

The Importance of Halal Certification for the Processed Food by SMEs to Increase Export Opportunities

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Abstract. As the largest Muslim population country, Indonesia potentially becomes the largest exporter of halal food products globally, especially to OIC countries with demands for the fulfillment of halal product guarantees and food safety. Currently, BPJPH is assigned as the organizer of halal product guarantees in Indonesia, and MUI remains the party authorized to issue a fatwa on the determination of halalness. This fatwa will be submitted to BPJPH as the basis for issuing halal certificates. The halal certification and assurance systems designed and implemented by MUI have also been recognized and even adopted by halal certifier bodies abroad. Until 2019, only 0.11% of SMEs had halal certificates. Promoting halal certification for SMEs is an important strategy in increasing food exports. In addition, to the obligation to comply with Law number 33 of 2014 on Halal Products Guarantee (Law of JPH). Halal certification significantly enhances the marketability of SMEs products. This paper describes the importance of halal certification of processed foods to increase export opportunities and reviews the government's concrete steps in implementing the Halal Certification for SMEs.

1 Background

Indonesia is a country with the largest Muslim population in the world. Currently, halal products are necessary for the community, even for non-Muslim communities. Indonesia has a large Muslim population but has not become the world's main producer of halal products. Many exporting countries for halal food products come from countries with a non-Muslim majority, such as Brazil and Thailand. At the same time, Indonesia is in the 20th position [1].

Halal-certified products can assure consumers that the products are processed with halal materials and with halal processes. Besides, they also meet good hygiene sanitation standards so that the products consumed are guaranteed halal and have their food safety. Producers who have halal certificates can market their products to Muslims and to the world because halal food is not only part of Islamic law but also because of its emphasis on

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hygiene and health. The main halal products in this paper focus on processed foods. Indonesia enforces the Halal Product Assurance Law, whereby products that enter, circulate and are traded in Indonesian territory must be certified halal (Law Number 33 of 2014, article 4). This law is also applied to SMEs. Halal certification can increase competitiveness and marketing for SMEs.

The benefits of halal certification on processed food products are:

- Ensuring that the products produced by manufacturers are guaranteed to be halal and safe.
- Providing peace for Muslim consumers for the products they consume.
- Increasing sales value and expanding marketing
- Increasing product competitiveness
- Being consumed not only consumed by Muslims but also by non-Muslims
- Meeting export requirements, especially to Muslim-majority countries

Halal certificate is a written fatwa of the Indonesian Ulama Council (MUI) which states the halalness of a product following Islamic law. This certificate is exceptionally important for SMEs and can become an added value to products and facilitate wider market access. Halal certificates for SME products can be an added value and reach greater market access since it provides certainty of the product's halal status so that it soothes consumers in consuming them [2].

The government has made several efforts to assist SME halal certification. Through halal certification, Indonesia has the potential to become the largest exporter of halal products in the world, especially to OIC countries that have strict halal and food safety requirements. This paper aims to explain the importance of halal certification, especially for processed food products, to increase export opportunities and review the government's concrete steps in implementing halal certification for SMEs.

2 Literature Review

The literature review in this paper was carried out to obtain conclusions about the importance of halal certification for SMEs, especially in increasing the export opportunities of processed food products. This literature review contains information from the literature such as books, journals, encyclopedias, documents, news, and so on to find various theories and ideas that can be formulated according to the paper's aims.

2.1 Halal and haram

The concepts of halal and haram are written in the holy Qur'an QS 2:168 and QS 2:172, which explain that a Muslim is required to consume halal food. The word halal, taken from Arabic, means "permissible," while the definition of halal food and drink is food and drink permitted to be consumed according to Islam. In addition to the term halal, the term *toyyiban* also means "good". A Muslim should consume food that is halal and *toyyiban*, which is permissible and has good quality, and does not damage health. As opposed to halal and *toyyiban*, there is haram food. Haram food is food that is strictly prohibited from being consumed [3]. Someone will sin if they still consume it. In consuming foods, several conditions must be met and considered so that humans avoid various diseases that come from food [4].

