CONSUMER LEGAL PROTECTION EFFORTS THROUGH HALAL CERTIFICATION POLICY FOR SMALL MEDIUM INDUSTRY IN PONOROGO

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Abstract
This article aims to further explore the halal certification policy for small and medium-sized industries in Ponorogo Regency after the issuance of the Law Number 33 of 2014 on Halal Product Assurance. This paper is an empirical legal research with a sociology of law approach with primary data based on interviews. Primary data and secondary data were analyzed by qualitative descriptive method. This article finds that the policy for mandatory halal certification for Small and Medium Industries in Ponorogo is based on the Law on Halal Product Assurance and other technical regulations for halal certification. Structurally, the authority for certification of Small and Medium Industries is in the Agency for the Halal Product Assurance Agency, Ministry of Religion, Ponorogo Regency. Culturally, the Small and Medium Industry Institute in Ponorogo welcomes the ease of halal certification by the Ministry of Religion of the Regency’s Halal Product Assurance Organizing Agency. This article has contributed to increasing the awareness of Small and Medium Industry actors, as well as the proactive efforts of the Halal Product Assurance Organizing Agency and the Ponorogo Regency Government to Small and Medium Industries in the form of technical guidance, workshops and socialization of the halal certification program.

Artikel ini bertujuan menggali lebih jauh kebijakan sertifikasi halal bagi industri kecil dan menengah di Kabupaten Ponorogo pasca lahirnya Undang-undang Jaminan Produk Halal Nomor 33 tahun 2014. Tulisan ini merupakan penelitian hukum empiris dengan...
Introduction

Indonesia has the vision to be the World Halal Center. Researchers and academics have discussed the issue of halal certification for both products and the authority of halal certification. The National Committee for Sharia Economics and Finance (known as KNEKS; Komite Nasional Ekonomi dan Keuangan Syariah) has prepared a master plan and carried out a series of activities to massively succeed in the vision of KNEKS, namely as a catalyst for accelerating sharia economy and finance in order to strengthen national economic resilience. KNEKS consists

of three Coordinating Ministers, seven Ministers, three Heads of Government Institutions, the Chairman of the MUI (Indonesian Council of Ulema), the Chairperson of Kadin (Indonesian Chamber of Commerce and Industry), and the Minister of Finance, serving as secretary. The master plan framework recommends four main strategies for nationally carrying out the sharia economy. First, strengthening the halal value chain focusing on potential sectors; second, strengthening the sharia financial sector; third, strengthening MSMEs as drivers of the halal chain; and finally, utilizing digital economic platforms in e-commerce and financial technology.4

There are several methods to strengthen the halal value chain. First, building halal hubs in various regions emphasizes their distinctive characteristics and advantages. Second, developing international halal standards; third, halal lifestyle campaigns; and finally, giving incentives to domestic and global producers to invest in raw materials, production, distribution, and promotion. Moreover, the design of an international halal center at the global level can be created to strengthen cooperation among countries.5

In terms of quantity, MSMEs are Indonesia’s most significant economic sector.6 According to the data of the Ministry of Cooperatives and Small and Medium Enterprise, the number of MSMEs currently reaches 64.2 million. It absorbs 97 percent of the total workforce,7 so the government pays serious attention to this sector which is explicitly mentioned in the KNEKS master plan. There are four approaches taken to strengthen MSMEs: the establishment of micro business education programs, financing facilities, database development, and the establishment of MSMEs literacy programs.8 Industries related to the needs of the Muslim community consist of several clusters, such as halal food and beverages, halal tourism, fashion, halal media and recreation, pharmaceuticals, halal cosmetics, and renewable energy.

