

THE ROLE OF MUI FATWAS IN PROMOTING INDONESIA'S HALAL INDUSTRY EXPORTS WITHIN THE ASEAN REGION

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Abstract

This study aims to analyze the role of the Indonesian Ulema Council (MUI) fatwas in promoting Indonesia's halal industry exports within the ASEAN region. The study highlights how fatwas function not only as normative religious instruments but also as strategic tools that strengthen the competitiveness and legitimacy of Indonesian halal products in regional markets. This research employs a qualitative library research approach by examining regulatory documents, MUI fatwas, academic literature, and policy reports related to Indonesia's halal certification system and ASEAN economic integration. The data were analyzed through content analysis to map the interrelation between religious authority, economic policy, and trade diplomacy. The findings reveal that MUI fatwas play a dual role — as religious legitimations of halal standards and as reinforcements of Indonesia's halal export ecosystem. The fatwa-based certification system enhances consumer trust, facilitates mutual recognition among ASEAN countries, and strengthens Indonesia's position as a global halal industry hub. This study recommends that policymakers and halal industry actors optimize fatwa-based diplomacy in harmonizing ASEAN halal standards and expanding Indonesia's export markets. The article contributes a new perspective by linking Islamic legal instruments (fatwas) with economic diplomacy and regional trade integration, thereby offering a model of Islamic values-based economic development in ASEAN.

Keywords: MUI Fatwa; halal export; Indonesia; ASEAN; Islamic economic diplomacy

A. INTRODUCTION

Over the past two decades, the halal economy has evolved into one of the most strategic sectors in global economic development, particularly in regions with significant Muslim populations such as Southeast Asia (Azizah & Rahman, 2020). Indonesia, as the world's largest Muslim-majority country, holds a strategic position in the

advancement of the halal industry, encompassing production, certification, and regulation (Huda & Fauzia, 2019). One distinctive element of Indonesia's halal industry model lies in the role of the *Majelis Ulama Indonesia* (MUI) fatwas, which serve as the normative foundation for determining the halal status of products, services, and Islamic financial instruments (Fauzi, 2018; Rohmana & Yusuf, 2021). These fatwas not only influence domestic consumption but also play a significant role in strengthening Indonesia's halal product exports to the ASEAN regional market (Lubis, 2023).

From a geopolitical and economic perspective, ASEAN represents a strategic region for Indonesia's halal exports. Countries such as Malaysia, Brunei Darussalam, Thailand, Singapore, and the Philippines have each developed their own halal ecosystems with varying standards (Rahim & Abdullah, 2021). In this context, halal certification based on MUI fatwas acts as an important bridge that enhances regional Muslim consumers' trust in Indonesian products (Rachman & Suhaimi, 2019). The *Global Islamic Economy Report* (2023) notes that the global halal market is worth trillions of dollars, with Southeast Asia contributing a substantial portion of consumption and distribution. However, Indonesia's halal export contribution remains below its potential (Kemendag, 2022). One of the key factors for optimizing this potential lies in leveraging MUI fatwas as internationally recognized and respected halal legitimacy (Setyowati & Wahyudi, 2022).

Regulatory changes through Law No. 33 of 2014 on Halal Product Assurance (*Undang-Undang Jaminan Produk Halal* – UU JPH) and the involvement of the Halal Product Assurance Agency (*Badan Penyelenggara Jaminan Produk Halal* – BPJPH) have not diminished the role of MUI as the primary fatwa authority. On the contrary, MUI fatwas remain the main *sharia* foundation of the national halal certification process (Rohmana & Yusuf, 2021). With increasing international recognition of Indonesia's halal system, including collaborations with OIC and ASEAN member states, the opportunities for halal industry exports continue to expand (Abdullah & Mansur, 2021). The MUI fatwa thus functions not only as a religious document but also as an ethical, legal, and economic standard that enhances Indonesia's halal image globally (Hasyim, 2020).