In Islamic law, pork, blood, and carrion are forbidden to be consumed. In addition, animals with fangs and tusks, poisonous animals, animals that live in two realms, animals that eat carrion and dung are also forbidden to eat. The plant-based ingredients are halal if they are not toxic (the poisons can be eliminated during the processing) and are not processed into haram foods such as alcoholic beverages. *Khamr* or alcoholic beverages are

unlawful because it is intoxicating. The use of ethanol in food processing (e.g., being used as a solvent in extraction) should be eliminated as much as possible in the final product [5].

Food derived from animals that are permitted are halal if the animals are slaughtered according to Islamic law: (1) The animals slaughtered by an adult Muslim, healthy and knowledgeable about halal slaughter; (2) The tools used must be sharp and not in the form of nails, fangs or bones; (3) Slaughter is based on the intention of slaughtering and by mentioning the name of Allah; (4) Slaughter is carried out by draining the blood through the cutting of the food channel (oesophagus), respiratory/throat (trachea), and two blood vessels (jugular vein and carotid artery); (5) After the slaughter, the blood is allowed to flow out until it stops flowing; (6) Slaughter is carried out hygienically and maintains a clean environment; (7) Storage is carried out separately between halal and non-halal [6].

2.2 Processed Food

Food processing is converting raw materials into intermediate products and ready-to-eat products that can be directly consumed and have nutritional values [7]. Food should be prepared, processed, packaged, transported, and stored according to the general principles of the Codex on Food Hygiene and other related Codex Standards [8]. In processed foods, there is a change in the form of raw materials into products through several processes with the addition of food additives. The criteria for halal food are as follows (1) it must not contain anything that is considered haram according to Islamic law; (2) At the stage of preparation, processing, transportation, and storage, the equipment used must be free from anything that is considered haram according to Islamic law; (3) At the stage of preparation, processing, transportation, and storage there is no direct contact with food that is haram according to Islamic law [9].

In food processing, the ingredients that can be eaten cannot be confirmed as halal. Chicken and beef can be eaten, but they must also follow the procedures for slaughtering animals according to Islamic law regulated in the MUI Fatwa number 12 of 2009 concerning Halal Slaughter Certification Standards [10]. In addition, the use of food additives also creates ambiguity about the halalness of the product because it is obtained from various processes. In bread and pastries, L-cysteine, commonly used in production, is made from feathers, pig bristles, and sometimes even human hair [11]. Most of the gelatine used in sweets and marshmallows is obtained from pigskin collagen (46%) and bovine bone for halal gelatine alternatives [12]. Rennet and pepsin are the two enzymes commonly used in cheese production. Pepsin, an enzyme derived from pigs' stomachs, is also present in some cheeses available at supermarkets [13]. Analysis of the halal status of a product is very important for detecting raw materials or the detection of mixed materials. Counterfeiting of halal materials with haram materials is very likely to be carried out by irresponsible parties [14]. Therefore, a system is needed to guarantee the production of processed food according to halal criteria, namely the Halal Assurance System.

2.3 Halal Assurance System

Halal Assurance System (HAS) is a work tool composed of management commitments, resources, and interconnected procedures to ensure the halalness of products following the requirements so that the halal status is consistent and sustainable. The Halal Assurance System can adopt management system principles developed previously, such as TQM, ISO 9000, and HACCP [9]. There are 11 criteria for the Halal Assurance System that are covered in HAS 23000, which include (1) Halal Policy; (2) Halal Management Team; (3) Training; (4) Materials; (5) Production Facilities; (6) Products; (7) Written Procedure for Critical Activities; (8) Traceability; (9) Handling of Products that do not meet the criteria;

(10) Internal Audit; (11) Management Review [15]. HAS 23000 is a halal certification requirement set by LPPOM MUI for halal certification of a product

The halal assurance system contains requirements applicable to all business categories, including food processing, pharmaceutical and cosmetic industries based on agricultural products, slaughterhouses, restaurants or caterings, and service industries (distributors, warehouses, transportation, retailers). HAS 23101 is a guideline for fulfilling the criteria for a halal assurance system in the processing industry. The food processing industry in Indonesia must implement a Halal Assurance System. The Halal Assurance System is a management system compiled, implemented, and maintained by companies holding halal certificates to maintain the continuity of the halal production process according to the provisions [16]. The Halal certificate owned by each producer is a way for Muslim consumers to get guarantees that the products they consume are halal. Meanwhile, the halal assurance system is one way to convince the public that the product is consistently halal during the validity period of the halal certificate.

