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Article Title

**Directions for the Development of the Halal Ecosystem in Public Policy: A Study of Islamic Law and Legislation in Indonesia**

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## ABSTRACT

*This research aims to explore the direction of halal ecosystem development in public policy in Indonesia. This study combines normative and empirical research methods. Subsequently, the collected data were analyzed qualitatively to describe the problem and address the research purposes. The results show that implementing the halal ecosystem concept in public policy in Indonesia has had significant social and economic impacts. Legislation such as Law Number 33 of 2014 has supported establishing and developing infrastructure and the halal product certification process. Additionally, an increase in the Islamic economic literacy index indicates a growth in public awareness. In contrast, a decline in the Sharia financial inclusion index identifies challenges that must be addressed. Therefore, it is recommended that the Government continue to update and adjust legislation that supports the halal economy, ensuring that these policies are responsive to global dynamics and domestic needs. Businesses need to enhance innovation and standardize products to maintain trust and meet consumers' evolving expectations. Educational institutions should continue to expand research and education programs that support disseminating knowledge on Islamic economics and halal practices, particularly in addressing the challenges of literacy and financial inclusion in Sharia. Finally, Religious Leaders are expected to play an active role in educating the public, guiding the community with accurate knowledge about Islamic law, and ensuring that halal practices are effectively integrated into daily life. Synergy and integrated collaboration among all parties will strengthen Indonesia's halal ecosystem, foster innovation, and maintain the country's position as a leader in the global halal market.*

*Keywords:* Halal Ecosystem; Halal Lifestyle; Islamic Law; Public Policy.

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## INTRODUCTION

Indonesia is renowned as the country with the largest Muslim population globally, highlighting a unique embrace of a halal lifestyle consistent with Islamic teachings (Hidayat et al., 2022). Article 29 section (2) of the 1945 Constitution explicitly guarantees every citizen's freedom to practice religion and perform religious activities according to their beliefs. This situation directly influences the need to develop an ecosystem supportive of the halal lifestyle, particularly within a predominantly Muslim community. One Data (2022) records that Indonesia's Muslim population reached 241.70 million, approximately 87.02% of the total population, underscoring the country's significant potential for developing the halal industry.

According to Liaqat (2023), global Muslim consumer spending on halal products was USD 2.29 trillion in 2022, anticipated to increase to USD 3.1 trillion by 2027. This growth reflects substantial economic opportunities in the halal industry, especially in food, pharmaceuticals, cosmetics, fashion, and Muslim-friendly tourism and entertainment sectors. Indonesia's demographic condition as a country with a dominant Muslim population places it in a strategic position to play a significant role in the global halal market (Vanany et al., 2020). This highlights the importance of national initiatives to enhance production capacities and legislation supporting the halal industry's growth.

With substantial human resources and an increasing Muslim population, Indonesia is at the forefront of the global halal economic landscape. The government and industry stakeholders must rapidly develop strategies and policies to nurture the halal ecosystem. Priorities may be assigned to developing sectors with the largest market segments, such as halal food, which not only supports economic growth but also meets the basic needs of the Indonesian community by Sharia principles (Meylinda & Matondang, 2023). Furthermore, these developments should align with the social justice principles for all Indonesians, as the constitution mandates.

Given the importance of the ecosystem, maintaining the halal integrity of products from production to consumption is essential to ensure that all products consumed by Muslims meet Sharia standards. The halal process extends beyond halal raw materials to encompass the entire value chain, including processing, distribution, marketing, and consumption (Rejeb et al., 2021). Effective and integrated halal value chain management helps prevent the mixing of halal and non-halal products, allowing consumers to identify and choose products that align with their beliefs easily.

In the food sector, halal certification of inputs is a critical initial stage, where everything must be monitored from the source, such as during livestock breeding, the livestock feed used, and the use of halal-certified fertilizers and chemicals in agriculture. This process must consistently maintain its halal status at every stage, from raw material processing to the final product, ensuring that halal values are preserved and uncontaminated throughout the production process (Fernando et al., 2023).