Meanwhile, global competition in the halal industry has intensified. Malaysia, for instance, has long positioned itself as a global halal hub through the authority of JAKIM, while Thailand has branded itself as the “Kitchen of the World,” emphasizing halal exports (Rahim & Abdullah, 2021). In this competitive environment, Indonesia requires strategic instruments to establish a competitive advantage. The MUI fatwa serves as one such instrument, carrying religious legitimacy, social authority, and economic implications (Fauzi, 2018; Hasyim, 2020). Without strong fatwa foundations, halal certification risks becoming merely administrative and losing its *sharia*-based dimension (Rohmana & Yusuf, 2021).

Based on these conditions, the study on “*The Role of MUI Fatwas in Promoting Indonesia's Halal Industry Exports in the ASEAN Region*” becomes both relevant and strategic. This research does not merely view fatwas as religious texts but as politico-economic instruments that contribute to strengthening Indonesia's halal product competitiveness within the regional market (Yusuf & Karim, 2020). Through a qualitative literature-based approach, this article explores how MUI fatwas influence market

access, consumer acceptance within ASEAN, trade policy integration, and the development of an export-oriented halal ecosystem (Putra & Ningsih, 2021).

Furthermore, it is essential to examine how fatwas interact with public policy, industrial actors, and cross-border certification mechanisms. The harmonization of halal standards across ASEAN still faces fragmentation, both in terms of regulation and institutional cooperation (Setyowati & Wahyudi, 2022). This presents an opportunity for Indonesia to offer an MUI fatwa-based approach as a model that other nations can adapt or reference within regional halal trade (Abdullah & Mansur, 2021; Rahman, 2022). Hence, fatwas are not only normative but also strategic and applicable within the context of international trade.

This study addresses three central research questions:

1. What is the position of MUI fatwas within national and regional halal certification systems?
2. How do these fatwas contribute to enhancing Indonesia's halal product exports in the ASEAN region?
3. What opportunities and challenges exist in optimizing the fatwa's role in boosting halal export competitiveness?

The objective of this study is to analyze the conceptual and practical contributions of MUI fatwas to strengthening Indonesia's halal exports, identify implementation challenges at the regional level, and propose future strategic directions (Yusuf & Karim, 2020). Amid the rising global demand for halal products, it is crucial for Indonesia to reinforce its halal branding, certification, and diplomacy grounded in fatwa authority (Rahman, 2022).

Academically, this research contributes to the development of halal economic discourse, Islamic economic law, and the integration of value-based trade within ASEAN (Azizah & Rahman, 2020). Practically, it is relevant for regulators, industry players, business associations, and certification bodies in utilizing fatwas as a source of legitimacy and an instrument for market expansion (Lubis, 2023). It also holds policy significance in supporting Indonesia's vision to become a global halal production hub (Huda & Fauzia, 2019).

In summary, this introduction highlights that MUI fatwas are not merely religious texts but strategic assets in strengthening Indonesia's halal export capacity. Through an expanded Islamic economic perspective, fatwas serve as instruments of halal diplomacy and as essential components in developing a competitive export ecosystem within ASEAN (Abdullah & Mansur, 2021; Rahman, 2022).

B. LITERATURE REVIEW

1. The Concept of the Halal Industry and Islamic Economy

The halal industry is an integral part of the Islamic economy, encompassing various sectors such as food and beverages, cosmetics, pharmaceuticals, tourism, Islamic finance, and halal logistics. According to the *Global Islamic Economy Report*, the halal industry has shown significant global growth due to the rising awareness among both Muslim and non-Muslim consumers of products that are safe, ethical, and *sharia*-compliant. In the Indonesian context, the halal industry is not only viewed

through the lens of domestic consumption but also as a strategic instrument of international trade, particularly within the ASEAN region (Kementerian Perdagangan RI, 2023).

From a macroeconomic perspective, the Islamic economy emphasizes the balance between moral values and economic activities. Principles such as *halal-haram*, *maslahah* (public interest), and justice form the basis of legitimacy in the production and distribution of goods and services. Therefore, the halal industry is not limited to technical certification but also involves compliance with *fiqh* (Islamic jurisprudence) provisions established through authoritative *fatwas*. This places *fatwa* as both an epistemological and operational pillar within the Islamic economic system (Antonio, 2021).

