The Implementation of Law No. 33 (2014): A Literature Review

Efrina¹

¹Department of Gastronomy, State University of Jakarta, Jl Rawamangun Muka, Jakarta, Indonesia

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Abstract: Law of the Republic of Indonesia No. 33 of 2014 is the legal foundation in providing comfort, safety, and certainty of halal products for consumption and use, as well as in increasing the added value for business actors who produce and sell halal products. Since 2014, the government began to apply this rule in stages wherein 2019, the mandatory halal products will be implemented as a whole. A year before the mandatory start, this paper reviews some studies related to the implementation of this law, primarily regarding the protection of consumers and their interest in buying the food product related to halal issue or halal label on the product. It can be concluded that consumer awareness toward halal label is very high and plays an important role in determining which product to be consumed.

1 INTRODUCTION

Halal comes from Arabic which means it is allowed. Halal is part of Islamic teachings that rule laid out in the Qur'an and Hadith. Every Muslim is obliged to apply halal rules as stated in Qur'an; Al Baqarah verses 168 and 172. All types of food are halal except carcasses, blood, pork, animals slaughtered by a name other than Allah (Al Baqarah: 173), wild animals (HR Muslim No 1933), and kharr (Al-maidah: 90). A Muslim believes that they have to consume halal food every day. It becomes a sensitive issue that Indonesian Muslim pay more attention than a health issue. Therefore when a research report spread regarding the lard content (fat from pigs) in various types of food in 1988, the issue became so big that there was a wave of rejection of various food products. A lot of food could not be sold because of lard contain issue. The food manufacturers tried to reduce the issue by creating advertisements that claim halal products. It affected the national economics at that time. Another issue was the issue of cigarette filters that contain pig blood. The rumor becomes so big that the selling of cigarettes decreased significantly, many people decided to stop smoking not because its dangerous for your body but because of pig contents on the cigarette (LPPOM-MUI, 2015).

Halal also becomes one of the hot issues in the world. Many countries, even the non-Muslim countries, tried to conduct halal regulation on their food products. In 2010, the first World Halal Europe Forum was held to discuss the halal industry. The Forum discussed Halal issues including certification and consumer protection, new European legislation on labeling the Halal and Kosher meat products, legal implications of religious descriptions on product labels, critical issues for Halal products manufacturer, the emergence of national Halal accreditation bodies in the global market, rising consumer power in the Halal sector, and reaching consumers through digital media (Salamah, 2010). Some countries, both G20s and Europe countries, reported about the positive response to halal certification both in the food and food service industries such as Japan (Salamah, 2017), New Zealand (Salamah, 2016), Southeast Asia, North Africa, Australia, US, Canada, and Europe (Riaz, 2010). Therefore, these halal rules are not only providing guarantees to consumers but also providing benefits for business actors such as increasing consumer confidence, reaching the global halal food market, increasing product marketability in markets and low-cost investments.

As a country where the majority of the population is Muslim, consumer protection in the form of halal food availability is an important thing that must be done by the Indonesian government to ensure the distribution of food products are genuinely halal and safe for Muslim. Therefore the government through the MUI (Indonesian Ulema Council) established a Food Assessment and Cosmetic Medicine Study Institute (LPPOM) to play an active role in halal examination and certification of food products, medicines, and cosmetics on 1989. To strengthen LPPOM MUI position in doing its function of halal...
certification, in 1996 a Memorandum of Understanding between Ministry of Religion, Ministry of Health, and MUI were signed. The memorandum of understanding was followed by the issuance of Minister of Religion Decree (KMA) No. 518 Year 2001 and KMA No. 519 Year 2001, which strengthen MUI as a halal certification institution which conducts inspection/audit, fatwa stipulation, and issuance of halal certificate.

Although LPPOM MUI was established in 1989, the implementation of halal certificates was first issued in 1994 by the MUI based on the audit results of the new LPPOM MUI after obtaining approval from the Minister of Religion at that time. It was only throughout approximately five years since its establishment that the halal certification activities could be realized. LPPOM MUI has conducted various studies, mainly to get the right and effective inspection methods related to the halal certification audit process. This study is because getting accurate information regarding the halalness of a food product is not easy. In the process of inspecting halal products, a laboratory test is not the only test for deciding halal of product. For example, meatballs. The critical process of meatballs is whether slaughtering animals whose meat is used for making meatballs using Islamic law or not (Yaqin, 2007).