According to the Department of Cooperatives and MSMEs of East Java Province, there are 207,561 MSMEs in Ponorogo Regency. In their research, Sri Andayani and Nekky found that they share the common problem in term of low

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5 Ibid.
productivity accompanied by low human resources in management, technology, and marketing.9 The Industry and Trade Office of East Java has been trying to encourage the expansion of SMI (Small and Medium Industries) and SME (Small and Medium Enterprises) through the launch of Pondok Kurasi and Gerai Bangga Buatan Indonesia (BBI) 360 Derajat (The Curated House and Proudly Made in Indonesia Outlet 360-degree) in Surabaya.10 The program aims to assist the SMI sector in improving product and packaging quality standards and exploring opportunities for overseas markets. Business actors who have passed the standard can participate in the export center promotion, and if they fail to meet the criteria, SMIs and SMEs will keep accepting assistance in halal certificates, nutrition tests, SNI (Indonesian National Standard), HAKI (Intellectual Property Rights), Brands, and the SVLK (Timber Legality Assurance System).11 Curated Houses are located in eight city coordinators which include Surabaya, Sidoarjo, Pasuruan, Malang, Bojonegoro, Kediri, Magetan, and Jember.

The difference between MSMEs and SMIs can be seen in regulation, economic activity, and licensing. From a regulatory perspective, MSMEs refers to assets and turnover, and this is confirmed in Act Number 20 of 2006 concerning MSMEs, while SMIs are based on the number of workers and investment value, as stated in Act Number 3 of 2014 concerning Industry and Minister of Industry Regulation, Number 64/M-IND/Per/7/2016 concerning the Number of Manpower and Investment for Small Business Classification. The second aspect is economic activity. MSMEs are more general in the production, distribution, and consumption economy or the industrial sector of trade and service, and SMIs focus on the production or industrial sector. The third factor is licensing; MSMEs refer to Perpres (Presidential Regulation), Number 98 of 2014, concerning Micro and Small Business Licensing, and Minister of Trade Regulation, Number 46/M-Dag/Per/9/2009, concerning the issuance of business licenses, and SMIs refer to PP (Government Regulation) Number 107 of 2015 concerning Industrial Business Permits.

In the ii-motion event or the Indonesia Industrial Muslim Exhibition, the government encourages SMIs to appear as key players in the halal industry market. The ii-motion is one of the Ministry of Industry’s programs and that objective is

to bring together Indonesian halal industry producers with market players at local and global. The exhibition is conducted digitally and is targeted to increase the promotion and awareness of exhibitors in the regional market and open doors to reach markets at a global level. The halal industry is a money-making business and included in the highly segmented market category, which has now been established into a lifestyle and is widely embraced by countries worldwide. The ii-Motion presents to be a showcase of Halal Industry products. This means that Indonesian SMIs can become essential actors in the competition in the Halal Industry market.12

Oni Faridah said in her research that the great demand for the halal industry in Indonesia is one of the reasons for business actors to display a halal label on a product under applicable regulations, namely PP, Article 1 Number 5 number 69 of 1999, concerning food labels and advertisements.13 Furthermore, Safira et al. said in their research that food and other products consumed in a halal and safe manner are the fundamental rights of every human being. This is not only related to religious beliefs but also includes the dimensions of health, economy, and security that are well maintained and guaranteed. Encouraged by the majority Muslim population, the state should automatically be present to protect its citizens in fulfilling their fundamental rights, namely the existence of the Law No. 33 of 2014 on Halal Product Certification.14

Law No. 33 of 2014 on Halal Product Certification confirms the obligation of all commodities in circulation starting in 2019 to be halal certified. The products referred to in the Act are food, beverages, drugs, cosmetics, chemical products, biological products, genetically engineered products, and public consumption goods. The Act’s implementation was also followed by the issuance of Government Regulation Number 39 of 2021 concerning the Implementation of the Halal Product Assurance Sector, which regulates the stages of halal certification.15 The stages of halal certification begin with food and beverage products, raw materials, food additives, auxiliary materials for food and beverage products, and slaughter products and slaughtering services. The mandatory halal certificate stage for these

13 Oni Farihah, “Upaya Perlindungan Konsumen terhadap Produk Yang Menyertakan Label Halal atau Haram (Studi Kasus Konsumen di Kabupaten Cirebon)” (Diploma, IAIN Syekh Nurjati Cirebon, 2015), http://repository.syekhnurjati.ac.id/207/.
products has started from October 17, 2019, to October 17, 2024.

