needs, but also spiritual and social values (Phayap, Thanapitak, Chaiyanupong, Thongkamkaew, Jirangvoraphot, Sae-Chee & Urairat, 2024).

Thus, applied research plays an important role in the development of the national halal industry. Therefore, the state is obliged to provide financial assistance and allocate research funds for halal

product researchers to continue to conduct research that contributes to the development of the national halal industry so that it does not depend on imported raw materials and utilizes local resources.

Strengthening the Industrial Ecosystem and Halal Value Chain

The halal industrial ecosystem is a system that is interconnected and integrated between the halal industrial network and other subsystem components, both between industrial actors who produce halal products, goods and services with the government, non-government, and the market. According to Sukoso, the government through BPJPH is the main pillar in building a sustainable halal industry ecosystem (Sukoso, etc., 2020).

The connection between halal industrial actors, government, non-government (community/private sector) and the market can be described as follows:

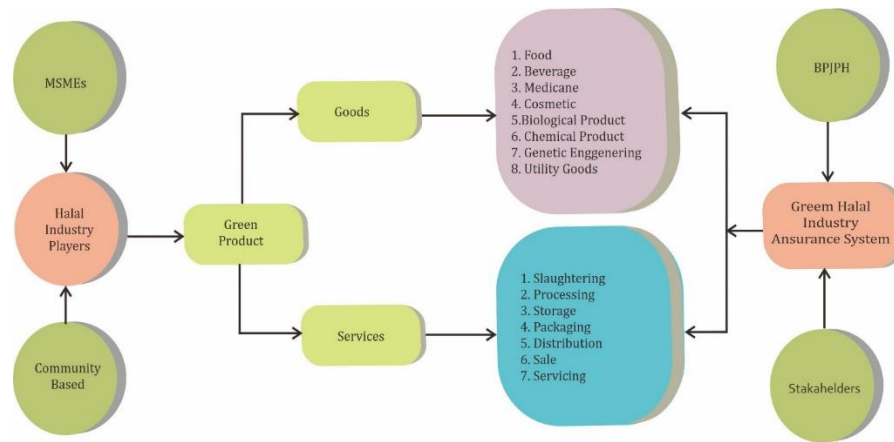


Figure 5. Ecosystem of Green Halal Industry

Based on Law 33 of 2014 concerning Halal Product Assurance and Government Regulation 31 of 2019 concerning Implementing Regulations of Law 33 of 2014 concerning Product Assurance, it is stated that halal products consist of goods and services. What is meant by goods consists of 8 types: 1) Food, 2) Beverages, 3) Medicines, 4) Cosmetics, 5) Biological Products, 6) Chemical Products, 7) Genetically Engineered Products, and 8) Used Goods. While what is meant by services in halal products consists of: 1) Slaughter, 2) Processing, 3) Storage, 4) Packaging, 5) Distribution, 6) Sales, and 7) Presentation.

The above products are produced by industry players; MSMEs and other community-based business actors who must be connected to the halal guarantee system designed by the Halal Product Guarantee Organizing Agency (BPJPH) and other stakeholders. The SGIE 2023 report noted that Indonesia has actively established partnerships with several countries globally to provide halal product assurance services. For example, the establishment of halal product assurance cooperation between Indonesia and the Islamic Republic of Iran through the signing of a memorandum of understanding (MoU). Previously, Indonesia had also signed JPH cooperation with five countries, namely Chile, Argentina, Hungary, Belarus, and Turkey. This includes our various efforts through the leadership of the G20, where BPJPH last year initiated the Halal 20 (H20) forum, which is an important milestone in the development of the global halal ecosystem and industry, as well as a global halal partnership forum. Even the H20 2023 forum that we held in Jakarta last November, has produced seven points of agreement in growing and strengthening the global halal product ecosystem agreed upon by 118 delegates from 41 countries (BPJPH, 2023).

As for the halal value chain ecosystem, it can be seen in the image below:



Figure 6. Ecosystem of Halal Value Chain

There are five important components in the halal supply value chain (halal value chain ecosystem) that must be considered by industry players, namely: 1) Input, 2) Production, 3) Processing and Distribution, 4) Marketing, and 5) Consumer. The five supply chains must be guaranteed halal. Starting from when the input reaches the consumer, everything must be guaranteed halal (Mohamed, Abdul Rahim & Ma'aram, 2020). In the context of the green halal industry, in addition to everything being guaranteed halal, all halal supply chains must be proper to the environment. This component is very important to be able to compete and enter the global halal industry market. Because the characteristics of the global halal market pay close attention to environmentally friendly industry issues.