However, a study about potential and effectiveness of halal policies in Indonesia stated that 1) the effectiveness of the policy is still relatively low, there is only 0.07% of halal-certified companies from the total number of existing companies. 2) The priority of halal food policy is needed to raise awareness of the food industry in providing halal product guarantees, 3) the government is the leading actor. Moreover, the application of halal food policy (certification) must be facilitated by the government for all scales of the food industry (Syaifullah, 2007). It means that the regulation has not been able to increase the number of halal products in Indonesia. In addition to the low level of participation, another concern is the company's integrity to not replacing raw materials without the permission from LPPOM. When it happens, the company has to recall or withdrawals their product which will certainly result in large losses. Therefore in order to maintain and ensure that the products obtaining a halal certificate can be accounted for its halal consistency, LPPOM MUI issues a Halal Assurance System policy so that companies that are halal certified must implement this halal guarantee system. The halal guarantee system is a system that is made to maintain the sustainability of halal production process to assure its halalness is complying with the rule of LPPOM-MUI (LPPOM-MUI, 2008). On its 23rd birthday, LPPOM issued HAS 23000 as a halal guarantee system which divided into two parts. First about Certification Requirements: Criteria for Halal Assurance System (HAS 23000) and the second part about Halal Certification Requirements: Policies and Procedures (HAS 23000). At the same time, the implementation of E-HALAL REGISTRATION or Cerol-SS23000 was carried out for the registration of halal certification, which can only be done online so that the process is transparent, efficient and accountable, whose benefits are felt by companies that want halal certification services to be done quickly and efficiently (LPPOM-MUI, 2012).

Law No. 33 of 2014 is the newest regulation for Halal Product Guarantee. It confirms that products entering, circulating, and trading in the Indonesian Territory must be halal certified. For this reason, the Government is responsible for organizing Halal Product Guarantee (JPH). To carry out the JPH implementation, according to this Law, a Halal Product Guarantee Agency (BPJPH) which is placed under and is responsible to the Minister of Religion is established. If it is needed, BPJPH can form representatives in the regions in order to a) Formulate and stipulate JPH policies; b) Establish norms, standards, procedures and criteria for JPH; c) Issue and revoke Halal Certificates on foreign products; and d) Register Halal Certificates on foreign products and/or related institutions, such as Halal Inspection Institution (LPH) and Indonesian Ulema Council (MUI) (setkab, 2014).

In Article 67 of Law No. 33 of 2014, it is stated that halal-certified obligations for products are valid for five years since this Act is passed. One year before the start of Indonesia Mandatory Halal, this paper tried to review from various studies and sources regarding the effects of the law regarding halal product guarantee in Indonesia. Hopefully, this paper will be able to increase knowledge of the community, government and food product/service companies on the importance of implementing Halal certificates and also to emphasize that the 2019 Mandatory Halal implementation will take place.

2 HALAL RELATED REGULATION IN INDONESIA

Before the establishment of the JPH, regulations concerning consumer protection against halal products began in 1976. The law of the Minister of Health of the Republic of Indonesia No. 280 / Men.Kes / Per / XI / 76 in article 2 paragraph 1 stated that containers or food packages domestically produced or from foreign countries that contain ingredients derived from pigs must be marked with a warning sign. The warning sign referred to in paragraph 1 is to be in the form of a picture of a pig...
and writing that reads, "Containing pig". Then in 1985, the Joint Decree of the Minister of Health and the Minister of Religion specified the inclusion of the words "halal" on food labels. In 1996, Law No. 7 of 1996 article 30 paragraph 2 regulated the food label, that is the food label must at least include the name of the product, list of ingredients used, net weight or net content, name, and address of the party producing or importer, description of halal as well as the date, month, and expiry date.