As the world's largest Muslim-majority country, Indonesia possesses substantial potential in both market size and production capacity for halal industries. However, key challenges persist, including limited standardization, weak regional policy harmonization, and export market penetration. Within the framework of the ASEAN Economic Community (AEC), enhancing the competitiveness of the halal industry requires credible legal and religious instruments such as MUI *fatwas* (KNEKS, 2022).

2. Fatwa as the Sharia Foundation of the Halal Economy

Terminologically, a *fatwa* is a legal opinion issued by religious scholars (*ulama*) concerning issues of Islamic law. In Indonesia, the *Majelis Ulama Indonesia* (MUI) holds a central position as the authoritative body in determining halal rulings through its Fatwa Commission. A *fatwa* is not merely normative; it carries significant social, economic, and legal implications when implemented through national regulations and standards (Asni, 2020).

In the halal industry context, *fatwas* provide the foundational basis for determining the halal or haram status of products, production processes, distribution systems, and the use of additional materials. MUI's *fatwas* are then translated into the halal certification system by *Lembaga Pemeriksa Halal* (LPH), which largely refers to the *LPPOM MUI*. Although certification authority is now shared with BPJPH under Law No. 33 of 2014, *fatwas* remain the ultimate *sharia* reference for halal rulings as part of religious authority.

Scholarly research indicates that *fatwas* possess strong moral legitimacy because they are associated with the scholarly authority of the *ulama*, thereby shaping consumer and industry trust (Fauzia, 2019). This trust-based mechanism is crucial in international trade, as it determines the reliability of the halal supply chain, particularly in the export of food, cosmetics, and pharmaceuticals.

3. Halal Certification and International Trade

Halal certification represents the practical implementation of *fatwas* by formulating technical standards in accordance with *sharia* principles. In the export context, Indonesia's halal certification has gained recognition from several ASEAN countries, although full integration under a *Mutual Recognition Agreement* (MRA) has yet to be achieved. Through *LPPOM MUI*, MUI has established partnerships with

various foreign halal certification bodies such as JAKIM (Malaysia), MUIS (Singapore), CICOT (Thailand), while BPJPH continues to engage in cross-authority certification diplomacy (BPJPH, 2023).

According to the Ministry of Trade (Kemendag, 2022), halal certification adds economic value to export trade by enhancing product competitiveness and expanding market access. Processed food, beverages, cosmetics, and raw industrial materials are among the most promising sectors. In the ASEAN region, the halal market is estimated to be worth hundreds of billions of dollars, and Indonesia has the potential to become a key production hub if its certification and *fatwa* system gains wider regional recognition.

Nevertheless, trade barriers still exist due to differing standards, audit mechanisms, and *fiqh* interpretations among certifying bodies. The role of *fatwas* is therefore critical as a normative reference in harmonization processes, particularly through intergovernmental forums such as MABIMS (Ministers of Religious Affairs of Brunei Darussalam, Indonesia, Malaysia, and Singapore) and initiatives like the ASEAN Halal Framework.

4. Indonesia's Halal Product Exports in the ASEAN Region

Indonesia's position in halal product exports within ASEAN remains behind Malaysia and Thailand. Malaysia has leveraged JAKIM as a globally recognized certification authority, while Thailand has developed the "Halal Science Center" brand, effectively targeting non-Muslim markets through halal standard diplomacy (Hasan, 2021). Brunei, under its *Halal Premium Brand*, focuses on high-value premium products.

Indonesia possesses comparative advantages in natural resources and its large Muslim population. However, challenges persist in product standardization, policy integration, and export promotion. MUI *fatwas* serve as a vital element of *sharia* legitimacy, strengthening product competitiveness, particularly in processed foods, pharmaceuticals, Muslim fashion, and halal logistics sectors.

A study by KNEKS (2022) demonstrates that the integration of *fatwas* with export policy can accelerate market access to ASEAN countries. Furthermore, halal diplomacy through the standardization of *fatwas* and certification can promote policy alignment and trade cooperation within the ASEAN Economic Community (AEC).

5. Previous Studies and Gap Analysis

Previous studies on the relationship between MUI *fatwas* and the halal economy have been conducted by numerous Indonesian and international scholars. Fauzia (2019) explains that *fatwas* serve as moral legitimacy in strengthening national halal certification, while Asni (2020) emphasizes the *fatwa's* role as a legal instrument within Islamic economic law affecting both consumption and production.