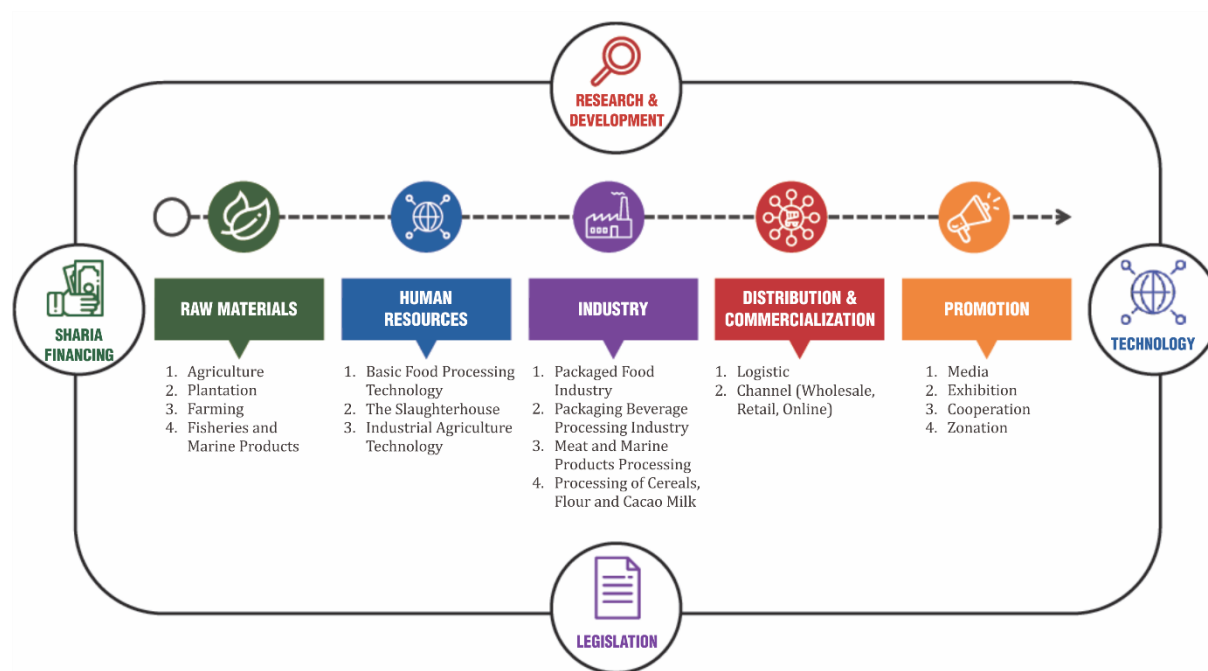


Figure 1. Halal Chain for the Food and Beverage Industry (Sukoso et al., 2020)

Moreover, the importance of a distribution and storage system that adheres to halal principles cannot be overlooked. Packaging, cold storage, and warehouse processing must be designed to prevent halal products from mixing with non-halal products. Product marketing must also reflect Sharia values, from transportation to supermarkets and wholesale stores up to the point of sale in restaurants or dining establishments. To support the sustainability and integrity of this system, Sharia-compliant financing and insurance are utilized, reducing business risks and ensuring alignment with Sharia principles at all stages.

Considering the dynamics of the halal industry outlined, Indonesia has untapped potential to leverage its capacity as both a producer and the largest consumer market for halal food (Haque, 2024). The country is blessed with abundant natural resources, which is ideal for developing the halal food industry. However, the current reality shows that Indonesia still imports many halal products from abroad (Hermawan, 2020). A stagnant condition in the development of the local halal industry is due to insufficient recognition by the government and industry players of this industry's vast potential (Guntur et al., 2024).

Differences in halal standards and certifications between countries add complexity and create barriers for Indonesian halal food products competing in the international market (Usman et al., 2023). This issue is exacerbated by a limited supply of raw materials that meet halal criteria, hindering production capacity and market reach. Efforts to enhance production capacity and expand export markets require strong synergy between the government and industry and adjustments to policies that support the sustainable development of the halal industry.

In other sectors, such as halal pharmaceuticals and cosmetics, there is an urgent need for products that meet halal standards and are produced according to Good Manufacturing Practice (GMP) principles (Tukiran et al., 2023). These products must be processed using materials compliant with Islamic law, free from forbidden elements, and handled with equipment uncontaminated by non-halal substances. The availability of credible halal pharmaceuticals and cosmetics could strengthen Indonesia's image as a key player in the global halal market while meeting the growing demands of Muslim consumers. This highlights the importance of integrating Sharia compliance, good manufacturing practices, and access to halal-certified materials.