Based on the explanation above, this research has the same theme as previous research, namely halal certification for business actors, but the writer emphasizes it from a different perspective. This research focuses on the urgency of SMIs in Ponorogo. Ponorogo has a relatively large number of SMIs of 207,571 MSMEs. However, a good level of human resources does not support them in small business management, one of which is literacy on consumer protection in terms of an obligation to include halal certification as a form of protection for consumers.

The trend of halal certification is not only carried out in big cities; in small cities like Ponorogo, the halal certification has begun to emerge, mainly from SMIs. The small industrial center in Ponorogo has been built since 2019, and all of them are members of the SMIs Forum. The current regent, Sugiri Sancoko, expressed optimism about the rise of SMIs. According to Sugiri, SMIs are the driving force of the economy in Ponorogo, and he hopes that a large number of halal-certified SMI products will accelerate economic recovery. The next factor is the development of the implementation of the halal certification policy for SMIs in Ponorogo and the efforts of the SMIs in Ponorogo to access halal certification. This paper discusses the halal certification policy regarding the structure and regulatory substance in Ponorogo.

Research Methods

This paper is an empirical legal studies with sosiological approach because this article analysis about consumer legal protection efforts through halal certification policy for small medium industry (SMI) in Ponorogo. Primary data in the form of interviews. It is an in-depth interviews were conducted with informants closely related to the halal certification policy in Ponorogo, Ifrotul Hidayah, Head of the Zakat Waqf and a member of the Halal Task Force at the Ministry of Religious Affairs in Ponorogo, and Sunarto, who serves as Chair of the SMI Forum in Ponorogo. Interviews were conducted relaxed and warm to collect data properly.

The data are then sorted and categorized based on the formulation of the problem and then analyzed using Friedman’s legal, sociological approach.\textsuperscript{20} The interviews also via telephone discussions and WhatsApp, following the direction of the Ponorogo Regency government’s policy to stay at home and conduct physical distancing during the pandemic. All the data, primary data and secondary data are then analyzed in a qualitative descriptive method.

**Discussion**

**Consumer Legal Protection and Halal Certification**

Consumers have rights guaranteed by UUPK (Consumer Protection Act) Number 8 of 1999, which is described in detail in Article 4. Consumers, for example, have the right to feel comfortable, secure, and safe in consuming goods and or services; besides that, consumers are also entitled to settlement and compensation if the goods received are not following the agreement or transaction. However, violations of consumer rights are increasingly happening despite existing Act, such as cosmetic counterfeiting, hajj or umrah travel service fraud, fraud in the property business, theft of personal data, embezzlement in financial services (including insurance issues), as well as the existence of fraudulent (illegal) investment in 2022.\textsuperscript{21}

According to BKPN (National Consumer Protection Agency) data, there is an increase in the number of public complaints every year:

<table>
<thead>
<tr>
<th>No.</th>
<th>Year</th>
<th>Number of complaints</th>
<th>Most types of complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2018</td>
<td>580</td>
<td>Property Business</td>
</tr>
<tr>
<td>2</td>
<td>2019</td>
<td>1518</td>
<td>Property Business</td>
</tr>
<tr>
<td>3</td>
<td>2020</td>
<td>1372</td>
<td>Property Business</td>
</tr>
<tr>
<td>4</td>
<td>2021</td>
<td>3211</td>
<td>Financial Service</td>
</tr>
</tbody>
</table>

Source: BPKN Data

The government has actually taken preventive measures against violations of consumer rights by providing education and literacy to the public. In addition,

\textsuperscript{20} Lawrence M. Friedman, The Legal system a social science perspective (New York: Russell Sage Foundation, 1975).

\textsuperscript{21} Rohmah Maulidia, “Perlindungan Hukum Konsumen Produk Kosmetik di Ponorogo” (Surabaya, UIN Sunan Ampel Surabaya, 2019).