Rules on food labels and advertisements are detailed in Government Regulation No. 69 of 1999 concerning Food Labels and Advertising. Article 10 paragraph 1 stating that any person who produces or imports product into the territory of Indonesia to be traded, and states that the products are halal, is responsible for the correctness of such statement. Moreover, they must include the description or the writings of halal on the label. Whereas article 11 paragraph 1 stating that to support the truth of the statement of halal as referred to in article 10 paragraph 1, any person who manufactures or incorporates packed food into the territory of Indonesia to be traded, is mandatory to have the food checked beforehand by the examiner who has been accredited in accordance with the provisions of the applicable legislation.

Then the regulation was reaffirmed through the Decree of the Minister of Religion 519 of 2001 concerning the Institution of Halal Food Examination which was stated in article 1, which showed that the Indonesian Ulema Council shall act as an executing agency for the inspection of food, which was packaged to be traded in Indonesia and declared halal. These verses emphasize the explanation of the Food Law Article 30 paragraph 2, namely the inclusion of halal information or writing on the food label is an obligation if the party that produces and or inserts food into the territory of Indonesia claims that the product is halal for Muslims. For this reason, the government through the MUI (Indonesian Ulema Council) established a Food Assessment and Cosmetic Medicine Study Institute to play an active role in "halal" examination and certification of food products, medicines, and cosmetics.

In 2014, the government approved the Law No. 33 of 2014 concerning Halal Product Guarantee (JPH). The rules of prohibited substances (Articles 18-20) are summarized as follows, namely (1) carcasses, (2) blood, (3) pigs, (4) animals that are slaughtered not in accordance with the Shari’a, (5) materials that can endanger human health, (6) materials derived from microbes and materials produced through chemical processes, biological processes, or genetic engineering processes are prohibited if the growth process and/or manufacture are mixed, contained, and/or contaminated with prohibited substances [18]. The prohibited materials are the materials exposed to impure matters (mutanajis). Every mutanajis matter is forbidden to be consumed. There are three kinds of impurities. The first is the highly impure (lick from a dog, pig, and their derivatives) which has to be purified by washing it seven times where once of it must be washed using soil/chemical material. The second one is the moderately impure (urine, human/animal feces), which has to be purified by washing it until the taste and odor are gone. The third is mildly impure (urine from an infant boy who is only breastfed), which has to be purified by sprinkling it with water or washing it using a wet cloth. The summary of Halal regulation will be shown in Table 1.

3 IMPLEMENTATION OF LAW NO 33 OF 2014

3.1 Halal Certification before and after Law No 33 of 2014

Halal Certificate is a written fatwa of the Indonesian Ulema Council which states the halalness of a product by Islamic sharia. This Halal Certificate is a condition for obtaining permission to include halal labels on product packaging from authorized government agencies. The aim is to provide certainty of halal status, to reassure the consumer in consuming it. The continuity of halal production processes is guaranteed by producers by implementing a Halal Assurance System. The position of consumers towards business people, in general, is very weak. Consumers are objects of business activity from business people through promotional tips, advertisements and often deliberately harm consumers. Therefore, LPPOM-MUI uses standard procedures as a guide to the process of applying for halal certificates, which are then outlined in the form of the SOP (Standard Operation Procedure).
Table 1: Halal-Related Regulations in Indonesia

