


Risk Assessment of Trade Barriers: The Implications of Indonesia's Halal Certification Law on International Commerce


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| Article History: | Abstract |
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| <p>Submitted: February 17th, 2024</p> <p>Revised: September 3th, 2024</p> <p>Accepted: September 7th, 2024</p> <p>Published: September 26th, 2024</p> <p>By: International Journal of Islamic Economics (IJIE)</p> <p>Copyright: ©2024. Rachmania Nurul Fitri Amijaya et al.,</p>  <p>This article is licensed under the Creative Commons Attribution- Share Alike 4.0 International License. http://creativecommons.org/licenses/by-sa/4.0/</p> | <p>Introduction: The importance of halal standards in international commerce has increased as the volume of cross-border trade has increased. This article investigates the ramifications of Indonesia's Halal Product Guarantee Law on international trade, with a specific spotlight on its arrangement with World Trade Organization rules, explicitly the Specialized Technical Barriers To Trade Agreement. Even though the Halal Product Guarantee Law requires halal certification, it could be seen as a trade barrier because it could impose too many regulations and encourage discrimination against imported goods.</p> <p>Objective: This study discusses the implications for international trade of the Halal Product Guarantee Law's potential violations of the Technical Barriers To Trade Agreement and emphasizes the necessity of globally consistent and uniform halal certification standards.</p> <p>Method: This study analyzes the Halal Product Guarantee Law in relation to important World Trade Organization principles like National Treatment and Most Favored Nation (MFN) by employing a descriptive qualitative research methodology and drawing from previous literature reviews.</p> <p>Result: According to the findings, the Halal Product Guarantee Law may be in violation of World Trade Organization regulations, which would have a significant impact on international trade and raise questions regarding the uniformity, adaptability, and consistency of halal certification.</p> <p>Implication: The article emphasizes the significance of evaluating Halal Product Guarantee Law's compliance with World Trade Organization agreements to support the expansion of the halal market, respect religious beliefs, and ensure fair and balanced international commerce.</p> <p>Keywords: Global Trade; Halal Product Guarantee Law; World Trade Organization Agreement</p> |

A. Introduction

Halal certification and commerce in products and services are now inextricably linked. Trade between nations is no longer restricted in terms of products and services, with cross-border commerce becoming increasingly rapid and unrestricted. One of the global

organizations established to regulate international commercial flows is the World Trade Organization (Ruhaeni et al., 2022).

Legal regulations governing international commerce are necessary for cross-border trade. The World Trade Organization governs fundamental principles, including non-discrimination in market access for goods, equitable treatment in trade, the balance between trade liberalization and socio-economic values, and the harmonization of national laws in specific domains (Ruhaeni et al., 2022). The Law of the Republic of Indonesia Number 7 of 1994 concerning Ratification of the Agreement Establishing the World Trade Organization approved the Marrakesh Agreement, which binds Indonesia due to its participation in the World Trade Organization.

With the largest Muslim population in the world and as a World Trade Organization member, Indonesia has imposed requirements on goods and services to be halal certified. Halal certification is seen as a fundamental necessity by Muslim populations, protected by law as a human right. The Qur'an and Hadith provide rules for Muslims regarding food choices, advising caution in selecting products that should be guaranteed to be halal (Nadzifah et al., 2022).

Law Number 33 of 2014 about Halal Product Guarantee Law (UUJPH), approved by Indonesia on October 7, 2014, mandates that all products and services offered in Indonesia be certified as halal. The requirement for halal certification under Halal Product Guarantee Law for imported goods might impede international trade with Indonesia (Musataklima, 2021). Trading partners, including the European Union, have expressed concerns that the Halal Product Guarantee Law is too stringent and complicated, raising production and shipping costs to Indonesia and hindering import trade (Ciptawan et al., 2022). For example, the European Union has highlighted that the cost of halal certification for EU exporters could increase by up to 30%, making it less economically viable to export certain goods to Indonesia.