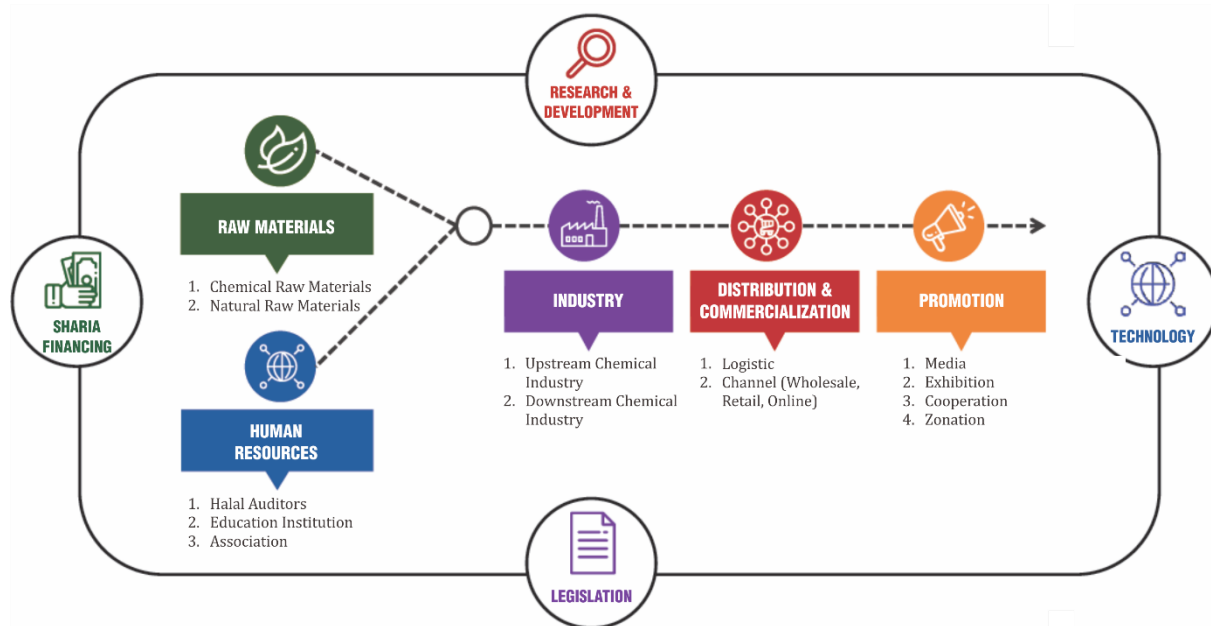


Figure 2. Halal Chain for Pharmacy and Cosmetics (Sukoso et al., 2020)

Regarding the urgent need to support the halal ecosystem, strategic steps that the Indonesian government could take involve synergy between various institutions to promote a halal lifestyle. The current high public awareness of products' composition and halal status—from food and beverages to cosmetics and medicines—shows a critical consumer awareness that cannot be ignored. However, a challenge that arises is the uneven awareness across all layers of society, especially in the consumption of halal pharmaceuticals and cosmetics, which still require broader socialization.

Initiatives like “quick wins,” which are part of the main milestones in the Sharia Economic Masterplan, focus on a national campaign to enhance halal literacy (Hasan, 2024). This step aims to create a high demand for halal pharmaceuticals and cosmetics through education and increased awareness. This development supports Indonesian Muslims and broadens the understanding that halal products are high-quality products that anyone can consume, not limited to the Muslim community.

In a broader context, developing a halal lifestyle in Indonesia requires cross-sector cooperation. This includes support from the Muslim community, business operators, corporate stakeholders, and government-issued regulations. Religious scholars are also crucial in providing clear guidelines on product halality (Calder, 2020). Allah SWT states in QS Al-Baqarah verse 168 that:

يَا أَيُّهَا النَّاسُ كُلُوا مِمَّا فِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ ﴿١٦٨﴾

“O mankind, eat from whatever is on earth [that is] lawful and good and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy.”

QS Al-Baqarah verse 168 asserts that halal products are for all humanity, highlighting the importance of quality and safety in the halal certification process. Therefore, a comprehensive strategic plan is essential to address the complexities of developing the halal ecosystem, ensuring the halal lifestyle can flourish and be more widely adopted in Indonesia. Deepening the understanding of the importance of developing the halal ecosystem, it must be recognized that it involves a sequence within the supply and value chains where each stage must meet halal criteria.

The halal ecosystem creates a dynamic system, facilitating the development of various supporting components that must comply with halal requirements, specifically at each component. To ensure the formation and development of this ecosystem can be carried out systematically and comprehensively, harmonization, synergy, and coordination among all involved elements are required. Effective coordination will strengthen the halal ecosystem's structure and function. Still, it will also spur growth and innovation within it, supporting Indonesia's position as a leader in the global halal industry.

Based on the discussion above, this research aims to explore the direction of halal ecosystem development in public policy in Indonesia. *First*, it thoroughly explains the Islamic legal perspective on the halal lifestyle and how the halal ecosystem concept is integrated into daily life. *Second*, it details the halal regulations implemented by the Indonesian government to stimulate the development of the halal ecosystem domestically. *Third*, it analyzes the potential and direction for developing the halal ecosystem in Indonesia, aiming to identify opportunities and challenges in developing a sustainable halal industry. The benefits of this research are expected to significantly contribute to academic knowledge and assist researchers and stakeholders (such as the University of Tanjungpura's Budget Execution Document List) in developing effective strategies. Moreover, the findings of this research are expected to be useful for institutions, the government, and the broader community. They can provide valuable guidance in improving and optimizing conditions related to the halal ecosystem in Indonesia.