Strengthening Export-Oriented Business Actors

According to data from the Indonesian Chamber of Commerce (KADIN) in 2023 the number of business actors will reach 66 million. The contribution of MSMEs is 61% to Gross Domestic Product (GDP) equivalent to 9,580 trillion. Absorbing 117 million workers or 97% of the total workers. (Kadin, 2023) However, the critical question is how many of these business actors export their halal products to the international market? According to the Director General of National Export Development of the Ministry of Trade, the total national halal product trade for the January-October 2023 period reached USD 53.43 billion. Of this amount, national halal product exports reached USD 42.33 billion and imports of USD 11.10 billion, meaning a national halal product trade surplus of 31.23%. The performance of national halal product exports per sector is dominated by the food sector of USD 34.74 billion, Muslim clothing USD 31.23 billion, pharmaceuticals USD 546.03 million, and cosmetics USD 362.49 million (KNEKS, 2023). The destinations for halal product exports are China, the United States, India, Pakistan and Malaysia (SGIER, 2023. This data places Indonesia as a halal producer in the OIC countries. Indonesia is ranked 4th after Saudi Arabia, UAE, Turkey, Indonesia, and Malaysia (Sellamuthu, Krishnasamy, Isa, Lertatthakornkit, Senathirajah & Haque, 2024).

With a large Muslim population, Indonesia has enormous potential to become a major player in the global halal industry. With increasing awareness of the importance of halal products, consumer demand for these products has also increased. This creates opportunities for manufacturers to meet the needs of the growing market. Although Indonesia is ranked 4th as a halal producer to OIC countries, the largest producers as suppliers of global halal needs are dominated by: China, India, America, Brazil and Russia. This should be the trigger to increase the volume of export-oriented national halal products, especially to Middle Eastern countries that have a very large halal market.

Therefore, the efforts to increase and accelerate halal products entering the global market require strategic steps. There are 4 strategic steps to become a global halal market player, namely:

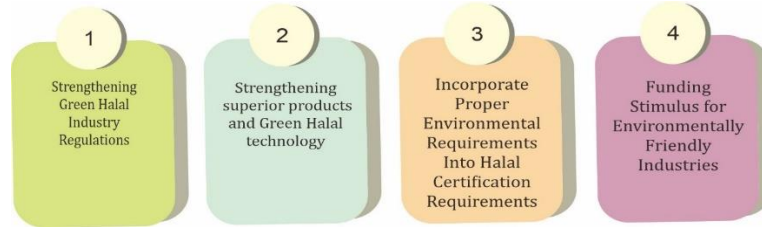


Figure 7. Strengthening Business Actors Oriented Towards Exporting Green Halal Products

Opening international market access abroad. This can be optimized through Indonesian delegations abroad (Indonesian Ambassadors) or other Indonesian representatives, especially Indonesian representatives in countries that have high demand for halal products, such as: the Middle East and Africa. Through these representatives, superior halal products can be facilitated to be introduced abroad and to participate in international halal events. In addition, aspects of legality, product standardization, and sharia funding for export-oriented halal products, especially for halal products produced by MSMEs, are also prepared.

CONCLUSION

The halal industry as one of the industries to maintain the availability and consumption needs of the Muslim community in a sustainable manner. This industry was born as a consequence of the command of Allah SWT which commands mankind to consume what is halal and good (halalan thayyiban). The existence of Allah's command is the same as ordering the media to be established. One of the media that has the ability to maintain the sustainability of Muslim community consumption is industry. Thus, it is obligatory for the existence of the halal industry as a media that has the ability to maintain the sustainability of community consumption (واجب فهو به إلا الواجب يتيم لا ما). Therefore, because it originates from the command of Allah, in reality, halal industry players do not only take the commercial side, but it has become a necessity for industrial theology to be the basis for managing the halal industry which is inseparable from environmental sustainability. In this context, the green halal industry becomes a civilized future industry for the good of the universe.

Implications, Limitations, And Suggestions

Implications of Idea Green Halal Industry

The idea of green halal industry is an idea derived from the spirit of Quranic theology whose characteristics create balance in all aspects of life. In this spirit, material benefits should not damage life, it must run in a balanced way. This spirit is the basis for the idea of a halal industry that is friendly to life. This study has implications for the development of an environmentally friendly halal industry or green halal industry. The development of an environmentally friendly halal industry will provide added value to business actors. In addition, it strengthens national halal products to enter the international halal industry market. Given that the characteristics of the global halal market pay close attention to environmentally friendly products.

Limitations of Study

The limitation of this research is due to the lack of references on the green halal industry. If those related to the green industry are relatively many, but those related to the green halal industry are still lacking in references. In addition to the lack of references on the green halal industry, limited funds are a classic problem faced by researchers. This limitation of this study is the reason why field verification is not carried out on how companies that produce halal products have environmentally

friendly standards as regulated by national or international credible institutions. This is the cause of the limitations in this study.

Suggestion of Future Study

The study provides a basic framework for the importance of developing an environmentally friendly halal industry. Therefore, environmental requirements should be included in the requirements for obtaining halal certification. This is important because it can provide added value to national halal products to penetrate the global halal market. In developed countries, environmentally friendly products are more in demand than products that ignore environmental issues.

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