Meanwhile, studies by BPJPH (2021) and KNEKS (2022) focus on the implementation of the Halal Product Assurance Law (*UU JPH*) and the relevance of *fatwas* in ensuring halal supply chain integrity. Hasan (2021) compares Indonesia's and Malaysia's halal systems from an export perspective but does not specifically examine the contribution of *fatwas* to ASEAN markets.

Therefore, a *research gap* remains regarding how MUI *fatwas*, both conceptually and practically, contribute to the enhancement of Indonesia's halal product exports to ASEAN countries. This article aims to fill that gap by highlighting the *fatwa* as a strategic instrument that aligns religious legitimacy with trade diplomacy, certification systems, and regulatory reinforcement.

C. METHOD

This study employs a qualitative-descriptive and normative library research approach to examine the role of *fatwas* in supporting Indonesia's halal industry exports within the ASEAN region. The normative aspect is crucial because *fatwas* function as Islamic legal instruments influencing national policy, regulation, and trade legitimacy.

Data Sources: Three categories of data were used. (1) Primary sources include *fatwas* of the Indonesian Ulema Council (MUI) on halal certification, food, cosmetics, and additives, along with Law No. 33/2014 on Halal Product Assurance and related BPJPH documents. (2) Secondary sources consist of scholarly books, journal articles, reports from KNEKS, BPJPH, Global Islamic Economy Report, WTO, and ASEAN trade publications. (3) Tertiary sources include trade statistics and policy summaries from the Ministry of Trade, BPS, UNCTAD, and COMTRADE. **Data Collection and Analysis:** Data were collected through documentary analysis using academic repositories such as Scopus, JSTOR, Google Scholar, and official government portals.

Three analytical methods were applied: (1) Content Analysis to interpret the legal and economic implications of *fatwas*; (2) Thematic Analysis to identify core themes such as sharia legitimacy, ASEAN standard harmonization, and certification diplomacy; and (3) Normative-Empirical Analysis to connect textual findings with policy and market realities. **Focus and Limitation:** The study focuses on three areas: (a) MUI *fatwas* as instruments of Islamic legal assurance; (b) Indonesia's halal export ecosystem and its alignment with ASEAN standards; and (c) the regional trade context. Technical production and fieldwork are excluded, as analysis relies on official documents and scholarly literature. **Data Validity:** Triangulation was achieved through cross-referencing MUI *fatwas*, BPJPH policies, and ASEAN halal standards (JAKIM, MUIS, CICOT), ensuring reliability and contextual depth.

D. RESULT AND DISCUSSION

1. The Position of MUI Fatwa within the National Halal Assurance System

The *fatwa* issued by the Indonesian Ulema Council (Majelis Ulama Indonesia—MUI) holds a fundamental position within the National Halal Assurance System, serving as the primary source of *sharia* legitimacy for determining a product's halal status. Although the administrative authority for halal certification has been transferred to the Halal Product Assurance Organizing Agency (BPJPH) through Law No. 33 of 2014, the *fatwa* remains an irreplaceable core element. This is because the determination of halal and haram is an authoritative domain of Islamic scholars (*ulama*), not merely an administrative function of the state. Consequently, the halal determination process must still be conducted through the MUI Fatwa Commission, while BPJPH is responsible for registration, auditing, and certification issuance.

In this context, the *fatwa* is not merely a religious opinion but a legal instrument that carries social and economic implications. The *fatwas* issued by MUI form the technical foundation for halal standards implemented by Halal Inspection Bodies (LPH) and halal auditors. Operational guidelines such as the Halal Assurance System (HAS) and the criteria for food additives are all based on *fatwas* that have been rigorously reviewed from *fiqh* (Islamic jurisprudence) and *maqasid al-shariah* perspectives (Antonio, 2021).

In the export sector, *fatwa* functions as a legitimizing instrument that enhances the trust of partner countries and Muslim consumers. Without the authority of *fatwa*, halal certification would only be perceived as an administrative claim lacking religious credibility. Therefore, the legality and credibility of *fatwa* serve as essential capital in building Indonesia's international halal image. In various ASEAN countries such as Malaysia, Singapore, and Brunei, the existence of *fatwa*-issuing bodies is also integral to their national halal certification systems. This reinforces the argument that *fatwa* is inseparable from the governance of inter-state halal trade (Asni, 2020).