## **METHOD**

This study combines normative and empirical research methods. The normative method analyzes legal issues based on legislation (Qamar & Rezah, 2020). At the same time, the empirical method focuses on the practice of law regarding reciprocal relationships with social phenomena, encompassing economic, political, psychological, and anthropological aspects (Irwansyah, 2021). The types and data sources used in this study are primary and secondary. Primary data collection was done through field observation, while secondary data were obtained through a literature review of legal materials. Subsequently, the collected data were analyzed qualitatively to describe the problem and address the research purposes (Sampara & Husen, 2016).

## RESULTS AND DISCUSSION

### A. Implementing the Halal Ecosystem Concept in Lifestyle According to Islamic Law Perspectives

In the concept of the halal ecosystem, a deep understanding of halal mandates a lifestyle based on Islamic Sharia principles. QS Al-Baqarah verse 172 states:

يَا أَيُّهَا الَّذِينَ آمَنُوا كُلُوا مِن طَيِّبَاتِ مَا رَزَقْنَاكُمْ وَاشْكُرُوا لِلَّهِ إِن كُنتُمْ إِيَّاهُ تَعْبُدُونَ ﴿١٧٢﴾

*“O you who have believed, eat from the good things which We have provided for you and be grateful to Allah if it is [indeed] Him that you worship.”*

Interpreters of this verse explain that “eat” implies not only consuming but also obtaining sustenance that is both good and halal (Muqtada, 2023). Good sustenance underscores the importance of considering the origin and method of obtaining food materials and their production processes to comply with Islamic regulations. Therefore, economic activities within the halal ecosystem focus on the end product and the entire process involved, from provision and processing to distribution. This approach ensures that every element in the supply chain meets halal criteria, thus maintaining the integrity of the halal lifestyle for Muslims.

Furthermore, the Prophet Muhammad said in a hadith recorded in both Bukhari and Muslim:

*“What is lawful is clear and what is unlawful is clear, but between them are certain doubtful things which many people do not know. So he who guards against doubtful things keeps his religion and his honour blameless. But he who falls into doubtful things falls into that which is unlawful.”*

This hadith teaches the importance of avoiding doubtful matters in daily life. It implicitly emphasizes the need for clarity and caution in choosing consumption and economic behaviors in the Muslim community. This concept stresses that avoiding ambiguity in product and service selection protects religious integrity and individual and social honor. In this context, the halal ecosystem is not merely about complying with regulations but also a preventative effort to protect the community from potentially violating established Islamic boundaries.

Given the importance of engaging in halal as a duty of every Muslim, there is a broader implication in applying the halal ecosystem concept that extends beyond food consumption. In a hadith reported by Anas ibn Malik, the Prophet Muhammad said, “seeking the lawful is a duty upon every muslim.” This hadith affirms that seeking knowledge about halal and haram and earning a lawful livelihood is a

responsibility that cannot be neglected. It demands that individuals deepen their understanding of Islamic jurisprudence and practice it daily. Additionally, the profound understanding of halal and haram taught by [Al-Ghazali \(2007\)](#) shows that actions must be safeguarded, as intentions and awareness in every economic activity. The Prophet Muhammad stated in a hadith recorded by [Abu Dawud](#):

*“Whoever acquires wealth through sinful means and then uses it to connect with relatives, give charity, or in the way of Allah, it will all be gathered and thrown into the fire.”*

The above hadith emphasizes that if someone acquires wealth through unlawful means, any attempt to rectify social relations or perform charity with such wealth will not benefit in the hereafter. Therefore, the halal ecosystem encourages an economic and social system free from practices that might invalidate the religious and social activities performed. In a broader context, the Prophet’s saying that engaging in what is halal is obligatory reflects that a halal lifestyle should integrate into all aspects of life. It is not only about the consumed food but also includes all processes in life, including acquiring, using, and distributing goods and services. The halal ecosystem thus offers a framework for Muslims to implement halal principles in every aspect of life, ensuring that every activity not only meets worldly needs but also perpetuates compliance with religious commands ([Haleem et al., 2021](#)).