<table>
<thead>
<tr>
<th>Year</th>
<th>Regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>RI Minister of Health Regulation 280 / Men.kes / Per / XI / 76: provisions for distribution and marking on foods containing ingredients derived from pigs</td>
</tr>
<tr>
<td>1985</td>
<td>Joint Decree of the Minister of Health and Minister of Religion No 427 / Men.Kes / SKB / VIII / 1985 and No. 68 of 1985 concerning the inclusion of the word &quot;halal&quot; on the Food Label</td>
</tr>
<tr>
<td>1996</td>
<td>Law No. 7 of 1996 concerning food</td>
</tr>
<tr>
<td></td>
<td>Charter of cooperation between the Department of Health, Ministry of Religion, Indonesian Ulema Council on the implementation of the labeling of &quot;halal&quot; on food</td>
</tr>
<tr>
<td></td>
<td>Decree of the Minister of Health No. 924 / MENKES / SK / VIII / 1996: that the approval of the inclusion of the word &quot;Halal&quot; was given by the director general of POM based on the MUI fatwa</td>
</tr>
<tr>
<td>1999</td>
<td>PP No. 69 of 1999 concerning food labels and advertisements</td>
</tr>
<tr>
<td>2001</td>
<td>Decree of the Minister of Religion 518 of 2001 concerning Guidelines and Procedures for inspection and determination of halal food</td>
</tr>
<tr>
<td></td>
<td>Decree of the Minister of Religion 519 of 2001 concerning the Institute for the implementation of halal food inspection</td>
</tr>
<tr>
<td>2014</td>
<td>Law No. 33 of 2014 concerning guarantee of Halal products</td>
</tr>
</tbody>
</table>

This guide is always developed and continuously improved, by the needs and development of science and technology. The MUI determines the stages or procedure steps and mechanism for determining halal fatwa until the issuance of halal certificates. The labeling system carried out by LPPOM MUI, and BP-POM is an accountable activity (MUI, 2015).

There are at least eight types of information that can be known from the food product packaging label, namely halal certification, product name, content, expiration time, the number of contents, identification of product origin, nutritional information, and other quality signs. This information must be considered carefully so that consumers do not buy wrong. Each product name packaging on the label is the main information that allows consumers to identify the type of product. In addition to the information, for certain processed foods, business actors must include other information relating to human health on the label. Information and statements about food stated in the label must be true and not misleading, whether concerning writing, images or any other form (LPPOM-MUI, 2008).

With the enactment of Law No. 33 of 2014, there were several changes related to the implementation of halal certificates. The fundamental difference is the transfer of halal auditors from LPPOM to BPJPH (Halal Product Assurance Organizing Agency). Besides sanctions for auditors who do not do their duties properly, article 57 states that there are sanctions for two years imprisonment or a fine of two billion. Some other differences are summarized in the table 2.

Table 2 showed that one of the most important things that changed was the change in the authority to implement the halal guarantee system from LPPOM-MUI to BPJPH. So far halal certificates have been managed independently and centrally under the control of the MUI. With the transfer of authority, the process of making halal certificates is the responsibility of the government. In addition, the halal product testing in the laboratory that was once centralized is now carried out by the halal inspection agency that has been chosen by BPJPH. Until now BPJPH has begun to draft the Ministry of Religion Regulation (RPMA) and the Draft Minister of Religion Decree (RKMA) which is about the implementation of JPH and BPJPH finance. The implementation of JPH includes procedures for imposing sanctions, halal supervisors, procedures for submitting applications and halal certificate renewals, determining LPH, halal labels, community participation and awarding, BPJPH cooperation with Ministries / Institutions, MUI, and LPH, education and halal auditor training, accreditation and registration of LPH, non-halal information, and JPH supervision. BPJPH Finance deals with the financial management of BPJPH and payment procedures and Halal certification facilities (BPJPH, 2018).

3.2 Consumer Behavior towards Halal Label/ Certificate

Four years after the Halal Guarantee Law was established, the implementation of this law has not gone well. Halal Product Assurance Organizing Agency (BPJPH) has not given its optimum function
as an agency that is in charge of formulating and laying down halal product guarantee policy. Whereas, in article 4, it is clearly stated that BPJPH shall ensure that all products circulated and traded in Indonesia are bound to have a Halal certificate. Up until now, the Halal certification process is still conducted by LPPOM MUI. Until then, the government regulation regarding the technical implementation has not yet completed, although the government has proclaimed Halal Obligation toward the product circulated in Indonesia in the year 2019. The regulation ratification has become an important agenda for the House of Representatives to be finished because several research has shown that halal label has a positive influence toward the consumer trust on halal product guarantee.