2.4 Halal food regulation

The Indonesian government responded positively to the importance of halal certification through several regulations. Halal certification and labeling aim to protect domestic consumers in the AEC and increase the competitiveness of Indonesian halal product producers and exporters in the international market. The entrepreneurs' products, including Indonesian exporters who already have a halal certificate, will be more easily accepted by consumers of halal products in other countries by looking at the halal label listed on the product [17]. On October 17, 2014, Law number 33 of 2014 concerning Halal Product Guarantee (Law of JPH) stated that halal certification is required for all products traded in Indonesia. In addition, starting October 17, 2019, the government has started to enforce Government Regulation number 31 of 2019 concerning the implementation regulations of Law Number 13 of 2014, which regulates the strengthening of previous regulations. It starts the actual implementation from what was originally voluntary to become mandatory, whereas Government Regulation number 31 of 2019 provides five years from the date of promulgation [18].

The enactment of the Law of JPH brings changes regarding halal certification providers. The Halal Product Guarantee Agency (BPJPH) cooperates with the Ministry, the Halal Inspection Agency (LPH), and the Indonesian Ulama Council (MUI) in realizing the Law of JPH. LPH carries out halal product inspection, and MUI carries out the halal fatwa determination by issuing a decision to determine the halal product through the Fatwa session [19]. Halal Certificate is valid for 4 (four) years from the date of issuance by BPJPH, unless there is a change in the composition of the ingredients. Producers are required to extend the Halal Certificate by applying for an extension of Halal Certificate no later than three months before the validity period of the Halal Certificate expires [20].

Implementing the mandatory halal certification under the Law of JPH began to be implemented on October 17, 2019. Food and beverage certification will be carried out in gradually until October 17, 2024. BPJPH will be more persuasive in conducting socialization and guidance to producers during these five years and has not yet started law enforcement. Next, it will start for non-food products on October 17, 2021 [21].

2.5 Halal certification procedures for SMEs

The flow of the halal certification mechanism through BPJPH consists of five main stages, namely (1) Registering yourself and attaching the required documents; (2) Waiting for BPJPH will check the attached requirements; (3) Conducting product audits and

inspections; (4) Submit the results of the examination to MUI to issue a fatwa; (5) Issue a halal certificate if it has passed the audit. Halal certification was originally a work area of MUI through LPPOM and transferred to BPJPH, an official government agency under the Ministry of Religious Affairs. This transition was also followed by several changes to the flow of the certification process and the parties involved [22]. Currently, LPPOM is one of the Halal Inspection Agencies (LPH) in charge of inspecting and testing products' halalness.

2.6 The Indonesia government programs to build a halal ecosystem

2.6.1 Establishment of halal regulations

A halal certificate is government protection for Muslim consumers and non-Muslims. With halal certification, consumers will be safer in consuming or using products and avoiding products containing haram elements. The government's protection is manifested in the form of Law of JPH signed by President Susilo Bambang Yudhoyono on October 17, 2014, in the form of Law No. 33 of 2014 concerning Halal Product Assurance mandates the establishment of the Halal Product Guarantee Agency (BPJPH). BPJPH is directly responsible to the Ministry of Religious Affairs [19]. The halal certificate issued by BPJPH based on the results of the examination by the LPH and the determination of the MUI Fatwa is valid for four years. It has a strong guarantee of legal certainty. There are both criminal sanctions and fines for business actors who do not maintain the halalness of products that have been certified halal [22].

2.6.2 The free halal certification program

The free halal certification program has been carried out as a form of implementation of the memorandum of understanding (MoU) of 2020 between Ministry of Religious Affairs and Ministry of Industry, Ministry of Trade, State Minister for Cooperatives Small and Medium Enterprises, Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency, Ministry of State-Owned Enterprises, Ministry of Home Affairs, Amil Zakat National Agency, the Indonesian Waqf Agency, National Sharia Economic and Finance Committee (KNEKS) on the implementation of halal certification for MSEs.

