

HALAL CERTIFICATION IN INTERNATIONAL TRADE

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ABSTRACT

This study aims to analyze the importance of halal certification in international trade and its impact on product competitiveness in the global market. The method used is a descriptive qualitative approach with a literature study, which collects secondary data from various scientific journals, reports, and regulations related to halal certification. The results of the study indicate that halal certification not only functions as a guarantee of compliance with Islamic teachings, but also as an effective marketing tool that can increase product competitiveness in the international market. In addition, countries with strong halal certification systems, such as Malaysia and Saudi Arabia, have an advantage in expanding their market access, while other countries need to improve the quality and credibility of their halal certification systems to compete in an increasingly competitive global market.

Keywords: *Halal Certification; International Trade; Islamic Economy*

A. INTRODUCTION

The halal industry has grown rapidly in recent decades, with increasing demand for products that meet Islamic halal standards around the world. This growth is influenced by several factors, one of which is the increase in the Muslim population, which currently reaches more than 1.8 billion people (Al-butary et al., 2021). Halal certification, which guarantees that a product meets sharia criteria, has become an important instrument in global trade. With an increasingly open market, not only Muslim-majority countries, but also countries with minority Muslim populations now see the importance of halal certification as a sign of product quality and safety (Nikhashemi et al., 2015).

The global halal market is expected to reach trillions of dollars in value in the near future, and this provides a great opportunity for manufacturers looking to enter this rapidly growing market (Alserhan, 2020). Therefore, halal certification is one of the main strategies to improve product competitiveness in the international market. In this case, halal certification not only provides assurance to Muslim consumers that the product is in accordance with Islamic teachings, but also provides confidence to non-Muslim consumers who increasingly associate the halal label with quality and hygiene (NA, 2020).

However, despite the huge potential of the halal market, there are many challenges faced by manufacturers, especially related to the different halal certification standards in various countries. Each country has different regulations and halal certification bodies, which often adds to the cost and time required to obtain such certification (Saribanon et al., 2019). Therefore, it is important to understand how the halal certification process can affect international trade, both in terms of cost, time, and consumer confidence (Harjanto, 2019).

Halal certification is not only an issue for Muslim-majority countries, but it is also important for non-Muslim countries looking to expand their markets in the Muslim world. For

example, countries such as Brazil and Australia, where the majority of the population is not Muslim, are now major suppliers of halal products to countries in the Middle East and Southeast Asia (Abdou et al., 2024). This shows that halal certification also has a significant impact on global trade policies and relations between countries.

In addition, halal certification also plays an important role in increasing transparency and maintaining product supply chain security. The halal certification process involves strict supervision of raw materials, production processes, and distribution, to ensure that the product is not contaminated with haram ingredients. In the context of international trade (Naseh, 2019), this provides an additional advantage, especially in markets that increasingly demand certainty regarding the origin and manufacturing process of products (van der Spiegel et al., 2012). This is all the more relevant given consumers' increasing awareness of product hygiene and sustainability issues.

Halal certification can also be an effective differentiation strategy in a highly competitive market. In Porter's analysis of competitive advantage, products that have halal certification can be considered to have added value that distinguishes them from similar products that do not have certification (Porter & Michael, 1985). In addition, halal-certified products are often seen as a safer and ethical choice, which can enhance a company's reputation, especially in markets that are sensitive to religious and ethical issues (Henderson, 2016).

On the other hand, halal certification can also contribute to economic development, especially in developing countries with large Muslim populations. Countries such as Indonesia, which has more than 230 million Muslims, have implemented regulations that require halal certification for certain products circulating in the domestic market (Government of Indonesia, 2014). This policy not only aims to protect Muslim consumers, but also to encourage the growth of the domestic halal industry and increase the competitiveness of local products in the international market.

However, behind the urgency of halal certification, there are major challenges that need to be faced, especially related to the issue of harmonization of halal standards between countries. Although some countries have made efforts to develop uniform halal standards, the differences in certification requirements are still a major obstacle for international producers who want to enter the global market (Wilson & Liu, 2011). For this reason, research on halal certification and international trade is very important, as it can provide solutions to these challenges and improve the efficiency of international trade.

Halal certification is also closely related to the sustainability of the halal industry. In a study by Saribanon et al. (2019), it is mentioned that the halal certification process involves an evaluation of the entire product supply chain, which can help minimize the risk of contamination and ensure that the product meets high environmental and ethical standards. Therefore, halal certification also contributes to the sustainability of the global market, as it can attract consumers who are concerned about the sustainability and social impact of the products they consume.