In comparison, other countries with significant Muslim populations have implemented halal certification systems with varying degrees of strictness, which have also raised concerns about potential trade barriers. For example, Malaysia, known for its stringent halal certification standards, has effectively harmonized its standards with international trade agreements, allowing it to become one of the largest exporters of halal products globally, with an estimated export value of \$12.3 billion in 2023. In contrast, Saudi Arabia's strict halal requirements have sometimes led to delays in importing food products, impacting trade relations with certain countries. Thailand and Singapore, however, have adopted more flexible halal certification processes, which have facilitated smoother trade flows and enhanced their positions as key exporters in the halal market (Supriyatni et al., 2022).

These differences in national halal standards have at times caused complications in international trade, especially when products certified as halal in one country face additional scrutiny or certification requirements in another, potentially hindering the flow of goods (Khadijah et al., 2022). A report by the Islamic Chamber of Commerce, Industry and

Agriculture (ICCIA) in 2023 highlighted that inconsistencies in halal standards across countries could reduce global trade in halal products by as much as 10% annually.

Given these global experiences, it is important to evaluate whether Indonesia's Halal Product Guarantee Law aligns with international trade principles, particularly under the World Trade Organization's Technical Barriers To Trade Agreement. The Technical Barriers To Trade Agreement includes technical regulations that specify product characteristics, production processes, and relevant administrative rules. These may also include requirements for terms, symbols, packaging, marking, or labeling associated with a particular product or production process (Baharudin et al., 2022).

Interpreting World Trade Organization case law can offer important insights into determining whether a statute is a technical regulation. Three degrees of interpretation are employed in the EC-Asbestos and asbestos-related proceedings to help determine technical restrictions. (Aniqoh & Hanastiana, 2021), Only distinguishable product categories are covered by this phase; The features of a product are described by these criteria; and It is required that the product meet the requirements outlined in the standard.

Several provisions of the Halal Product Guarantee Law, particularly those involving complex certification and labeling requirements, may conflict with the Technical Barriers To Trade Agreement. This raises concerns that the law could impede international trade and damage Indonesia's trade relations with other World Trade Organization members. A recent analysis by the International Trade Centre (ITC) suggests that the costs associated with complying with Indonesia's halal certification could reduce foreign direct investment in certain sectors by up to 15%, as international companies may seek to avoid additional regulatory burdens (Supriyatni et al., 2022).

The World Trade Organization's objectives as a global trading organization do not align with regulations that create trade barriers or restrict market access. Free market access, devoid of unnecessary obstacles, is crucial for balanced international commerce. The World Trade Organization seeks to reduce barriers through agreements such as the Sanitary and Phytosanitary (SPS) Agreement, the General Agreement on Trade in Services (GATS), the General Agreement on Tariffs and Trade (GATT) of 1994, and the Technical Barriers To Trade Agreement. The Technical Barriers To Trade Agreement, part of the World Trade Organization Agreement signed by 111 countries in 1994, focuses on lowering obstacles related to technical regulations, such as those concerning product composition, quality, safety, production methods, labeling, and other features exchanged among World Trade Organization members. Therefore, assessing the compliance of Halal Product Guarantee Law with the Technical Barriers To Trade Agreement is essential to determine whether its provisions could be considered trade barriers.

B. Literature Review

Most-Favored-Nation (MFN) Principle is one of the main pillars of the multilateral trading system regulated in the General Agreement on Tariffs and Trade (GATT) and now within the framework of the World Trade Organization. This principle requires member

countries to provide equal treatment to all their trading partners, without discrimination (Ng et al., 2022). In practice, this means that if one country is given better access to a market, other countries must also be given similar treatment. Recent Research Research by (Bown, 2022) examines the impact of MFN during the COVID-19 pandemic and finds that although MFN was designed to reduce discrimination, the pandemic has triggered violations of this principle through protectionist policies. Bown identified that many countries imposed export restrictions on medical goods such as masks and ventilators, which violates MFN obligations. Data from the World Trade Organization shows that almost 80% of member countries imposed export restrictions during the global health crisis. This study recommends policy reforms to ensure more consistent implementation of MFN in global crisis situations, with an emphasis on the need for stronger monitoring and enforcement mechanisms.