This MoU functions as a guideline for the parties to facilitate the implementation of halal certification for micro and small enterprises (MSEs), including halal certification costs. In addition, this collaboration is also facilitating halal supervisors for MSE, starting with providing prospective halal supervisors, halal supervisor data, financing for halal supervisor certification training, financing for participation in halal supervisor certification competency tests to providing socialization, information, and education of halal supervisors in the context of mentoring MSEs [23]. Apart from the ministry, free halal certification is also carried out by LPPOM MUI through the Syawal Festival, in which 644 of qualified SMEs take apart in this program [24]. Likewise, PT Indofood Sukses Makmur Tbk Bogasari Division provided free halal certification for 50 chicken noodle SME partners in 2020 [25].

2.6.3 Establishing a halal industrial area

The development of halal industrial areas (KIH) in the National Medium-Term Development Plan (RPJMN) in 2020-2024 was achieved in 2021 including Modern Cikande Industrial Estate in Serang (Banten), Safe n Lock Halal Industrial Park in Sidoarjo

(East Java), and the Halal Industrial Park in Sidoarjo (East Java), and Bintan Industry Inti Halal Hub (Bintan Regency). KIH Cikande is an area designed with systems and facilities to develop industries that produce halal products according to sharia principles [26]. KIH will be developed into a halal industry cluster as a halal ecosystem from upstream to downstream, including a logistics system with the hope of becoming an international halal hub in Indonesia. In addition, the government also encourages large and small and medium industries (SMEs) to synergize well [27].

2.6.4 Establishing a national sharia economy and finance committee

The National Committee for Sharia Economy and Finance (KNEKS) aims to improve the development of the sharia economic and financial ecosystem to support national economic development and make Indonesia a World Halal Centre [28]. In line with KNEKS, the Islamic Economic Community (MES) is a non-profit organization that aims to develop and ground the sharia economic system as an economic system that is just and based on sharia principles [29]. The vision and mission and the direction of the MES policy are in line with the KNEKS work plan in developing the sharia economy according to the sharia economic master plan launched in 2019. In strengthening the halal value chain on the food and beverage cluster in the Sharia economic master plan, there is a strategy for developing the halal food and beverage industry with a diversification of export destinations and product specialization [30].

3 Discussions

3.1 The importance of halal certification for SMEs in Indonesia

The halal food market is one of the markets with the largest consumers, according to the Global Islamic Economy Report 2014. This is because Muslims worldwide spend 16.6% of the total expenditure on global food, making the global halal food one of the largest markets. The world's Muslim population is predicted to reach 2.2 billion in 2030 and 2.6 billion in 2050, and Muslims should consume halal food, causing the halal food market to dominate the global food market [31]. According to the Global Islamic Economy Report 2019/2020, Muslim spending on food and beverages was \$1.4 trillion in 2018 and is expected to reach \$2.0 trillion by 2024. Indonesia is currently in 20th place as an exporter of halal food with a 1.86% market share, much lower than that in the non-Muslim majority countries such as Brazil and Thailand. Based on the data from the Ministry of Trade, in 2020, Indonesia's export performance for the food sector reached US\$ 454.16 million, with superior products being sauces and their processed products (20.03%); pasta (17.71%); processed fish (13.5%); extracts, essences, and concentrates of coffee (7.78%) and processed foods (7.32%). Indonesia's export destinations in the food sector include Malaysia, Saudi Arabia, Nigeria, United Arab Emirates (UAE), and Jordan. OIC countries' imports for the processed food category showed a rapid growth rate in 10 years, from US\$ 540 million (2005) to US\$ 2.19 billion (2014). It may reflect the impact of increased purchasing power and changes in eating habits. Younger people are favored by pre-served or prepared products, more likely by international trends and advertising [32]. Indonesia potentially becomes the largest exporter of halal food globally, including OIC countries.