### Table 2: Halal Certification before and After Law No 33 of 2014

<table>
<thead>
<tr>
<th>Aspects</th>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authority</td>
<td>LPPOM MUI</td>
<td>BPJPH</td>
</tr>
<tr>
<td>Sanctions</td>
<td>there are no criminal sanctions for auditors and food producer</td>
<td>Criminal sanctions</td>
</tr>
<tr>
<td>Certificate obligation</td>
<td>Voluntary</td>
<td>mandatory</td>
</tr>
<tr>
<td>Responsibility</td>
<td>MUI</td>
<td>government</td>
</tr>
<tr>
<td>Auditor body</td>
<td>centralized</td>
<td>Regional representative</td>
</tr>
<tr>
<td>Certificate validity period</td>
<td>2 years</td>
<td>4 years</td>
</tr>
</tbody>
</table>

At present, halal product certification is not a legal obligation for businesses to fulfil. The rule of law is permissible (mogen). It is indeed created legal uncertainty for millions of Muslim consumers in Indonesia who are obliged to consume halal products (Sofie and Yusuf, 2015). A study from 2006 state that there are two urgencies in the implementation of halal certification, namely: (1) On the moral aspect as a form of accountability from producers to consumers. (2) In the business aspect as a mean of marketing, to increase trust and customer satisfaction. With the existence of the JPH Law, the provision of halal certificates has changed. If previously a halal certificate was voluntary, then through this bill, halal certificates must be owned by business actors. Business actors who violate this provision are proposed to be subject to criminal sanctions (Hariyadi and Andarwulan, 2006), these problems are solved by the existence of halal obligations and criminal sanctions for auditors and business actors.

Several studies have shown that halal certification affects the decision of consumers to purchase a product, and there is a relation between halal labelling and the purchase decision of imported food products in packaging (Sari and Sudardjat, 2013). The influence of the inclusion of halal labels on the packaging of instant noodles on buying interest happened because the halal label attached on the package of instant noodles plays a role in increasing buying interest (Rambe and Affiuddin, 2012). The increase in halal label is significantly positive to consumer interest of Muslim Noodle Samyang in Malang city and vice versa; if there is a decrease in Halal Label, it will reduce Purchasing Interest (Nugraha, Mawardi, Bafadhal, 2017).

The benefits of halal labels for producers include: (1) Having USP (Unique Selling Points). (2) Increasing consumer confidence in the products issued. (3) The opportunity to reach the global halal food market whereas it is estimated that there is 1.4 billion Muslims and millions of other non-Muslims. (4) Halal certification, a guarantee that can be trusted to support halal food claims, (5) 100% profit from a larger market share without losses from non-Muslim markets/clients. (6) Increasing product marketability in Muslim markets/countries. (7) Achievable low-cost investment if compared to revenue growth. (8) Product image enhancement (Ramadhani, 2018). The research conducted by Yayat Supriyadi revealed that when the halal labeling policy was used by food industry products located in the Jabodetabek (Jakarta, Bogor, Depok, Tangerang Bekasi) area, the results of the sales of food industry products in Indonesia was significantly affected. Therefore, the impact of the halal labelling policy on the resilience of companies that have used halal labels and have obtained halal certification from the government is very significant (Supriyadi, 2005).

Also, Ashari in his research said that the halalness of food, medicine, and cosmetics product is not easy to know, therefore a special study that is somewhat deeper is needed. Halal certification aims to provide legal certainty and legal protection to consumers and increase the competitiveness of domestic national products. Halal product certification provisions have two main objectives, namely (a) protecting consumers by making halal products that protected and guaranteed by law available and (b) providing benefits to producers by increasing competitiveness and turnover of production and sales. These targets
will be achieved if you pay attention to the certification of national halal products, and standardize the certification process along with its measuring tools, certification system, regulatory principles for what purpose certification must be carried out and certification bodies, equipment, technology, laboratories that meet the standards, and the validity period of halal certificates. Certification must also reach raw materials, supplementary materials and auxiliary materials in the form of non-packaging for food, beverage, medicines, cosmetics and other products circulating in the community. Halal certification aims to provide legal certainty and legal protection to consumers and increase the competitiveness of domestic national products. Halal product certification provisions have two main objectives, namely (a) protecting consumers by making halal products that protected and guaranteed by law available and (b) providing benefits to producers by increasing competitiveness and turnover of production and sales. These targets will be achieved if you pay attention to the certification of national halal products, and standardize the certification process along with its measuring tools, certification system, regulatory principles for what purpose certification must be carried out and certification bodies, equipment, technology, laboratories that meet the standards, and the validity period of halal certificates. Certification must also reach raw materials, supplementary materials and auxiliary materials in the form of non-packaging "non-packaging" for food, beverage, medicines, cosmetics, and other products circulating in the community (Ashari, 2006). Other researches also showed that perception, brand image, and word of mouth marketing gave positive influence toward the desire of purchasing a product. Halal issues that have not been resolved have significant influence in one desire to purchase a product (Angraeni, 2016).