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the government structurally, through BPKN, the OJK (Financial Services Authority) Investment Alert Task Force, Bappepti (Commodity Futures Trade Regulatory Agency), seeks to monitor crimes that threaten the majority of the public as consumers. However, the mode of economic crime has always succeeded in scamming the public, including the forgery of the halal logo.22 Therefore, the government’s severe steps in guaranteeing halal products through economic digitization deserve full support because of the convenience factor for a Muslim consumer; halal labels can also increase the competitiveness of product quality in the international market.

Endang S. Soesilowati and the team from LIPI (the Indonesian Institute of Sciences), since January 30, 2014, have been writing articles about the importance of halal labels. They emphasize that halal food is the primary concern for Muslim consumption patterns in Indonesia.23 However, very few business actors had halal certificates at that time. The inability of business actors to supply the international market is also due to the lack of awareness and complexity in accessing halal certificates; there is no conformity with global market standards. This explanation is supported by the latest data on the number of exports of halal products in the early 2021 period to member countries of the OIC (Organization of Islamic Cooperation), 130.46 million processed foods, 11.75 million cosmetics, and 4.94 million medicines, which were the sum of these three sectors is greater than the number of imports.24 Indonesia’s trade balance with the OIC also showed a positive performance in the previous year. According to data from the Ministry of Trade quoted by Qoniah, during the January-August 2020 period, there was a surplus of USD 2.46 billion with an export value of USD 12.43 billion.25 The market opportunity for halal products will continue to develop with the potential growth of the world’s Muslim population, and it is estimated that it will reach 2.2 billion people. According to the State of Global Islamic Economy Report 2019/2020, Indonesia is ranked 1st for halal food consumers, 2nd for halal cosmetic consumption, and 4th for halal drug consumers.26

26 Ibid.
Structure, Culture, and Legal Substance of Halal Certification

The authority for halal certification is structurally under the Indonesia Halal Product Assurance Agency (in Indonesia known as Badan Penyelenggara Jaminan Produk Halal or BPJPH), according to Ifrotul Hidayah, an informant from BPJPH at the Ministry of Religious Affairs of Ponorogo Regency and a member of the Halal Task Force.27 According to Hidayah, the Ministry of Religious Affairs is committed to holding halal certification. Even the Minister of Religious Affairs, Yaqut Cholil Qoumas, has launched SEHATI (Free Halal Certification Program) in September 2021. This program is a free halal certification for SMEs. According to her, the government, represented by the Ministry of Religious Affairs, hopes that the facilities and accommodations for free halal certification can foster new enthusiasm for SMEs or SMIs business actors who have been affected by the pandemic that has plagued the world up to now. In addition, the SEHATI program is expected to be able to guarantee product hygiene so that consumer rights are protected.28

Hidayah agreed that the government should give priority for the SEHATI program to SMEs or SMI actors because in a small town like Ponorogo they are those who really need help early in order to recover from the economic downturn. The Indonesia Halal Product Assurance Agency at the Ministry of Religious Affairs of Ponorogo cannot accomplish halal certification activities alone because it requires the participation of local governments, agencies, private parties and universities in supervising the implementation from now and in the future. She also added that business actors’ access to halal certification could be done online via accessing Sibalal application.29

The Ministry of Religious Affairs of Ponorogo has implemented various programs, including campaigns on disseminating and educating halal certification through radio, social media, and direct contact with mass organizations and SMIs in Ponorogo. Hidayah gave an example that on December 2, 2021, she conducted socialization on Duta Nusantara Radio about RPH (slaughterhouse). She mentioned data from the Ministry of Religious Affairs that RPH in Ponorogo is still very minimal in applying for certification, even almost zero. According to the available data, only 60 food and beverage businesses have applied for halal certification in Ponorogo in 2020-2021.30 She also assisted the RPH and guided halal supervisor training because it had been carried out in several other areas. He hopes that in

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27 Ifrotul Hidayah, February 1, 2022.
28 Ibid.
29 Ifrotul Hidayah, February 3, 2022.
30 Ibid.
the Ponorogo, halal supervisor training will continue to be pursued in the future because halal certification is a necessity in improving product quality.