Furthermore, *fatwa* defines the scope of exportable halal products. For instance, *fatwas* related to gelatin, enzymes, flavors, emulsifiers, and slaughtering methods directly impact Indonesia's access to export markets for food products. This demonstrates that MUI's *fatwa* lies at the most fundamental layer of the halal industry ecosystem, fully integrated with trade policies. In practice, every halal certificate issued for export purposes must refer to *fatwa* decisions as the legal basis for halal status determination (BPJPH, 2023).

Institutionally, the interaction among MUI, BPJPH, and LPH constructs a synergistic halal assurance system with an export-oriented framework. BPJPH manages registration and administrative mechanisms, while MUI guarantees *sharia* compliance through *fatwas*. This relationship ensures a balance between state regulation and religious authority. At the same time, *fatwa* acts as a bridge between industry actors and foreign markets since it carries moral and social weight beyond mere technical regulations (Fauzia, 2019).

From the perspective of Islamic legal theory, *fatwa* is viewed as the *ulama's* response to contemporary issues that demand *sharia* compliance within modern contexts. This concept aligns with the dynamic growth of the halal industry, driven by technological innovation and global trade expansion. The flexibility of *fatwa* allows halal standards to adapt to export needs while maintaining *sharia* principles (Hasan, 2021).

Moreover, the existence of MUI *fatwas* strengthens Indonesia's position in halal diplomacy. *Fatwa* serves as a negotiation foundation in halal certification cooperation with foreign bodies. For instance, the recognition of Indonesian halal certification by foreign institutions is closely tied to MUI's credibility as a *fatwa*-issuing authority. Without this foundation, Indonesia's halal standards would struggle to gain equivalency with other ASEAN institutions such as JAKIM (Malaysia), MUIS (Singapore), and CICOT (Thailand) (KNEKS, 2022).

In conclusion, the role of MUI *fatwa* in Indonesia's halal assurance system is not only normative but also strategic. It constitutes the principal element supporting halal certification, enhancing export competitiveness, and reinforcing Indonesia's

reputation within regional markets. Within the ASEAN context, *fatwa* serves as an epistemic identity and a diplomatic economic instrument, ensuring the integration between *sharia* principles and international trade systems.

2. MUI Fatwa as Economic Legitimacy and Market Trust in ASEAN

The *fatwas* issued by the Indonesian Ulema Council (Majelis Ulama Indonesia—MUI) serve not only as religious guidance but also as economic legitimacy within cross-border halal trade. In the ASEAN context, *fatwa* operates as a vital instrument strengthening the trust-based market mechanism—a system of consumer confidence that underpins Muslim purchasing preferences toward products certified as halal. Consumers in countries such as Malaysia, Brunei Darussalam, and Singapore are more inclined to purchase products supported by *fatwa*-based certification, as it provides a stronger sense of *sharia* legitimacy (Hasyim, 2020).

This element of trust is a critical driver for Indonesia's halal export market penetration. Although BPJPH now holds administrative authority, consumers and importers across ASEAN continue to perceive MUI fatwas as a legitimate theological assurance of a product's halal status (Rohmana & Yusuf, 2021). This differs from *self-declared halal claims* used in some non-Muslim-majority countries, which lack the scholarly authority and credibility provided by formal religious bodies.

From an Islamic economic perspective, halal legitimacy encompasses not only normative compliance but also market preference and value creation (Huda & Fauzia, 2019). Products declared halal through *fatwas* enjoy a competitive advantage, as they are trusted to be free from doubtful (*syubhat*) or non-halal elements throughout the production, distribution, and storage processes.

Market confidence is further reinforced by the rigorous audit and verification system previously managed by LPPOM MUI before the transition to BPJPH (Fauzi, 2018). In practice, importers of halal products within ASEAN often prefer products certified by religious authorities rather than purely state administrative agencies. Therefore, *fatwa* provides both symbolic and economic legitimacy, strengthening Indonesia's halal export presence in regional markets.

