

Indonesian Prospect of Economy Post COVID-19 Crises Using The Model of AbdulHamid Abu Sulayman's Cultural Progress

Ali Musa Harahap, Atikah Inayah, Alde Mulia Putra

Universitas Darussalam Gontor

alimusa@unida.gontor.ac.id

Abstract

Many previous studies claimed that halal certification is one of the keys to economic escalation especially during COVID-19 crises. However, the facts show that no international regime or organization has yet gathered this need to strengthen economic opportunities for countries supporting the halal industry. For this reason, due to the absence of an international halal assembly which is can be the law protection for halal certification, this research hold a study related to one of the bodies under the Organization Islamic Cooperation (OIC), namely SMIC or Standards and Metrology Institute for Islamic Countries, which is also an international halal regime with a focus on standardization. This research aims to analyze the significance of the international regime, namely the SMIC on the awareness of the halal certification in Indonesia as the manifestation of AbdulHamid's epistemological idea of cultural progress. This research also examined some challenges from the unit of analysis and proposed some recommendation.

Keywords: COVID-19, Halal, Indonesia, International Regime, Islam.

INTRODUCTION

The human costs in terms of lives lost worldwide is huge during COVID-19 crises. According to Our World in Data platform, the COVID-19 pandemic had caused more than 5.54 million deaths by mid-January 2022. In consideration should be taken that for some countries the number of confirmed deaths is much lower than the true number of deaths. This is because of limited testing and challenges in the attribution of the cause of death. Considering economic indicators, *“there is no way to tell exactly what the economic damage from the global COVID-19 coronavirus pandemic will be, there is widespread agreement among economists that it will have severe negative impacts on the global economy”*. Regarding the UN Department of

Economic and Social Affairs, the estimate was that COVID-19 would slash global economic output by \$ 8.5 trillion during 2020 and 2021. What is important is the huge consequences that have already had a significant impact on people and all different industries (Mikac, Kos-Stanisic, & Harahap, 2022).

The fact that this COVID-19 is the first global catastrophe that humanity has ever faced must be emphasized. Despite their effects, none of the prior crises were genuinely global in the sense that they did not affect every country, corporate operation, or people on the planet. The COVID-19 outbreak as a worldwide problem necessitated a worldwide reaction with grave implications. Nonetheless, it did not occur in a manner that would provide the required degree of coordination and collaboration between national, international, and local organizations as well as the state, economy, and populace. Many previous studies say that halal certification is one of the keys to economic escalation. However, the facts show that no international regime or organization has yet gathered this need to strengthen economic opportunities for countries supporting the halal industry. For this reason, due to the absence of an international halal assembly which is can be the law protection for halal certification, this research hold a study related to one of the bodies under the OIC, namely SMIIC, which is also an international halal regime with a focus on standardization.

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Moving from the general economic problems of OIC countries, this research will discuss specifically one of the problems that are obstacles to the industrial halal sector that occurs in OIC countries, especially regarding awareness of halal certification. Among them is Indonesia, which in fact should be able to master the capitalization of the halal industry, both goods and services 87% of the total population is Muslim and the opportunity for non-Muslim consumer demand in Indonesia is high. However, the halal industry in Indonesia is still too far from non-OIC countries such as Australia and Brazil in the sector of halal food and beverage. Due to the retardation in realizing this urgency, Indonesia much loses the consumer protection of halal products and the legal legitimacy of halal certificates in Indonesia is still not being optimal (Halal-UNAIR, 2018).

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The first Literature Review is a scientific journal written by Muhammad Ghafur Wibowo entitled 'Good Public Governance in Islamic Perspective: An Analysis on the World Governance Indicator in OIC Member Countries. This argument discusses the Analysis of World Governance Indicators in OIC countries in an Islamic perspective. He added, the existence of good governance indicators (Good Governance) is one of the keys to solving various problems of a country, including in the economic field (Wibowo, 2020). The difference between this study and what the researcher will discuss is the discussion on how the OIC countries are governed and the problems faced, here discusses another factor, namely, the role of the OIC through SMIIC which is targeted to be one of the solutions in dealing with the problem, lack of awareness in seeing the opportunity of the halal industry, whether the SMIIC role can provide fresh air for the improvement of the governance system that affects state revenues through government awareness in the halal industry sector.