Hidayah also organized a distribution permit and halal certification workshop on September 15, 2021. She acknowledged that the halal certification program required collaboration with local governments, especially in promoting SEHATI program for SMIs or MSMEs. She saw the determination of Regent Sugiri Sancoko to support the halal certification program in Ponorogo. Hidayah then pointed out several activities through the official news of the Ponorogo government.

Since April 2021, 25 SMIs in Ponorogo have received halal certification from the Indonesia Halal Product Assurance Agency. At that time, the Indonesia Halal Product Assurance Agency gave 3000 quotas for MSEs and SMIs throughout Indonesia. According to Hidayah, the issuance of halal certificates in the April period to SMIs is the earliest (prime) in Indonesia.

The challenge in the implementation phase is that some SMIs or MSMEs have not received socialization or training because not all business actors have become members of the SMIs forum. He added that both parties, the government through the Indonesia Halal Product Assurance Agency, and business actors, must carry out the success of the halal certification program. This program is still relatively new in the Ministry of Religious Affairs, and not all SMIs have sufficient knowledge, so it takes a lot of time and process to make this program a success.

The State Islamic Science Institute (IAIN) Ponorogo has initiated the establishment of the Ponorogo Halal Center Foundation through the Rector’s Decree Number 054/In.32.1/01/2022, with management consisting of twenty lecturers from IAIN Ponorogo and the rector serving as the person in charge. A team of lecturers with architectural disciplines and from several faculties, such as the Sharia Faculty and the Natural Sciences Department at Tarbiyah and Teacher Training. In addition, the Chair, Deputy, and Secretary of the Ponorogo Halal Center are divided into four fields, namely the Education and Training Sector, Fatwa and Studies, Research and Technology, and Public Relations and Cooperation. The Ponorogo Halal Center (PHC) has also visited the State Islamic University of Surabaya (UINSA) to foster collaboration and institutional strengthening.

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and UINSA is represented by the head of the Halal Center, Lilik Hamidah. In the university’s scope, socialization and education of Law No. 33 of 2014 on Halal Product Certification are crucial for students and the wider community, and this knowledge can be put into the credit of the MBKM scheme (Free Learning Program–Merdeka Campus). So far, many universities have become the Indonesia Halal Product Assurance Agency partners, both self and regular declaration.

The people of Ponorogo are culturally religious society and tolerant. According to Arik and Dawam, they live harmoniously and tolerantly, which can be seen from the relationship between religion and local culture that is well maintained and preserved. The accommodative Muslim community of Ponorogo makes culture selectively accepted in Ponorogo.\(^34\) The population of Ponorogo Regency according to the results of the Population Census (SP2020) in September 2020 was 949,32 thousand people,\(^35\) and the livelihoods of the community, in general, were in the agriculture, trade, government employees, teachers, lecturers, and in other sectors. Then, how aware are the people of Ponorogo regarding halal product certification? Hidayah admits that she has never did research or found research on the culture of legal awareness of halal certification in Ponorogo. However, she generally stated that the legal awareness of business actors who are members of the SMIs forum is high. The SMIs Forum was managed very well by Sunarto; in fact, several times, Sunarto was actively present in the Indonesia Halal Product Assurance Agency activities at the Ministry of Religious Affairs of Ponorogo.\(^36\)

According to Sunarto, the Ponorogo SMIs forum has been actively attempting to take part in halal certification activities since 2020; even earlier, in mid-October 2020, 30 SMIs participated in the technical guidance for halal certification organized by the Indonesia Halal Product Assurance Agency of East Java Province.\(^37\) Sunarto also emphasized the need for the involvement of mass organizations in promoting the socialization of halal certification. For example, the Aisiyah Regional Board had socialized assistance for distribution permits and halal certification in Ponorogo by inviting two speakers from the SMIs Forum, Sunarto and Arif Noor Wibisono. The activity included socializing the manufacture of

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\(^34\) Arik Dwijayanto and Dawam Multazamy Rohmatulloh, “Ponorogo, the Little Java: Potret Kehidupan dan Keberagamaan Masyarakat Muslim Ponorogo Abad XX,” Al-Adabiya: Jurnal Kebudayaan dan Keagamaan 13, num. 01 (September 3, 2018): 1–31, https://doi.org/10.37680/adabiya.v13i01.2.