In addition, the role of halal certification in international trade is also increasingly important in the midst of the global economic crisis. At a time when countries around the world are facing economic challenges, the halal market can be one of the sectors that has the potential to help economic recovery, especially in countries with a majority Muslim population (Hidayah & Subchi, 2019). Therefore, this research is very relevant to find out how halal certification can contribute to global economic growth and the international trade sector.

Looking at the various impacts and challenges faced by the halal industry in international trade, this study aims to provide deeper insights into how halal certification can affect trade policy and the development of the halal industry globally. This research will also explore how countries can overcome existing barriers in the halal certification process and create a more efficient and harmonized system to support international trade.

B. METHOD

This research uses a qualitative approach with a descriptive research type that aims to deeply analyze the phenomenon of halal certification in international trade. The qualitative approach was chosen because this research focuses on understanding halal certification practices and regulations and how these regulations affect trade between countries. The data used in this study are secondary data obtained from various literature sources, such as scientific journals, international organization reports, government regulations, and documents related to halal certification and international trade. This approach allows researchers to explore normative, regulatory, and dynamic aspects of the halal certification process that have an impact on the global trade sector. The data collection method used is a literature study, which involves analyzing various relevant references, both from books, scientific articles, government agency reports, and regulations related to halal certification and international trade. This literature study aims to identify various theories, practices, and regulatory comparisons related to halal certification in various countries. In addition, thematic analysis is also used to filter and categorize data based on key topics relevant to the research, such as the impact of halal certification on product competitiveness in the international market and the challenges faced by manufacturers in obtaining halal certification.

C. RESULTS AND DISCUSSION

The Importance of Halal Certification in International Trade

Halal certification has a major influence on consumer decisions, especially in the international market. This study reveals that halal-certified products are not only valued by Muslim consumers, but also by non-Muslim consumers, who often associate the halal label with product quality, hygiene and safety. Based on the findings from the data collected, around 70% of non-Muslim consumers in European countries consider halal products as healthier and safer options than non-halal products (Regenstein & Moghul, 2020). These findings suggest that halal certification can be an important differentiation tool in international markets, especially in markets that increasingly demand transparency and high quality in the products they market.

As an illustration, companies in Indonesia that obtained halal certification for their food products recorded a 30% increase in sales after exporting to the Middle East market (Karseno et al., 2021). This shows that halal certification plays an important role in increasing product competitiveness in the international market and opening up wider export opportunities. This data is in line with research by Mawaddah & Farma (2022) which notes that halal products not only meet the expectations of Muslim consumers, but also attract global consumers who prefer products that are ensured to be safe and guaranteed quality. With the increasing demand for halal products from both Muslim and non-Muslim consumers, halal certification now serves as an instrument that connects local and international markets, while increasing access to larger markets.

Halal Certification and Global Trade

Halal certification plays an important role in facilitating global trade. The halal market has grown rapidly and now covers a wide range of sectors, from food and beverages to cosmetics,

pharmaceuticals, and even tourism. According to data, the global halal market is expected to reach a value of US\$2.8 trillion by 2025 (Reuters & Standard Dinar, 2023), indicating a huge market potential for halal products. Products that meet halal standards are more readily accepted in the markets of Muslim-majority countries, such as Indonesia, Malaysia, and Middle Eastern countries.

The following table shows data on the growth of exports of halal products from key countries, including Indonesia and Malaysia, to the Middle East and European markets:

Table 1. International Halal Product Export Growth Data

Sending Country	Halal Product Exports (2019-2020)	Export Growth (%)	Destination Market
Indonesia	\$1.2 Billion	25%	Middle East, Asia
Malaysia	\$2.5 Billion	30%	Middle East, Europe
Brazil	\$800 Million	18%	Middle East, Asia

This table shows that countries with strong halal certification systems, such as Indonesia and Malaysia, experienced significant export growth. Although Brazil has a relatively small Muslim population, the country has utilized halal certification to increase their product exports, particularly in the food and meat sectors (Abdou et al., 2024). This underscores the importance of halal certification as a key element in unlocking wider global market opportunities. With the growing demand for halal products worldwide, halal certification not only serves as a guarantee of compliance with Islamic law, but also acts as a major attraction for the international market. In addition, halal products are increasingly in demand by non-Muslim consumers because they are considered more hygienic and ethical in production (Regenstein & Moghul, 2020).

The global halal market has been expanding rapidly and is expected to continue growing in the coming years. According to a report from Straits Research, the global halal food market is expected to grow from USD 2,520.71 billion in 2025 to USD 5,232.86 billion in 2033, with an annual growth rate of 9.56% (Straits Research, 2025). In addition, a report from Precedence Research estimates that the global halal food market will reach USD 9.45 trillion by 2034, with an annual growth rate of 12.42% from 2025 to 2034 (Precedence Research, 2025).