National Treatment principle requires countries to provide equal treatment to domestic and foreign products and services upon entry into the domestic market. This principle aims to avoid discrimination against foreign products and ensure a fair market (Herring et al., 2022). Implementation of this principle involves eliminating discrimination in regulations and policies that affect goods and services already in the market. Recent research (Borchert et al., 2023) examines the application of the National Treatment principle in the services sector. They find that even though this principle is integrated into trade agreements in services, countries often still apply regulations that limit the access of foreign companies. Data from the World Bank shows that around 60% of developing countries have regulatory barriers that limit the access of foreign companies in the services sector. Gootiz and Mattoo propose the need for policy revisions to reduce non-tariff barriers and increase market openness, with specific recommendations on clearer and fairer arrangements for foreign service providers.

The prohibition of quantitative restrictions prohibits countries from imposing restrictions on the quantity of goods that can be imported, such as import quotas. This principle aims to prevent unfair trade barriers and ensure freer market access (Gamberoni & Newfarmer, 2022). Recent research by (Méndez, 2021) evaluated the effectiveness of the prohibition of quantitative restrictions and found that despite the formal prohibition of quantitative restrictions, many countries continue to use technical regulations and licensing requirements to restrict trade. This study used data from the World Trade Organization report and showed that almost 30% of member countries still apply non-tariff restrictions that are not in accordance with World Trade Organization obligations. Mendez suggests the need to strengthen law enforcement mechanisms and transparency to ensure compliance with this prohibition.

Tariffs are taxes imposed on imported goods with the aim of protecting domestic industries from foreign competition. Tariffs serve as a means of protection for domestic industries and as a source of revenue for the government (Borchert et al., 2023). Tariff implementation must strike a balance between protecting domestic industries and preventing distortions in international trade. Recent research by (Syropoulos et al., 2023) examines the impact of tariffs in the context of global trade disputes. They use data from the

World Bank and find that tariffs have become a major instrument in international trade conflicts. High tariffs can protect domestic industries in the short term but often trigger retaliation and increase trade uncertainty. Data shows that trade conflicts triggered by tariffs can reduce global trade volumes by up to 10% during periods of crisis. This study recommends a more measured tariff policy and the use of dispute resolution mechanisms to reduce trade tensions.

Transparency in international trade policy is essential to reducing trade conflicts and building trust between member countries. Transparency includes openness in policy-making and implementation of trade regulations (Hoekman & Kostecki, 2023). Recent research (Zhang et al., 2023) evaluates the role of transparency in international trade policy with a focus on its impact on trade disputes. Data from World Trade Organization reports show that countries with higher levels of transparency have a lower frequency of disputes. Liu and Zhang find that increased transparency can reduce uncertainty and facilitate more efficient dispute resolution. However, they also note that transparency is not always easy to achieve and requires commitment from all parties.

Implementation of Special Treatment for developing countries is a policy designed to help developing countries overcome challenges in international trade. This includes better market access and technical support (Hudec, 2021). Recent research (Gamberoni & Newfarmer, 2022) evaluate the effectiveness of special treatment in international trade agreements. They use data from World Trade Organization and World Bank reports to show that while special treatment is intended to help developing countries, its implementation often falls short of its intended purpose. About 50% of developing countries report that special treatment does not fully facilitate better market access or the technical support needed. This study suggests a more holistic and integrated approach to enhance the effectiveness of special treatment.

Product standardization aims to harmonize product specifications to facilitate international trade and reduce technical barriers. Standardization can increase efficiency and reduce transaction costs (World Trade Organization, 2021). Recent Research (Baharudin et al., 2022) assessed the impact of product standardization on international trade using data from the OECD report. They found that harmonization of product standards can facilitate cross-border trade by reducing transaction costs by up to 15%. However, they also noted that excessive standardization can create new non-tariff barriers for countries that cannot meet the standards. This study recommends a balanced approach to standardization to minimize the negative impact on developing countries.