The condition of global halal product trade opens opportunities for producers and SME exporters in Indonesia and poses challenges not only for SMEs but also for the government as a regulator. Two challenges for the halal food industry include bureaucracy and regulation. The Indonesian Food and Beverage Entrepreneurs Association (GAPMMI)

complains that food regulations constantly change. On the other hand, GAPMMI considers halal certification labeling in Indonesia is very good so that products produced in Indonesia are easy to market, especially in the Middle East [31]. Halal certification is required to export products to OIC countries, especially category A countries such as the UAE, Saudi Arabia, Bahrain, Yemen, and 15 other countries. In exporting their food products to Islamic countries, the manufacturers must comply with halal manufacturing standards. There is an incentive to choose an internationally recognized halal certification authority to certify products because several countries have implemented a cross-certification system [33]. In the GCC guide for control imported goods, the required documents for products that will enter the GCC countries member include a health certificate (must be issued by the appropriate and competent authority), list of ingredients, halal certificate, supporting documents for label claims and temperature records where required. Food products are handled in places that have been inspected by the competent authority and or officially recognized bodies and implement a food safety management system based on HACCP principles or an equivalent system. This shows that in addition to being halal, the food safety of food products exported to GCC countries, including the UAE, must also be guaranteed.

Since June 15, 2020, in the halal certification process, LPPOM MUI has conducted additional audits and audits according to the criteria for the halal assurance system according to HAS 23000. The audit is related to food safety. This regulation refers to SNI ISO/IEC 17065: 2012 and UAE 2055:2 for halal certification bodies, namely the addition of food safety requirements in the halal certification process for the food and beverage industry imposed by the National Accreditation Committee (KAN). Previously, LPPOM MUI obtained an accreditation certificate from the National Accreditation Committee (KAN) with the SNI ISO/IEC 17065: 2012 and UAE 2055:2. With that, LPPOM MUI can run a certification body according to the international standards and the acceptance of products certified by MUI to countries with the same standard references. LPPOM MUI has also received recognition from the Emirates Authority for Standardization and Metrology (ESMA) to accept MUI-certified products in the UAE [34].

3.2 Review the government's concrete steps

The government, through BPJPH carries out the mandate in the JPH Law in holding halal certification together with LPH and MUI. The current flow of halal bag certification is carried out through the registration process to BPJPH to check for completeness of documents. After the documents are complete, BPJPH will issue a registration receipt (STTD). Next, the applicant registers with the LPH that has been selected by attaching documents, including STTD from BPJPH. LPH will check the adequacy of documents and implement the criteria for the existing halal assurance system in the company. LPPOM MUI is one of the LPH that BPJPH has recognized. Registration for LPPOM MUI halal certification is done online through CEROL SS-23000. The next process is a fatwa trial by the MUI to determine the product's halal status. If it is proven that it meets the halal requirements, the MUI will issue a halal decree that is the basis for issuing a halal certificate by BPJPH. The flow of the halal certification process can be seen in Figure 1. The flow of halal certification in Indonesia is carried out to ensure that products that pass the inspection are halal and have no doubts. Products that are declared halal will then obtain a halal certificate and can include a halal logo on the packaging. The Halal logo attached to the packaging can reassure Muslim consumers that the products produced are prepared according to Islamic requirements. As for non-Muslim consumers, the Halal logo recognizes that food is prepared hygienically and cleanly for consumption [35]. The presence of the Halal certification is expected to be able to give some confidence to Muslim

consumers and save them from time-consuming, tedious, and somehow problematic ingredients checking [36].