In addition, *fatwa* holds diplomatic value as it underpins cooperation between national halal certification bodies. Institutional collaborations between MUI, JAKIM (Malaysia), MUIS (Singapore), CICOT (Thailand), and BPJPH Brunei have been established through mutual recognition agreements (MRAs). In this context, *fatwa* functions not only as a religious legal document but also as a regional reference standard in defining and harmonizing halal certification (Setyowati & Wahyudi, 2022).

Another important aspect strengthening the economic legitimacy of *fatwa* lies in its contribution to Indonesia's halal brand image. Halal-labeled food, cosmetic, and pharmaceutical products bearing the MUI logo are more widely accepted in Malaysia and Singapore because consumers associate them with credible religious assurance (Lubis, 2023). ASEAN consumers perceive *fatwa*-based certification as more trustworthy than self-declarations or purely technical validations.

In the sphere of international trade, this legitimacy directly impacts export growth. Data from the Ministry of Trade (Kemendag, 2022) indicates that halal-certified products enjoy up to 18% higher market access in Muslim-majority ASEAN

countries compared to uncertified products. This demonstrates that *fatwa* functions as a significant economic determinant.

Furthermore, *fatwa* enables the integration between sharia norms and industrial standards. For instance, *fatwas* addressing the halal status of biotechnological products, food additives, and modern preservation technologies serve as the foundation for innovation and the export of high-value halal goods (Azizah & Rahman, 2020). Such rulings strengthen Indonesia's competitive position in processed food, pharmaceutical, and cosmetic sectors.

In conclusion, the MUI *fatwa* plays a strategic role as an instrument of economic legitimacy that embodies both religious authority and market trust. It serves as the cornerstone of ASEAN consumers' confidence in Indonesian halal products. This legitimacy directly contributes to export expansion, geopolitical positioning, and the branding of Indonesia's national halal industry.

3. Fatwa-Based Halal Certification and Export Access

Indonesia's halal certification system possesses a distinctive characteristic, as it is grounded in *fatwas* issued by the MUI Fatwa Commission rather than merely technical or administrative standards. This sets Indonesia apart from several other countries that adopt industrial or commercial approaches in halal labeling (Rachman & Suhaimi, 2019). The presence of *fatwas* provides Indonesia's halal certification with stronger moral and juridical legitimacy in the eyes of ASEAN countries with significant Muslim populations.

Structurally, the establishment of halal standards begins with the examination of raw materials, production processes, distribution, and storage, based on fiqh guidelines formulated through *fatwas* (Yusuf & Karim, 2020). Certification is granted only after halal auditing and subsequent approval by the Fatwa Commission. Thus, the *fatwa* serves as the final filter in determining whether a product is eligible to be exported as a halal product. This becomes crucial for market access since partner countries such as Malaysia and Brunei require Sharia compliance in the certification process.

From an ASEAN trade perspective, *fatwa*-based halal certification adds significant value, particularly within the context of the *Mutual Recognition Agreement* (MRA). Such agreements on mutual recognition can only be established when the certifying authority has a legitimate Sharia foundation in fiqh (Rahim & Abdullah, 2021). Consequently, MUI *fatwas* represent both epistemic and political strength in expanding Indonesia's export reach.

Moreover, *fatwas* contribute to the harmonization of standards across product sectors. In the food and beverage industry, for instance, *fatwas* related to the use of gelatin, emulsifiers, enzymes, and synthetic flavors serve as essential references for determining export eligibility to ASEAN countries (Hidayat & Muttaqin, 2018). Meanwhile, in the cosmetics sector, *fatwas* regarding the prohibition of certain animal derivatives and alcohol-based ingredients provide the basis for regionally recognized certification.

The role of *fatwas* is also evident in the development of the *Halal Assurance System* (HAS 23000), which serves as a reference for the MUI's Assessment

Institute for Foods, Drugs and Cosmetics (LPPOM MUI) and has now been integrated into the BPJPH system. This system enables exporting companies to comply with halal requirements compatible with their target markets (Putra & Ningsih, 2021). Since these standards are fatwa-based, exported products are not only technically compliant but are also deemed *Shariah-valid* by importing countries.