The next Literature Review, taken from a book entitled "Governance of Halal Certification & Dynamics of the Southeast Asian halal Industry" written by Akim, Chandra Purnama, and Neneng Konety (Akim, et.al, 2020). In this book, it is explained that Halal Certification is one of the needs of all religious people to be able to reach something good (Halal) easily, along with the halal trend that is increasingly popular and developing not only in the Muslim market but also that developing in the market of non-Muslims countries such as Thailand, the Philippines, and Singapore, those believe that halal industry supported by halal certification can boost a country's economy. Meanwhile, this research take one of the findings

of the facts in this book that halal certification is one of the factors of economic. Muhammad Ghafur Wibowo (2020), “Good Public Governance in Islamic Perspective: An Analysis on the World Governance” discuss the indicator in OIC Member Countries escalation, but unfortunately in previous studies, it has not been included in the media such as a binding body to strengthen this opportunity for countries supporting halal industry, therefore, due to the absence of an international halal assembly which is the umbrella for certification of OIC countries, researchers will take research related to one of the regimes, namely SMIIC, which is also an international halal regime.

This study is to manifest the Idea of Abdulhamid Abu Sulayman that introduced Islamic concepts cultural model and guidelines into modern knowledge by understanding the analysis of significance of the SMIIC to increase the economy of OIC Countries through the awareness of halal certification, especially in Indonesia. This phenomenon through a unique value which is growing in the international community to penetrate the new international economy market. Various Halal industries trends in the international system then encourage the various countries in seeing their country's interests (national interest) through halal framing which is one of the main things that is increasingly needed by the global community (Escuela, 2018). This articles focus on What is the significance of SMIIC (The Standards and Metrology Institute for Islamic Countries) in increasing the awareness of halal certification in Indonesia?

METHODS

In this study, this research used a case study as the research design. Research departs from the phenomenon that occurs regarding the lack of awareness of halal certification in OIC countries, then this research wants to see how the significance of SMIIC in increasing awareness of halal certification. The level of analysis taken in this study were from Indonesia. In a case study design, this research will have transferable aspect that are worth it. The similarities raised by the research are first, Indonesia is a member of SMIIC and joined the OIC in the same year. Second, Indonesia has HCOs (Halal Certifying Organizations) in regulating the standards and provisions for halal product certification in the country. Third, geographically, Indonesia is located in the region, namely Southeast Asia. Also, the population in this country is dominated by Muslims.

RESULTS AND DISCUSSION

Any organization will be said to be influential depending on its relevance to society. Including the changes provided will add credibility to the organization to continue to increase its influence in people's lives. This includes the OIC, which is increasingly expanding its dominant domain starting with politics, which then currently includes many new areas of direct concern with human development and well-being. One of them is socio-economic empowerment, health, good governance, human rights, water and sanitation (OIC, 2016). The OIC has prepared many economic and also social development plans, one of those programs is stated in point 1.6 of the Programme of Action that the OIC has succeeded in increasing economic growth, technological progress, and globalization of trade, especially in developing countries. Until now the issue of poverty in OIC countries is still a large and complex phenomenon in socioeconomic structure caused by several factors both internal and external, especially in the sub-Saharan states of Africa and Asia.

Therefore, the OIC sees the need for a comprehensive multi-dimensional approach, including how to set the government's policy strategy and execution of various uses of the Islamic economy. Among the objectives and principles of the OIC that have been contained in the OIC Charter is aimed at strengthening the establishment of economic cooperation and trade that occurs intra-bloc. In the world of the Halal industry that occurs at the international level today, the concept of 'Halal' currently no longer talks about food at all but has developed many fields of the halal industry as a new sector that has the potential to grow the global economy. According to Moha A. Abdullah, in his work entitled Global Halal Industry, specifically discussing the reality and challenges of the halal industry, explains that the halal industry growth occurs at 20% per year which is estimated at US\$ 560 billion from US\$ 2.3 trillion as the total estimated value. This value does not include the income of the Islamic Finance sector which is relatively growing today. In addition, this industry is also rapidly expanding in the global economy, one of which is the existence of halal certification.

As well as stated by Erdogan, in the World Halal Summit 2021 (World Halal Summit, 2018), Halal certified products and services are increasingly preferred by Muslims and people of other faiths because they are clean and healthy.⁸ The halal industry not only meets the needs of 1.8 billion Muslim communities but is a market also for non-Muslim communities. In addition to Malaysia, Indonesia and Saudi Arabia have dominated the market, many of the non-Muslim countries outside the internal countries of the OIC realized the great potential and

opportunity of the halal industry. Non-OIC countries such as Brazil, India, Australia, New Zealand, Germany and Italy ranked in the top scope made by GIEI for the halal sector (Abdullah, 2020). Based on the research conducted by Golnaz, Zainal Abidin and Mad Nasir in 2012 revealed that at least 79% of consumers from non-Muslims are increasingly aware of the concept and principles of Halal (Baharuddin & Kassim, 2016). Meanwhile, their awareness of this has increased rapidly through advertising. In the same study, the results showed that 40% of respondents understood the concepts and principles of Halal. This shows that the visualization of Halal products is one of the media in developing and disseminating the industry in this field.