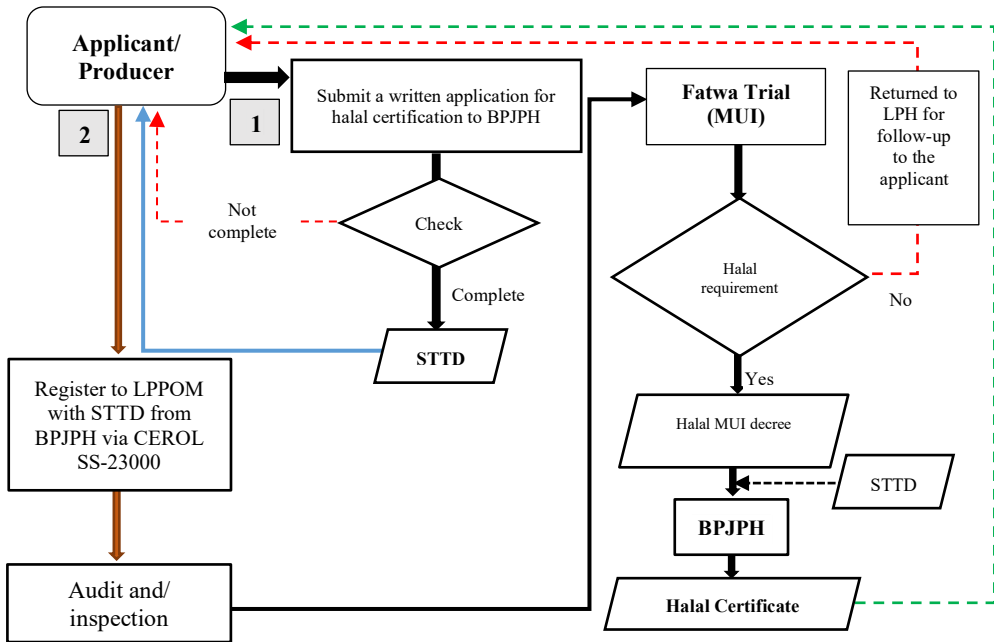


Fig. 1. Halal certification process by BPJPH, LPPOM (LPH), dan MUI

In the halal certification process, SMEs face several obstacles, including the limited cost of certification by SMEs. The Indonesian government has issued a regulation regarding the tariff for halal certification fees through Regulation of Minister of Finance of Republic Indonesia Number 57 of 2021 as a follow-up to Act Number 11 of 2020 on Job Creation. In addition, subsidized programs and even free halal certification can be obtained through several ministries, such as State Minister for Cooperatives Small and Medium Enterprises and the provincial government. This program is a manifestation of the MoU carried out by ten ministries and institutions in Indonesia to accelerate the implementation of halal certification for SMEs. Until mid-2021, the halal certification assistance program was still running. Therefore, the government still requires more massive socialization through BPJPH and LPH for SMEs that have not registered themselves in the halal certification program.

Another challenge faced by SMEs in halal certification is fulfilling the criteria for the halal product guarantee system, especially related to materials and traceability. The use of materials is not only permitted in Islam but must be able to trace its halalness, especially for critical materials. If SMEs use critical materials that are not halal, then SMEs cannot use these materials. This is often an obstacle for SMEs because substitute materials are difficult to obtain or more expensive price. In addition to materials, traceability criteria are often obstacles for SMEs. The traceability of certified products comes from materials that meet material criteria (already approved by LPPOM/listed in the ingredients list) and are produced in production facilities that meet criteria such as being free of impurities [37]. Each producer must guarantee traceability by having records or documentation, including documentation of the origin of the raw material for chicken used by producers from clear and halal slaughterhouses. Most SME does not yet have a good documentation system

The obstacles SMEs face are a challenge for the government in realizing the implementation of halal products in Indonesia. Based on the conditions, several important points that the Indonesian government must immediately realize are as follow:

1. SMEs mapping
2. Halal supply chain

SME mapping aims to classify SMEs based on the type of product. SMEs with the same type of product will find it easier to coordinate to find solutions to their problems. In addition, with this mapping, a supply chain map can be drawn up that will benefit many parties. The halal supply chain will develop all business links in the system to support the halal food industry so that the economic benefits generated will be greater. The halal food industry does not develop independently but also drives various other business units that support the process. The traceability aspect of raw materials is important in determining the critical point of halal food products. Therefore, a potential solution is to map all raw material supply units with a halal supply chain approach and ensure all products are managed with the principles to maintain halal integrity. The obligation of halal certification for food products in Indonesia and applying the principle of traceability make Indonesian halal food products acceptable to importing countries, especially the OIC countries [38].