Countries with Leading Halal Certification Systems

Countries with leading halal certification systems, such as Malaysia and Saudi Arabia, have a clear competitive advantage in international trade. Malaysia, with a leading halal certification agency such as JAKIM, has become one of the centers of the global halal industry. JAKIM has a huge role in determining international halal standards, which are accepted in many countries. Halal products certified by JAKIM often have easier access to international markets, especially in the Middle East, Southeast Asia and European countries. This shows that strong and internationally recognized halal certification standards can improve product competitiveness in the global market. For example, food products from Malaysia that obtained halal certification from JAKIM were noted to have a greater market share in European and Middle Eastern countries, which see the halal label as evidence that the product meets higher hygiene standards. Research by Osman et al. (2022) revealed that companies that comply with internationally recognized halal standards have a greater chance of winning consumer trust and gaining access to a wider market. This is reinforced by data showing that Malaysia recorded higher growth in exports of halal products compared to other countries in Southeast Asia. Malaysia has become the center of the global halal industry with the annual export value of halal

products reaching USD 8 billion, which accounts for about 5.1% of the country's total exports (Southeast Asia Market Research, 2023). The Malaysian Halal Certification Agency (JAKIM) has internationally recognized standards and has implemented a digital certification system through the MYeHALAL platform, easing the certification process for industry players (Halal Times, 2025).

Apart from Malaysia, Saudi Arabia is also an example of a country with a strong halal certification system. As the center of the Islamic economy, Saudi Arabia sets very strict halal standards for products circulating in its domestic market. Products that receive halal certification from the Saudi Food and Drug Authority (SFDA) have an advantage in terms of market acceptance in Muslim-majority countries. For example, data shows that SFDA-certified halal products marketed in Middle Eastern countries experience significant growth in demand, as consumers perceive halal certification from Saudi Arabia as a sign of very high quality and compliance with sharia standards (Abdou et al., 2024).

As the center of the Islamic economy, Saudi Arabia sets strict halal standards for products circulating in its domestic market. Products that obtain halal certification from the Saudi Food and Drug Authority (SFDA) have an advantage in terms of market acceptance in Muslim-majority countries (Osman et al., 2022). Countries with strong halal certification systems have an advantage in expanding their markets at the global level. The success of these countries in developing and implementing internationally recognized halal certification standards is an example for other countries that want to strengthen their halal certification systems (Hidayah & Subchi, 2019).

Discussion

The results of this study provide a deeper understanding of the important role of halal certification in international trade. In line with the theory of competitive advantage proposed by (Porter, 2007), halal certification serves as a differentiation tool that increases product competitiveness in the global market. Halal products are not only attractive to Muslim consumers, but also get more attention from non-Muslim consumers who associate halal products with higher quality and hygiene (Djuned & Husna, 2022). Moreover, the results of this study support previous findings showing that countries with leading halal certification systems, such as Malaysia and Saudi Arabia, have an advantage in expanding their markets. Strong and internationally recognized certification bodies, such as JAKIM and SFDA, provide easy access to the global market, especially in countries that apply strict halal standards. However, the challenge that remains is the difference in halal standards between countries, which requires harmonization to improve the efficiency of international trade (Lemke et al., 2011).

This research also emphasizes the importance of developing a transparent and internationally acceptable halal certification system, especially for countries that want to increase their product exports. With harmonization of standards, halal products from different countries can be more easily accepted in the international market, which in turn will boost global economic growth and strengthen product competitiveness in an increasingly competitive market.

D. CONCLUSION

Halal certification plays a very important role in international trade, both for Muslim and non-Muslim majority countries. Based on the research findings, halal certification serves not only as a guarantee of compliance with Islamic teachings, but also as a marketing tool that can increase product competitiveness in the global market. Halal-certified products tend to be more valued

by consumers, both Muslim and non-Muslim, who increasingly associate the halal label with product quality, hygiene and safety. This opens up great opportunities for countries with strong halal certification systems to expand their markets, especially in the increasingly competitive international market. The success of countries such as Malaysia and Saudi Arabia in developing internationally recognized halal certification systems provides an important example for other countries. These countries not only ensure that their products meet sharia standards, but also make halal certification a strategic element to strengthen product competitiveness in the global market. With the growing halal industry, it is important for other countries, including Indonesia, to continuously improve their halal certification systems, harmonize international standards, and ensure that their products can meet the increasingly stringent demands of the global market.

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