One of the barriers to opportunity in the halal industry especially in obtaining the Halal certification that the producer often experiences a lack of awareness, most small Halal food entrepreneurs do not aware of the requirements to register their products on intellectual property ownership and halal certification processes. Every product that is produced should be registered so as not to violate their intellectual property and get halal recognition so as to attract consumer confidence in halal products. The interesting fact raised by this research is first, Indonesia is a member of the SMIIC and joined the OIC in the same year. Second, Indonesia has a Standardization Body, namely BSN owned by Indonesia, thirdly, also has the HCO (Halal Certifying Organization) in regulating the standards and provisions for halal product certification in their countries where Indonesia is regulated by LPPOM MUI. Fourth, geographically, Indonesia is located in the same region, Southeast Asia. And fifth, the population in this country is dominated by people who are Muslims. One of the keys to supporting the current industry market segment right now is by the Halal certification utilization.

This is because the great halal potential makes players from various industries interested in applying for a halal certification process for their products or services. Not only in certain countries, but this phenomenon occurs in different parts of the world. Therefore, the halal issue is currently important and creates a new segmentation in the global industry (Akim, 2020). The halal industry development has become the main agenda for the planning of development strategies of countries in the world. Some countries that are not majority Muslim have a high level of awareness and concern for the integrity of halal status which involves all activities along the supply chain (Lokot, 2020). The expanding Muslim population throughout the world is also one of the elements impacting the global economy and commercial dynamics. In the

case of Indonesia, the demand comes from public awareness of halal products that continues to grow. This can be proven by the increasing demand for product certification with halal standards. Halal is one of the standards recognized by the world (Halal Industri Ecosystem, 2020).

Indonesia as of November 4, 2019, in Mecca, Saudi Arabia, was accepted as a full member of SMIIC. Then, Indonesia was also present at the 2019 WTO TBT session in Geneva, Switzerland regarding the halal issue and to clarify Law No. 33 of 2014 and its derivative rules related to halal product guarantees. This shows that the role of the state or its government was very important in guaranteeing every halal product and trade negotiations between countries. In addition, with the presence of the state's role, Indonesia's halal industry continues to grow.¹⁴ Upon request, of course, the Indonesian government considers and adjusts policies as seen from the prevailing political system. Consequently, the entity with the authority to take action issues a policy regarding the processed request, that is the implementation of Law (UU) No. 33 of compliance with article Halal Product Guarantee and its supporting derivative regulations, such as Government Regulation (PP) No. 33 of 2019 and Regulation of the Minister of Religious Affairs (PMA) No. 26 of 2019, the state is evident in order to guarantee halal products.

The adoption of the Halal Certificate requirement for items entering, circulating, as well as selling in Indonesian territory begins on October 17, 2019. BPJPH is an entity with the authority to issue and revoke halal certifications and labels. The administration of Halal certification is handled by the Central BPJPH and the Halal Task Force at the regional Ministry of Religious Affairs in provinces throughout Indonesia including districts and cities. According to Robin in his research in 2004^A lack of education, awareness, and comprehension of the idea of Halal among Muslims and Halal industry players can lead to a loss of respect for Halal and become one of the issues that are still arising in the subject of Halal certification in Indonesia. Even the Koran encourages all humans, not just Muslims, to pursue Halal for their own good. It is important to remember that Halal food must be cooked in the most hygienic manner that fulfils international food safety standards and should not be considered disrespectful to any religious belief.

Fundamental issues in manufacturing Halal food revolve around cleanliness, being free of 'contamination,' and generating healthful food as specified by the Quran. On the other hand, Indonesia has ratified international treaties, the 1945 Constitution, and state adviser laws. MUI has been issued a Halal certification, ensuring that the nation has access to halal food,

beverages, and ingredients. The MUI has also established halal standards in accordance with Islamic law. Fatwas are issued after examinations and research, and a Halal certification is issued. In Indonesia, the limits of halal certification are not appropriate since politics are not coordinated and infrastructure and facilities are deficient.

FINDINGS

In this section, will see how the development of Halal certification in country after joining SMIIC, this aims to measure how the significance of SMIIC occurs in Indonesia. Indonesia began to ratify the SMIIC standard and was declared a member in 2019 with the decision of President Joko Widodo (About Us, 2019). Despite the fact that the SMIIC's idea or point of view on Halal Certification is to examine the current situation from the standpoint of Halal standardization, it is clear that many different Halal standards exist throughout the world, and certification based on Halal standards is applied in contravention of basic economic principles such as the removal of technical trade barriers between countries. Whereas Muslim nations that consume Halal food standards are supposed to share and convey their knowledge, which can produce significant synergy across the Muslim states.