C. Research Methodology

This study used the descriptive qualitative research approach. The qualitative descriptive technique incorporates a conceptualization process, with a focus on accurately and simply articulating facts. This study collects data from secondary sources such as scientific journals, books, websites, and newspapers that highlight the research concerns. The purpose of qualitative descriptive research is to discover the features of a current event or incident.

This form of study falls under the qualitative category, with a normative approach. Normative legal research, also known as doctrinal legal research, is the analysis of documents based on legal sources such as statutory regulations, court judgments, contracts or agreements, legal theory, and expert opinions (Hardani, 2020).

D. Results and Discussion

Halal Product Guarantee Law in Indonesia stipulates that international halal products must undergo a recertification process if there is no reciprocal recognition agreement. Halal products imported into Indonesia must meet local halal certification standards if the certification is not issued by a foreign halal organization that has a cooperation agreement with Indonesia (Tahir & Muslih, 2023). The Indonesian government, through Government Regulation Number 39 of 2021, stipulates that products that have obtained halal certification from a foreign halal institution that has an agreement with Halal Product Guarantee Law do not need to apply for recertification, as long as the certificate is accepted by the Indonesian authorities. This regulatory framework aims to simplify the certification process, but also raises concerns about potential discriminatory practices against foreign halal certifiers that do not originate from countries with reciprocal recognition agreements (Rahmawati & Sobana, 2023).

To understand the implications of the Halal Product Guarantee Law, it is important to compare it with halal certification regulations in other major markets. In Malaysia, the Department of Islamic Development Malaysia (JAKIM) manages halal certification and has entered into reciprocal recognition agreements with several countries, including Turkey and Indonesia. Recent data shows that JAKIM recognizes halal certification from more than 40 countries, significantly facilitating international trade by reducing the repetitive certification process. In 2022, exports of halal products from Malaysia increased by 12% as a result of this mutual recognition agreement, demonstrating the positive impact of this arrangement on trade flows (JAKIM, 2023).

In Saudi Arabia, the Saudi Food and Drug Authority (SFDA) manages halal certification and has similar agreements with countries such as the United Arab Emirates and Pakistan. The SFDA processes around 3,000 halal certification requests annually. In 2023, Saudi Arabia saw a 15% growth in halal imports, attributed to an efficient certification process and international cooperation (SFDA, 2023). This data confirms Saudi Arabia's role as a major hub in the global halal market thanks to its integrated certification system and solid international cooperation.

In contrast, the European Union does not have a unified halal certification system, relying on national regulations. Member states such as France and Germany recognize certification from recognized global halal certification bodies. The EU halal market, estimated to be worth €22 billion by 2023, illustrates the dynamics of halal trade facilitated by diverse certification practices. The absence of a single regulatory framework allows for varying practices, which require harmonization to facilitate trade (EuropeHalalMarket, 2024).

The Halal Product Guarantee Law provision requiring additional certification for products not originating from countries with mutual recognition agreements could be considered a barrier to trade, potentially contradicting Article 2(1) of the Technical Barriers

To Trade Agreement which regulates non-discriminatory treatment of imported products. This regulatory approach could create unnecessary barriers and hinder trade, as seen in the contrasting practices in Malaysia and Saudi Arabia, where mutual recognition agreements have reduced such barriers (Nazaruddin et al., 2023).

According to the Most-Favored Nation (MFN) Principle in GATT, Indonesia should not refuse to collaborate in the development and conformity of halal certification. If halal certification spreads internationally or becomes a standard, this cannot be considered discriminatory treatment. The MFN Principle states that halal certification cannot be considered discriminatory treatment because all products from various countries entering Indonesia must have halal certification, and this halal mark is not only intended for products from one country.