As a follow-up to the understanding that a halal lifestyle is not just about food consumption, the expansion of halal product use has gained significant footing in various sectors. Halal products, including food, beverages, cosmetics, and even clothing, must meet standards that are not only free from harmful substances but also *thayyib* or wholesome for the body and health ([Hehanussa, 2022](#)). This *tayyib* concept adds a quality dimension to halal products, asserting that a product must be free from forbidden contents and provide positive benefits for health and cleanliness. Therefore, the Indonesian Ulema Council (MUI) emphasizes that halal and *thayyib* standards are inseparable aspects that must be maintained in every Muslim product ([Dakhoir et al., 2022](#)).

The impact of adopting a halal lifestyle reaches the global market, not limited to countries with a majority Muslim population. Halal has become a crucial factor in consumer preferences worldwide, including in countries with significant non-Muslim populations. With the global Muslim population increasing, the halal industry sees vast potential in developing products and services that comply with Islamic law, from upstream to downstream. These products are not limited to food and beverages but include cosmetics, health products, fashion, and more ([Khan et al., 2020](#)). This demonstrates that the halal ecosystem has influenced and



shaped broad market dynamics, offering sustainable economic opportunities for entrepreneurs and industries across various fields.

Developing a sustainable halal economy benefits financially and supports daily needs by Islamic values. Sectors such as culinary, fashion, pharmaceuticals, tourism, and education have responded to this need by integrating halal principles into their operations. Institutions like Sharia hospitals and financial institutions operating according to Islamic law are also part of this halal ecosystem (Windasari et al., 2024). The continuity and integration of the halal lifestyle demonstrate that halal is not just a label but has become a crucial element defining many people's identity and lifestyle choices, both in Indonesia and globally.

In a global context, the understanding and demand for halal food and tourism have significantly increased. This is due to the emergence of tourism destinations related to Islamic sites and the Muslim community's need to meet halal standards in every aspect of life, including travel (Putra & Tucunan, 2021). Muslim entrepreneurs have greater opportunities to develop businesses that comply with Islamic law, making it easier for Muslim consumers to obtain products and services that align with their beliefs. This initiative creates a more specific and customized lifestyle, known as the halal lifestyle, showing positive implications in worldly and spiritual aspects.

Awareness of the importance of the halal lifestyle is a manifestation of piety in daily life practices, reflecting how an individual chooses to live, work, and behave according to Islamic teachings. This trend shows concern for what is consumed and how time and money are allocated to ensure that every aspect of life supports the fulfillment of Islamic law. Demand for halal products is not limited to food and clothing but also includes medicines, cosmetics, Sharia financial services, and even tourism options, demonstrating how integral the halal lifestyle is in supporting the sustainability and integrity of the Muslim lifestyle.

Regarding the development of the halal ecosystem, increasing awareness and demand among the Muslim community have driven the global market growth for halal products. This impact is reflected in the increasing number of products and services that comply with Islamic law and strengthen the economic structure based on halal principles. This phenomenon proves that the halal lifestyle is not just a lifestyle choice but has become an essential need in the lives of the Muslim community, supporting further expansion of the halal industry worldwide.

The rising index of Islamic economic literacy indicates community awareness about Islamic financial principles and the halal lifestyle. Findings by Bank Indonesia in 2019 show that 16.3% of the population has knowledge and skills in Islamic economics, which is a sign that the halal lifestyle trend is beginning

to influence how people manage their finances (Afifi, 2020). Predictions that the Islamic economic literacy index will increase confirm that there is significant untapped potential in the Islamic financial market. This reflects opportunities for further development in this sector, which aligns with the increasing demand for products and services that comply with Islamic law.

However, enhancing Sharia financial inclusion is challenging, as indicated by the decline in the Sharia financial inclusion index from 11.1% in 2016 to 9.1% in 2019 (Afifi, 2020). This decrease may signal obstacles in the availability or access to Sharia financial products and services, possibly due to a lack of infrastructure, unsupportive regulations, or a lack of awareness and understanding of the benefits of Sharia finance among the public. This requires strategic actions to expand access and enhance Sharia financial understanding among the broader community.

The importance of a dynamic halal ecosystem in supporting the implementation of the halal lifestyle cannot be overlooked. This ecosystem encompasses various sectors, such as goods, services, infrastructure, human resources, and government regulations, that must be integrally connected. Cooperation among these sectors is vital to creating an environment conducive to growth and the application of Sharia principles in all aspects of life. Building and strengthening this ecosystem can help overcome barriers related to Sharia financial inclusion and support expanding the halal lifestyle in society.