\(^36\) Sunarto, February 3, 2022.

\(^37\) Sunarto, February 4, 2022.
distribution license numbers, product packaging, and halal certification.38

The regulations on halal certification are substantially adequate,39 although there is a long lag between the release of the Law No. 33 of 2014 on Halal Product Certification and the 2019 Government Regulation. The Law No. 33 of 2014 on Halal Product Certification Number 33 of 2014 in detail regulates: 1) the obligation of halal certification; 2) implementation of halal product guarantees; 3) halal inspection agency; 4) procedures for obtaining halal certificates; 5) supervision of halal product guarantees; 6) the active role of the community in guaranteeing halal products; 7) criminal provisions.

This was later strengthened by the Government Regulation Number 31 of 2019 concerning implementing regulations of Act Number 44 of 2014. The regulation discusses the comprehensive process regarding the application of Halal Product Certification, cooperation, certification fees, and stages of the certification process. Next is the Minister of Religious Affairs Regulation (Permenag) Number 26 of 2019 concerning the Implementation of Halal Product Assurance which discusses the stages of halal certification obligations based on the type of product, procedures for establishment and accreditation of Audit Institutions Halal, procedures for submitting and renewing halal certificates and regulates information on halal and non-halal labels, where these things triggered the issuance of the Minister of Religious Affairs Decree No. 982 of 2019 concerning Halal Certification Services.

The Minister of Religious Affairs Decree discussed the establishment of halal certification services in the transition period and the role of the Indonesia Halal Product Assurance Agency, MUI, and LPPOM MUI (The Indonesian Ulema Council Food and Drug Analysis Agency) halal certification services. Next is the issuance of the Government Regulation Number 39 of 2021 concerning the Implementation of the Halal Product Assurance Sector, which regulates specifically the execution of Halal Product Certification, a collaboration between institutions in implementing Halal Product Certification, determining the cost of halal certification, and the stages of obligation for types of products with a halal certificate. In addition to these regulations, technical regulations for halal certification application can be seen in the Decree of the Head of the Indonesia Halal Product Assurance Agency.40

38 Ibid.
39 The Indonesian Ulema Council Food and Drug Analysis Agency (LPPOM MUI), “Regulasi Halal di Indonesia.”
Conclusion

From the discussion above, the author concludes that the government structurally carries out halal certification through the Indonesia Halal Product Assurance Agency of the Ministry of Religious Affairs, and business actors can apply for halal certification to the Indonesia Halal Product Assurance Agency through the application of Sihalal, which the Indonesia Halal Product Assurance Agency will then examine documents and determine Audit Institutions Halal. The next stage is testing by Audit Institutions Halal, which is then adjusted to the MUI fatwa, then the issuance of a fatwa certificate by the Indonesia Halal Product Assurance Agency. Halal certification in the Ponorogo district is culturally supported by the local government, the SMIs Forum, and the local communities. After the birth of the Government Regulation on the implementation of the Law No. 33 of 2014 on Halal Product Certification, especially after 2019, many regulations on halal certification were issued by the government, the Ministry of Religious Affairs, and the decree of the head of the Indonesia Halal Product Assurance Agency. The accommodative and selective culture of the Ponorogo community is solid support for the government and business actors in implementing halal certification. Moreover, there is social capital from mass organizations such as NU, Muhammadiyah, Muslimat, and Aisyiyah that support halal certification for their members. Students’ socialization and education need to be carried out more massively through the integration of halal certification in the Sharia Economic Law curriculum and materials on Consumer Protection Law, the RPS (Semester Learning Plan) component of the MBKM program. Principally, the government’s policy in halal certification aims to guarantee the protection of consumer rights, both domestic and foreign consumers.

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