It is necessary to establish shared Halal standards to maintain confidence and safety throughout the value creation chain as well as for consumers, with an emphasis on the entire food chain rather than just one component, such as manufacturing. In both religious and technical terms, the SMIIC covers standardization, conformity evaluation, and Halal accreditation. There are Halal standards developed by the OIC/SMIIC that provide complete solutions for conformity assessment and Halal accreditation. The SMIIC standard is based on Islamic precepts and principles as well as global standardization organization standards. The OIC/SMIIC standard is consistent with international standards and corresponds to ISO/IEC and Codex standards. SMIIC will complete the construction of an accreditation process that will allow for a reliable certification system based on governmental accreditation. SMIIC will complete the construction of an accreditation process that permits a trustworthy certification system based on intergovernmental accreditation, allowing halal items to be freely implemented on a worldwide scale based on OIC/SMIIC standards and relevant reference materials (SMIIC, 2019).

The rapid growth of the Muslim community has made Indonesia the world's largest consumer of Halal products. Indonesia is one of the Muslim countries with the highest level of

Halal product consumption in the world. About 7% of the consumption of the Halal products come from imports. Indonesia is in second place with an import value of 16.88 billion US dollars. Indonesia has an import rate of halal products of about 7% of the total expenditure of the world's Muslim community in 2017 (Purnama & Auwalin 2020). This is also a phenomenon that triggers research, with a large population, it is precisely the reason why this country is the largest consumer or importer as well.

Then how is the significance of the SMIC on the issue of the Halal industry when viewed from the role of the SMIC as a new regionalism that faces opportunities as well as challenges, namely the Halal industry. Indonesia has the Indonesian National Standardization Agency (BSN). The establishment of Law No. 20/2014 on Standardization and Conformity Assessment; Governmental Regulation No. 34/2018 on National Standardization and Conformity Assessment System; Presidential Decree No. 4/2018 concerning the National Standardization Agency of Indonesia; and Chairman of BSN's Regulation No. 10/2018 on Organization and Governance of the National Standardization Agency of Indonesia has strengthened the institution of BSN. BSN is a government institution, but neither a department nor a ministry, in charge of standards, conformity assessment, accreditation, and metrology in Indonesia. The Agency assumed the role and duties of the Indonesian Standardization Council (DSN). The National Standardization Agency of Indonesia (BSN) was formed in 1997 by Presidential Decree 13/1997 and was later expanded by Presidential Decree 166/2000. This organization performs the following functions: To analyze and establish national policies in the field of national standards, conformity assessment, accreditation, and metrology activities in Indonesia; and to coordinate programs and activities in the performance of BSN duties to accelerate and empower stakeholders in the implementation of national programs of standardization, conformity assessment, accreditation, and metrology in Indonesia, organize national and international cooperation on standardization, conformity assessment, accreditation, and promotional, research, and capacity building activities, as well as general administration related to standardization, conformity assessment, accreditation, and metrology activities in Indonesia (KAN).

CONCLUSION

Abdulhamid Abu Sulayman introduced Islamic concepts and guidelines into modern knowledge created mainly by the West lead to reemergence of Muslims as world leaders

attracted lot of attention. Massive Muslim institutions tried to bring together traditional ‘ulama and modern- educated Muslim faculty under the same roof, in order to raise a new produce of Muslim students equipped with both kinds of knowledge, modern and traditional. A critical appraisal of what has been done over the centuries since the agenda’s commencement is needed. Achievements brought Muslims nowhere near the goals that been set. Valuable work on curriculum development was done, some wonderful literature was produced, a number of academic journals launched under of the project earned due recognition. But, the progress in modern disciplines is little noticed. No convincing solutions are offered to many frustrating problems of contemporary societies.

Based on the research that used the concepts of regionalism and the Halal industry, this research concluded that the SMIIC as one of the new faces of regionalism can provide significance to the awareness of Halal certification. This is seen from several facts found in this study, first, the SMIIC which is a religious based organization with a concentration on the development of Halal products produces internal influences on individual life and guides different rituals and behaviors. Individuals who identify as "Muslims" must follow certain rules in Muslim culture. Individuals are impacted by reference groups and behavioral tendencies associated with religious and spiritual origins. As a result, Muslims are committed to a relationship that constantly informs and influences their behavior toward the Halal products. This is the drive for creating a demand for a policymaking process.

Second, regionalism is a good concept to do cooperation by seeing the similarity of interests adopted. Regionalism will provide strategic roles to achieve the common good. Third, the existence of regionalism certainly gives the impetus to halal certification, namely with mechanisms that are in line with the international standards. The SMIIC will complete the establishment of an accreditation mechanism that allows a trustworthy certification system and Halal products to move freely on a global scale. e Indonesia realizes the potential for the development of the Halal Industry owned by Indonesia and the need for a medium of cooperation to compete in the international world. The Halal Industry World increasingly has a wide and worldwide market. While it even became a necessity for many international societies.

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Vol 09, No. 1, January 2024

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Vol. 09, No. 1, January 2024

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