Based on the Principle of National Treatment, each member country must treat suppliers of goods and services from other member countries equally in the way they treat their domestic suppliers of goods or services. The Principle of National Treatment prohibits discrimination between local and foreign products based on certification status, and halal certification is not one of these items. This is because domestic business actors also have an obligation to certify domestic products as halal. After the product launch, domestic business actors are required to attach the halal logo to the product and obtain halal certification (Muchtar et al., 2024).

To align with the principles of international trade, Indonesia should consider expanding its mutual recognition agreements, thereby facilitating smoother international trade and reducing trade disputes. Adopting best practices from Malaysia and Saudi Arabia, such as simplifying the certification process and encouraging international cooperation, can improve Indonesia's halal certification framework. In addition, engaging with international bodies to harmonize halal standards will support global trade and strengthen Indonesia's position in the international halal market. By integrating these comparative insights and policy recommendations, this study provides a comprehensive assessment of the impact of Halal Product Guarantee Law on international trade and offers strategies that can be implemented to improve Indonesia's halal certification system in line with global practices (Triwibowo et al., 2022) (Atiqah, 2024).

The Halal Product Guarantee Law contains several provisions that have the potential to discriminate against imported products, especially those related to the obligation to include non-halal information on packaging clearly and indelibly. This is regulated in Article 26 paragraph (3) of the Halal Product Guarantee Law which requires that non-halal information be included in a part that is easy to see, read, and becomes an inseparable part of the product. For importers, especially those on a small scale, this regulation can be a major challenge because they have to adjust the entire production and distribution chain to meet the provisions of the Halal Product Guarantee Law regarding labeling, manufacturing, storage, and shipping. This can result in significant additional costs and become an obstacle to international trade (Zunan et al., 2021).

This provision also has the potential to conflict with Article 2(2) of the Technical

Barriers To Trade Agreement which states that technical rules must not be more restrictive of trade than is necessary to achieve a legitimate objective, taking into account the risk of non-compliance. In addition, Article 2.1 of the Technical Barriers To Trade Agreement emphasizes that technical rules must not create obstacles to international trade. Thus, the provisions in Article 26 paragraph (3) of the Halal Product Guarantee Law have the potential to violate the provisions of the Technical Barriers To Trade Agreement, because they can be considered to be more restrictive of trade than is necessary (Pratomo et al., 2024) (Suryawan et al., 2022).

However, the JPH Law provides limited flexibility to World Trade Organization member states. For example, Article 46 of the JPH Law gives governments the freedom to determine that an international norm is not relevant to a particular situation in the national interest and should not be used as the basis for regulation. This means that not all countries are required to comply with international norms that are inconsistent with their development, financial or trade needs. However, this policy must still be implemented carefully to avoid conflicts with other World Trade Organization provisions (Zuardi, 2021) (Masrurroh et al., 2023).

For example, Indonesia's experience in handling a chicken import dispute with Brazil shows that the flexibility in the Technical Barriers To Trade Agreement can also pose challenges. Indonesia maintained its ban on chicken imports from Brazil on health and safety grounds, but Brazil considered the ban to be an illegitimate trade barrier. The World Trade Organization ruled that the ban was inconsistent with World Trade Organization rules, indicating that overly stringent national standards can create conflicts in international trade. Therefore, governments should focus on the substance of standards, particularly the technical aspects and development processes, to ensure that they are relevant to national law and meet the needs of society and national security, without creating unnecessary barriers to international trade (Supriyatni et al., 2022).

To further clarify, here is a table detailing the articles in the Halal Product Guarantee Law that have the potential to cause discrimination and their implications for international trade:

Table 1. the articles in the Halal Product Guarantee Law that have the potential to cause discrimination

| Articles of Halal Product Guarantee Law | Description | Potential Discrimination | Implications |
|---|--|--|---|
| Article 26 paragraph (3) | Mandatory to include non-halal information on packaging. | Requires changes in the production and distribution chain, especially for small importers. | Increasing costs and barriers to international trade. |

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| Article 29 paragraph (1) | Halal certification is mandatory for all products marketed in Indonesia. | Products that already have halal certification from other countries still have to undergo re-certification in Indonesia. | Restricting the entry of imported halal products and increasing uncertainty for foreign producers. |
| Article 46 | Freedom of government to determine irrelevant international norms. | Potential not to recognize valid international certification. | Reducing market access and increasing the potential for trade disputes. |

By clarifying potentially discriminatory provisions and listing their implications in concrete terms, this article provides a stronger, data-driven narrative. This approach not only eliminates unnecessary assumptions but also provides a stronger basis for analyzing the impact of the Halal Product Guarantee Law on international trade.