The implementation of halal certification, which will be carried out gradually until October 17, 2024, has not been carried out optimally. Based on data from the ministry of cooperatives and SMEs, in 2019, as many as 69,577 companies (total of SMEs and large industries) were certified halal, while the number of SMEs in Indonesia reached 65 million SMEs so only 0.11% of businesses were registered. Halal certification has not been maximized in Indonesia due to unintegrated politics and inadequate facilities and infrastructure [39]. The Indonesian government is currently preparing to support Indonesia as the world's center for halal products. The supporting infrastructure for the halal industry has been prepared in the form of developing a halal industrial area and halal logistics. The development of the halal industrial area (KIH) is a flagship program to strengthen the Halal Value Chain. The concept of developing KIH must provide the location required for the halal industry with a halal product guarantee system including the selection of raw materials, production processes, packaging, storage, and distribution. Industrial products from factories located in halal industrial areas are halal products that have been certified. A halal industrial area can be part or all of an industrial area designed with systems and facilities to develop industries that produce halal products by the halal assurance system [31]. KIH will be developed into a halal industry cluster as an integrated halal ecosystem, including logistics to ports.

In addition to the halal industrial area, other infrastructure to increase demand for halal products includes halal logistics. The halal logistics system must ensure that products are guaranteed to be halal during logistics activities, both in warehouses, depots, terminals, transportation equipment, and packaging. Halal logistics manages the procurement, movement, storage, and handling of materials and supplies of semi-finished goods, both food and non-food, along with related information and documentation flow-through company organizations and supply chains that comply with general Sharia principles [30]. The principles in halal logistics are almost the same as those of handling halal products, namely separating halal products from non-halal products to avoid cross-contamination and ensuring the consistency of halal products until they reach consumers.

The Indonesian government continues to increase SME awareness of the importance of halal certification in Indonesia through socialization by BPJPH together with various ministries, institutions, and agencies through virtual meetings. Before the BPJPH era, LPPOM MUI had carried out socialization and education through the INDHEX (Indonesia International Halal Expo) program, Halal Olympics, Halal Food Goes to School, Halal Tourism (Halal Tour), Halal Talk show Seminar, Halal Competition, Halal Socialization to

SMEs/Large Companies, Halal Competition, Facilitation of Free Halal Certification, Halal Socialization through Media and social media and merchandise. In addition to internal socialization, the Indonesian government also conducts external socialization as a strategy to strengthen the market in the international arena by displaying Indonesian halal products in exhibitions abroad by the ministry of trade of the Republic of Indonesia, such as the Malaysia International Halal Showcase (MIHAS) in 2015, 2018 and 2019; Taiwan International Halal Expo 2016 and 2017; and Russia Halal Expo 2020; World Expo 2020 Dubai in 2021.

4 Conclusion and Suggestion

The condition of the global halal food market opens opportunities for producers and SME exporters in Indonesia, especially for processed food. Food processing creates ambiguity about the halalness of products due to the process and use of food additives, so a system that can guarantee product halalness is required, i.e., a halal assurance system. Based on the JPH Law, all products in Indonesia must be certified halal, including MSE products. This opens more opportunities for MSEs to export their products. Food products certified by the MUI have been internationally recognized and accepted by the UAE because they have guaranteed halal and food safety. Halal certification is important for MSEs to increase product competitiveness.

In the halal certification process, SMEs face several obstacles, including the limited cost of certification and the fulfillment of the criteria for the halal product guarantee system, especially related to materials and traceability. Based on the conditions, the Indonesian government must immediately realize several important points: SMEs mapping and implementing the halal supply chain. Therefore, mapping MSEs with a halal supply chain approach will ensure that all processes are managed to maintain the integrity of halal starting from raw materials to transportation and distribution to consumers, which will facilitate the traceability system and is a potential solution. The obligation of halal certification for food products in Indonesia and applying the principle of traceability make Indonesian halal food products acceptable to importing countries, especially OIC countries. The Indonesian government continues to increase SME awareness of the importance of halal certification in Indonesia through socialization. They provide a free halal certification facility program for SMEs and promote Indonesian halal products abroad; as a result, Indonesia may become the world's halal center.

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