Thus, applying the halal ecosystem concept to lifestyles according to Islamic law perspectives has proven to have significant economic and social impacts globally. Indicators such as the increasing index of Islamic economic literacy show the growth of community awareness and knowledge about Sharia finance, along with the expansion of the halal lifestyle. However, the decline in the Sharia financial inclusion index indicates challenges that need to be addressed to maximize the potential of the halal ecosystem. Social interaction theory can explain this phenomenon, where interactions among individuals and groups in society influence the perception and acceptance of halal products and services (Yu & Na, 2022). Therefore, developing infrastructure, supportive regulations, and effective education are needed to strengthen the halal ecosystem and support the full integration of halal concepts into daily life for Muslims and non-Muslims globally.

## **B. The Role of Legislation in Stimulating Halal Ecosystem Development**

Indonesia, as the country with the world's largest Muslim population, has a legal framework that supports the existence and development of the halal ecosystem. Article 29 of the 1945 Constitution, which guarantees religious life,

creates a solid foundation for implementing regulations related to halal products. Furthermore, [Law Number 33 of 2014](#) explicitly regulates halal products, asserting that such products must be certified as halal according to Islamic law. The primary goal of this legislation is to protect the public against the consumption and use of non-halal products, emphasizing the principles of fairness, legal certainty, and transparency in the administration of halal products.

At the same time, other regulations like [Law Number 8 of 1999](#), [Law Number 18 of 2012](#), and [Law Number 17 of 2023](#) all contain provisions that support the halal ecosystem. These laws, along with [Government Regulation Number 69 of 1999](#) and [Presidential Instruction Number 2 of 1991](#), create a comprehensive legal network that not only strengthens legal certainty but also clarifies effective and professional implementation mechanisms for the halal industry. The interconnection between these regulations demonstrates Indonesia's commitment to not only meet domestic needs but also compete internationally by optimizing the economic potential of the halal sector.

[Law Number 33 of 2014](#) has provided a framework for businesses to produce halal products. Moreover, it ensures consumer comfort and safety when accessing these products. Thus, halal certification directly contributes to improving the quality of life for the community and strengthens Indonesia's position as a key player in the global halal market.

Considering the successful enactment of [Law Number 33 of 2014](#), this regulation is crucial in formalizing Islamic law within the national legal framework. This law marks a significant evolution in Indonesian law, where Islamic law begins to permeate various broader legal aspects, not limited to Muslims' personal aspects but also to public sectors such as banking and business. This reflects legislative awareness to synchronize national law with the religious values held by most of the population while providing legal guarantees for economic practices based on Sharia principles ([Widuhung & Machmud, 2022](#)).

Integrating Islamic law into legislation, such as [Law Number 1 of 1974](#), [Law Number 7 of 1989](#), and [Law Number 41 of 2004](#), shows how Indonesia manages religious diversity and belief while strengthening its national identity. This also indicates the adaptation of national law to the needs and aspirations of its predominantly Muslim society ([Rahim et al., 2022](#)). This adjustment creates a more inclusive legal system capable of responding to the evolving social and economic dynamics in line with the times.

Ultimately, these legislative measures support the development of a broader halal ecosystem in Indonesia. By providing a solid and clear legal framework, the government gives businesses the legal certainty needed to develop, produce,

and market halal products. The presence of these laws not only boosts consumer confidence but also encourages sustainable economic growth through halal sectors, thus strengthening Indonesia's position as a leader in the global halal economy.

In order to protect Muslim consumers, government regulations have intensified efforts to monitor food and beverage products in the market. This includes products that have received halal certification and those whose halal status is not registered. This step is a manifestation of the government's commitment to implementing [Law Number 33 of 2014](#), which explicitly demands halal certainty for every product consumed by the public. This regulation also plays a crucial role in ensuring that businesses comply with halal standards, boosting consumer confidence and supporting economic growth based on Sharia values.

Furthermore, [Law Number 33 of 2014](#), as such regulation, defines and clarifies how important it is to ensure that every product in the market meets halal criteria. This helps avoid ambiguity in determining a product's halal status and provides a strong basis for government intervention when necessary. Thus, this regulation offers legal protection to consumers and creates a conducive business environment for enterprises looking to invest in and develop halal products in Indonesia ([Kadir et al., 2024](#)).

Stringent supervision of halal products and the emphasis on regulation through [Law Number 33 of 2014](#) show how seriously the government handles halal-haram issues in Indonesia. This approach not only supports the spiritual needs of the Muslim community but also positions Indonesia as a global model in regulating and developing the halal ecosystem. With clear and structured policies, Indonesia can leverage its economic potential and strengthen its position as a center for the global halal economy.