One of the research related to business behaviour manufacturers towards the halal label shows that producer considers that business with the manufacture of halal product not only hunts the material profits. Their willingness to be able to give protection to the consumers by giving halal products become one of the goals. They concerned not only material but social and spiritual as well (Said and Elangkovan, 2013)

The announcement of this law to the industry has not been understood and comply by all food production line. Only major scale industry players prepare their employee to do the halal certification. The small and medium scale industry players aware of this regulation are only a fraction. There are a few players (in Tulungagung area) that merely knowing the rules but do not have a thorough understanding either on the old regulation of halal certification or the new one (Ni'mah, 2018).

A study from Malaysia indicated that there is significant and positive effect on halal food purchasing intention. An important factor that influence consumer intention is attitude. Those with high positive attitudes have greater intentions to purchase halal food products. Social pressure is also affected to attitude in building intention to buy halal food. This study is also confirmed that perceived behavioural control has greater impact on halal food purchasing intention (Alam and Sayuti, 2011)

4 DISCUSSION

It is apparent that consumer awareness toward halal labels is very high and plays an important role in determining which product to be consumed. On the other hand, especially small and medium industries. The study shows positive relations between the halal label and the increasing of profit of the company. Therefore, these are following recommendation from this review.

First, Socialization will be needed to the change of the law on halal product guarantees to the general public, small and medium industries. There have been no studies on how much their knowledge of halal product guarantees. The government is obliged to give understanding, affirmation, and knowledge in order to protect the rights of the Muslim people. As a country with the biggest Muslim base in the world, the producers must give attention to the safety and comfort of Muslim consumers. Further studies are needed on how much the level of public knowledge will be for Halal Product Guarantees.

Second, the government must socialize the importance of halal certificates for business actors, especially in the field of food service as part of consumer protection and the implementation of food safety. The culinary industry, especially small industry such as small stalls and street vendors, still thinks that halal food is food that does not contain pork, while the current halal definition is increasingly widespread and detailed. Many restaurant only focuses on Pork free/no pork sign but do not investigate to other sensitive ingredients such as flavour, colouring addictive, etc. The producers of halal certification and labelling are not only for Muslim consumers safety but also for the producers' economic benefits. Certification and halal labelling are the business ethics that must be conducted by the producers in order to protect the rights of Muslim people in Indonesia. There needs to be a study on the knowledge of small-scale business actors on the
implementation of halal guarantees in the processes of making halal and healthy food products.

Third, the year of 2019 is closer while the rules that govern in detail of the implementation of halal certificate procedures have not yet been ratified. This certainly causes unrest for the food industry because this policy will certainly change the halal product guarantee process in the company including halal production processes, halal supervisors, SOPs, and supporting documents. The government should ensure this situation so that before 2019, the food industry has some information regarding halal mandatory.

Fourth, Mandatory halal socialization is not only carried out by business actors and the government, but also by all levels of society in Indonesia. Therefore, there is a need to socialize halal product guarantees to the student through the creation of modules and courses for students in the culinary or food fields, as well as material related to halal knowledge from elementary to high school students. The goal is a halal guarantee system running with synergy so that supervision is not always from the government / BPJPH but also from the community.

This review is expected to contribute in providing knowledge to the public, the government and food product/service companies on the importance of implementing Halal certificates and to increase the opportunities of exports to other Muslim countries and also to encourage Indonesia as a center for halal product development.

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