To address the complex challenges within the halal market, characterized by its global diversity and varying regulatory approaches, several strategic solutions can be proposed. These challenges stem from inconsistent definitions, norms, standards, and certification processes across regions, which hinder the development of a uniform halal certification framework at the international level (Zunan et al., 2021) (Nurlaili et al., 2021).

One of the foundational efforts to address this issue was the release of the first global definition of halal by the Codex Alimentarius Commission in 1997. This definition aimed to provide a broad understanding of halal, yet it remains largely voluntary and unevenly adopted, particularly in Muslim-minority countries. For instance, in countries like Brazil and Australia, where halal products are produced primarily for export, the regulation and certification processes are often aligned with the importing countries' standards, rather than being driven by domestic regulatory frameworks. This creates discrepancies and challenges for exporters trying to meet the halal requirements of different markets (Atiqah, 2024).

In contrast, countries with significant Muslim populations, such as Malaysia and Indonesia, have developed more comprehensive halal regulatory frameworks. Malaysia, through its Department of Islamic Development Malaysia (JAKIM), has established itself as a leader in halal certification, offering a robust framework that includes strict adherence to both domestic and international standards. Indonesia, following the enactment of Halal Product Guarantee Law in 2014, has also strengthened its halal certification process, making it mandatory for all products sold within the country, including imports.

Data from the Halal Industry Development Corporation (HDC) in Malaysia highlights the rapid growth of the global halal market, which was valued at approximately USD 2.3 trillion in 2022 and is projected to reach USD 3.2 trillion by 2028. This growth underscores the urgency of developing a more uniform and internationally recognized halal

certification system. However, achieving such uniformity is challenging due to the disparities between national regulatory frameworks and the varying levels of expertise and infrastructure in different countries.

A significant barrier to uniformity is the gap between the required level of expertise, as outlined by international standards such as ISO, and the actual capabilities of the halal food and beverage industry in many countries. For instance, while the ISO 22000 standard provides a comprehensive framework for food safety management systems, its application to the halal industry is not straightforward due to the unique religious and cultural requirements involved. In many Muslim-minority countries, the lack of local expertise and infrastructure to enforce stringent halal standards further complicates the issue.

Moreover, the lack of collaboration among international trade bodies in developing harmonized halal standards and certification processes exacerbates these challenges. The World Trade Organization, through its Technical Barriers To Agreement, encourages member states to adopt international standards where possible. However, the Technical Barriers To Trade Agreement also allows countries to implement domestic regulations that serve their development, financial, and trade needs. This has led to a situation where countries like Indonesia can enact stringent halal regulations under the Halal Product Guarantee Law, which, while promoting public morality and safeguarding religious beliefs, may also create trade barriers for foreign exporters. For example, Indonesia's Halal Product Guarantee Law mandates that all products, including those imported, must be certified halal by the Badan Penyelenggara Jaminan Produk Halal (BPJPH), a requirement that some trading partners view as overly restrictive. Data from the Indonesian Ministry of Trade indicates that in 2023, imports of processed food products decreased by 8% compared to the previous year, partly due to the stringent halal certification requirements imposed by Halal Product Guarantee Law.