Referring to Article 5 section (3) of [Law Number 33 of 2014](#), establishing the Halal Product Guarantee Organizing Agency (BPJPH) is a significant step in the structure of halal guarantee in Indonesia. This agency operates under the auspices of and is accountable to the Minister, ensuring that halal certification activities are conducted with high and consistent standards. BPJPH is crucial in coordinating and facilitating various halal certification-related activities, from supervision to certification issuance. It is a central pillar in the government's efforts to strengthen consumer confidence in halal products ([Santoso & Rachman, 2023](#)).

Additionally, The Food, Drug, and Cosmetic Assessment Institute of the Indonesian Ulama Council (LPPOM MUI) is also critical in implementing halal certification ([Abdul & Khokhar, 2023](#)). As an authority in issuing fatwas and halal certificates, LPPOM MUI collaborates with various government agencies

such as the Food and Drug Monitoring Agency (BPOM), relevant ministries, and universities. This collaboration reflects the integrated approach taken by Indonesia in regulating and enhancing the quality of halal certification, strengthening the national halal ecosystem that focuses not only on religious compliance but also on product quality and safety standards.

Extensive collaboration with educational institutions and other ministries shows the government's dedication to developing capacity and capabilities in managing halal in Indonesia. By involving universities such as Universitas Tanjungpura and other universities, the halal certification process is supported by solid research and development, ensuring that the halal guarantee process is based on religious values, scientific evidence, and technological innovation (Purusottama et al., 2023). This approach strengthens the credibility of Indonesia's halal system and encourages integration between religious values and technological advancement, paving the way for new initiatives in the sustainable halal industry.

Thus, legislation supporting halal ecosystem development in Indonesia has played a vital role in ensuring the integrity and trust in halal products. Law Number 33 of 2014, which established the BPJPH and strengthened the role of LPPOM MUI, has created a strong legal foundation for the management and certification of halal products. Collaboration with various government agencies and educational institutions affirms Indonesia's integrated and multi-sectoral approach. Economic regulation theory, which emphasizes the role of government regulation in influencing market structure and market actor behavior, is highly relevant in explaining how these regulations not only facilitate the growth of the halal product market but also ensure that the products meet established standards for safety, quality, and compliance with Islamic law (Effendi et al., 2021). This shows how effective regulation can stimulate the growth of an ethical and sustainable industry, strengthening Indonesia's position as a leader in the global halal market.

### **C. Potential and Direction for Halal Ecosystem Development in Indonesia**

The halal lifestyle has evolved into a significant trend in Indonesia, the world's largest Muslim population. Indonesians are increasingly choosing halal products in food and beverages and other sectors such as cosmetics, clothing, and financial services. This growth reflects a shift in consumer values that seek Sharia compliance in products, quality, and health benefits (Choi & Jeong, 2020). These factors support the expansion of the halal product market in Indonesia, creating promising new economic opportunities.

Furthermore, the trend of Sharia-compliant Muslim fashion in Indonesia also shows great potential for developing the halal ecosystem. Sharia-compliant

Muslim fashion reflects adherence to religious values and forms part of cultural expression and social identity. With the increasing demand for stylish and Sharia-compliant Muslim attire, Indonesia's halal fashion industry has opportunities to grow and innovate (Jailani & Adinugraha, 2022). This not only strengthens the domestic market but also positions Indonesia as a leader in the global halal fashion market.

Therefore, given the size and diversity of Indonesia's Muslim population, the potential for developing the halal ecosystem is vast. Government involvement in setting clear standards and regulations for halal products provides a strong foundation for this sector's growth. Collaboration among industry players, academics, and the government in developing research, technology, and marketing for halal products can foster innovation and sustainability (Talib et al., 2020). This ecosystem supports economic growth and strengthens Indonesia's cultural and religious identity on the international stage.

Referring to data from Liaqat (2023), Indonesia, the country with the largest Muslim population, has great potential in the halal product market, estimated to reach USD 3.1 trillion by 2027. With significant rankings in various halal sectors—such as food, fashion, cosmetics, pharmaceuticals, and media and recreation—Indonesia has a strong foundation to enhance its capacity in the halal economy. This indicates that despite being at the top, there is still considerable room for growth and improvement in each sector.

At the same time, Liaqat (2023) placed Indonesia in third place in the Global Islamic Economy Indicator Score, it is clear that Indonesia holds a strong position in several key sectors of the halal economy. Indonesia ranks second in the Halal Food sector, reflecting the country's strength in producing and distributing high-quality halal food. Meanwhile, the Modest Fashion and Halal Pharma & Cosmetics sectors both rank Indonesia third, underscoring the country's commitment to meeting Muslim consumers' needs for Sharia-compliant clothing and halal health and beauty products.

Furthermore, Indonesia ranks fifth in the Media & Recreation sector, indicating good progress in creating family-friendly content that aligns with Islamic values. However, there is still room for improvement in the Islamic finance sector, where the country ranks seventh. Significantly, the Muslim-Friendly Travel sector has not yet made it into the global top ten, indicating a potential area for further growth and development. Overall, this data confirms that while Indonesia has made significant progress in developing the halal ecosystem, there are untapped opportunities that could be leveraged to strengthen the country's position as a leader in the global halal economy.

This achievement not only strengthens Indonesia's position on the global stage but also opens wider opportunities to advance other sectors related to the halal ecosystem, such as education and training, research and development, and innovation in halal technology. This progress must be sustained through continuous infrastructure and technology investment and strategic inter-sectoral cooperation (Aimurzina et al., 2023). By doing so, Indonesia can maintain its momentum and expand its influence in shaping the direction and standards of the global halal industry in the future.

As public awareness of the need to comply when consuming halal products and services grows, Indonesia experiences significant growth in the halal industry (Utomo et al., 2021). Indonesia's large Muslim population, one of the largest in the world, provides a strong foundation for this industry's expansion. This demographic growth and increasing global demand for halal products create extensive economic opportunities for the country. These factors enable Indonesia to meet domestic needs and make a significant contribution to the global halal market.

Indonesia's competitive advantage in the halal industry is reinforced by this sector's contribution to the country's Gross Domestic Product (Arifai, 2023). As a key player in shaping the global Islamic economy, Indonesia can further leverage its expertise and production capacity to integrate the halal economy into the global value chain. This shows that with the right infrastructure, supportive policies, and strategic initiatives, Indonesia can expand its influence in setting standards and best practices in the halal economy at the international level.

Given that the halal industry is increasingly promising, it confirms that the halal lifestyle has become integral to modern society's daily life. Adopting a halal lifestyle is not limited to urban areas but has also reached various social strata, including remote areas inaccessible by mainstream media. This underscores the importance of ensuring equitable access to information and halal products, unrestricted by geographical boundaries or infrastructure.

Furthermore, the government has a strategic role in facilitating the spread and adoption of the halal industry in less accessible areas (Yousaf, 2022). Through infrastructure development, improved communication, and educational programs, the government can play a crucial role in ensuring every citizen can choose products and services that comply with Islamic law values. This step will improve the quality of life and support the sustainability of inclusive and fair economic growth.

Thus, the growth of the halal industry in Indonesia demonstrates significant dynamics integrated across various economic sectors, reflecting a shift in lifestyle and consumer values that increasingly prioritize compliance with Islamic law. The diffusion of innovation theory can explain how adopting the halal lifestyle has evolved from community to community and encompasses broader areas, including remote regions (Lita et al., 2023). Government initiatives supporting the dissemination and education about halal products and active involvement from industry players and the community have strengthened the halal ecosystem. These efforts respond to domestic market needs and position Indonesia as a key player in the global halal economy, indicating further expansion potential that can leverage the country's demographic and geographic advantages. The presence and growth support a long-term vision for a sustainable and inclusive economy, promoting products and services that comply with halal principles throughout the archipelago.

## **CONCLUSIONS AND SUGGESTIONS**

Based on the results and discussion, it can be concluded that implementing the halal ecosystem concept in public policy in Indonesia has had significant social and economic impacts. Legislation such as [Law Number 33 of 2014](#) has supported establishing and developing infrastructure and the halal product certification process, strengthening trust and integrity in halal products. Additionally, an increase in the Islamic economic literacy index indicates a growth in public awareness. In contrast, a decline in the Sharia financial inclusion index identifies challenges that must be addressed. An integrated approach involving collaboration between the government, industry, educational institutions, and religious leaders has effectively integrated the halal concept into daily life for Muslim and non-Muslim communities globally. This affirms that synergistic and structured policies and regulations can strengthen Indonesia's position as a leader in the global halal market and support the development of a sustainable and inclusive economy throughout the archipelago.

Based on the above conclusions, it is recommended that the Government continue to update and adjust legislation that supports the halal economy, ensuring that these policies are responsive to global dynamics and domestic needs. Businesses need to enhance innovation and standardize products to maintain trust and meet consumers' evolving expectations. Educational institutions should continue to expand research and education programs that support disseminating knowledge on Islamic economics and halal practices, particularly in addressing the challenges of literacy and financial inclusion in Sharia. Finally, Religious Leaders are expected to play an active role in educating the public, guiding the community with accurate knowledge about Islamic law, and ensuring that halal practices are effectively integrated into daily life.



Synergy and integrated collaboration among all parties will strengthen Indonesia's halal ecosystem, foster innovation, and maintain the country's position as a leader in the global halal market.

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