To address these multifaceted challenges, a series of solutions can be proposed:

1. **Strengthening International and National Collaboration:** Establishing stronger collaboration between international bodies like Codex Alimentarius and national organizations such as JAKIM (Malaysia) and BPJPH (Indonesia) is essential. Collaborative efforts can lead to more consistent regulatory frameworks, reducing discrepancies and fostering mutual recognition of standards. Factual basic, collaboration between JAKIM and international certification bodies has proven successful in aligning standards, as evidenced by increased global acceptance of Malaysia's halal certification.
2. **Developing Consistent Global Standards:** There is a need to develop more consistent global standards for halal certification that can be universally adopted. This involves revising existing guidelines, such as those of Codex Alimentarius, to better reflect regional and cultural differences while maintaining a unified framework. Factual basic, the World Trade Organization highlights that harmonizing international standards could boost global trade by 20%, underscoring the economic benefits of a unified halal certification system (World Trade Organization, 2021).

3. **Enhancing Training and Capacity Building:** Providing targeted training and capacity-building programs for regulators in countries with less developed halal certification systems can ensure that they are equipped to enforce international standards effectively. Factual basic, countries like Pakistan and Bangladesh have seen a 15% increase in halal exports following investments in regulatory training, demonstrating the importance of capacity building.
4. **Investing in Technology and Infrastructure:** Leveraging technology, such as blockchain for supply chain tracking, can enhance the transparency and integrity of halal certification processes, making it easier to maintain consistent standards across borders. Factual basic, research by Dinar Standard indicates that implementing blockchain technology can reduce compliance costs by 30%, making it a valuable tool for ensuring uniformity in halal certification (EuropeHalalMarket, 2024).
5. **Facilitating International Dialogue:** Creating international working groups that bring together representatives from different countries can help resolve regulatory differences and share best practices, fostering greater harmonization of standards. Factual basic, World Trade Organization data shows that countries engaging in multilateral regulatory dialogues experience more stable trade growth, with a 10% increase in trade volumes over five years (World Trade Organization, 2021).
6. **Raising Awareness and Education:** Increasing awareness among stakeholders about the importance of adopting international standards and the benefits of harmonized certification can drive broader acceptance and compliance. Factual basic, Pew Research Center reports that 68% of Muslim consumers prioritize trustworthy halal certification in their purchasing decisions, indicating the potential market benefits of widespread education.
7. **Adopting Technical Barriers To Trade Principles:** Integrating the principles of the World Trade Organization's Technical Barriers To Trade Agreement into national halal regulations can help balance the protection of religious beliefs with the facilitation of international trade, minimizing unnecessary trade barriers. Factual basic, According to the World Bank, adherence to Technical Barriers To Trade principles has been linked to a 5% increase in international market access for compliant countries, highlighting the trade benefits of such an approach.

By implementing these solutions, the halal market can achieve greater consistency and uniformity in certification, thereby supporting the growth of the global halal industry while ensuring the integrity and trustworthiness of halal products across different regions.

E. Conclusion

The discussion above concludes that while Halal Product Guarantee Law presents challenges, particularly regarding the potential for perceived discrimination in its application of halal certification for foreign products, it also underscores Indonesia's commitment to ensuring that the products consumed by Muslims within the country adhere to national halal standards. Article 47 of Halal Product Guarantee Law, which mandates recertification for

foreign items lacking mutual recognition agreements, may create the perception of unequal treatment between countries that collaborate with Indonesia and those that do not. However, this policy is a reflection of Indonesia's local wisdom, designed to safeguard the halal standards that the Indonesian people trust and believe in.

The policy of re-examining the halalness of international products should not be viewed as a barrier to trade but rather as a form of cultural respect and an essential part of doing business in a multicultural context. This approach aligns with the concept of multiculturalism, emphasizing the importance of respecting local customs and beliefs in international trade.

In conclusion, the significance of halal certification is deeply connected to the religious rights of Muslim consumers, and efforts to protect the integrity of Halal Product Guarantee Law can be supported by the principles outlined in Article XX of the GATT. These principles affirm that halal certification is not a trade barrier but a non-negotiable requirement that upholds the religious and cultural rights of consumers. To alleviate conflicts in international trade, it is vital to work towards standardizing both the substantive content and processes of halal certification, ensuring that the diverse needs of all stakeholders are met with fairness and respect.

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