Another factor strengthening export access is the official recognition of Indonesia's halal institutions by foreign authorities. Cooperation and communication between MUI and agencies such as JAKIM (Malaysia), MUIS (Singapore), BPJPH (Brunei), and CICOT (Thailand) have resulted in several agreements recognizing Indonesia's halal certificates (Lubis, 2023). This process is made possible because fatwas are perceived as a *fiqh* consensus acknowledged among ASEAN scholars, despite differences in madhhab and technical standards.

At a practical level, MUI fatwas also support inclusivity for small and medium enterprises (SMEs). Several specific fatwas have been issued to facilitate halal certification for SMEs, particularly in the snack and local product industries. By adapting fatwas to domestic production contexts, export market access becomes more attainable for businesses that previously lacked certification capacity (Nisa & Hakim, 2022).

From a global economic standpoint, fatwa-based halal certification provides assurance of ethics, quality, and product safety. The global market now perceives halal as a *value proposition* encompassing health, hygiene, and sustainability dimensions (Azizah & Rahman, 2020). Thus, fatwas play a vital role in expanding market segmentation—not only for Muslim consumers but also for broader audiences who regard halal as a symbol of trust and quality.

Fatwa-based halal certification contributes strategically to opening export access for Indonesian products in the ASEAN market. The fatwa serves not merely as a theological document but as an economic instrument that reinforces the growth and competitiveness of Indonesia's national halal industry.

4. Fatwa and Indonesia's Halal Diplomacy in the ASEAN Region

The fatwas issued by the Indonesian Council of Ulama (Majelis Ulama Indonesia/MUI) have evolved from being purely domestic religious rulings into instruments of economic and cultural diplomacy within the ASEAN region. In the context of the global halal movement, fatwas serve not only as legal opinions in Islamic jurisprudence but also as tools of *soft power diplomacy* that strengthen Indonesia's position as a global halal reference center (Rahman, 2022). Through this role, MUI contributes to the integration of the ASEAN halal market by emphasizing standard harmonization, consumer trust, and inter-agency cooperation among halal certification authorities.

Fatwa-based halal diplomacy operates through two strategic dimensions. The first is *religious diplomacy*, conducted through the network of fatwas and regional ulama councils; the second is *economic diplomacy*, which utilizes the legitimacy of fatwas to expand Indonesia's halal export market. Both dimensions intersect in enhancing national export competitiveness and reinforcing Indonesia's image as a center of Islamic moderation in Southeast Asia (Abdullah & Mansur, 2021).

Through regional and international forums such as the ASEAN Working Group on Halal Food and the World Halal Council, MUI has actively built cross-border communication with certification authorities, including JAKIM (Malaysia), MUIS (Singapore), and BPJPH Brunei. This diplomacy is grounded in *mutual recognition* of fatwas as legitimate sources of halal law (Setyowati & Wahyudi, 2022). Sharing a common fiqh framework and the principle of *tathir al-tha'am* (purification of food), ASEAN member states are able to develop compatible halal systems and mutually recognize each other's halal certificates.

MUI's diplomatic role became even more prominent following the implementation of Law No. 33 of 2014 on Halal Product Assurance. Although the administrative function of certification has shifted to BPJPH, fatwas remain the theological foundation of Indonesia's halal certification process (Rohmana & Yusuf, 2021). In international relations, the existence of fatwas strengthens Indonesia's bargaining position in both technical and theological negotiations with partner countries. The fatwa ensures that Indonesia's certification is not merely administrative but also possesses religious legitimacy recognized at the regional level.

This halal diplomacy also has significant economic implications. The recognition of MUI fatwas by ASEAN halal authorities facilitates market entry for Indonesian exports such as processed food, cosmetics, and pharmaceuticals (Kemendag, 2022). Products bearing the MUI halal label are perceived as having higher "trust value" than non-certified or industry self-declared products, thereby enhancing Indonesia's reputation as a *halal value chain hub* in Southeast Asia.

From a geopolitical-economic perspective, fatwa-based halal diplomacy strengthens ASEAN market integration toward the establishment of an *ASEAN Halal Economy Framework*. Indonesia is well-positioned to lead this initiative through collaboration between MUI and BPJPH—representing the synergy of religious authority and state power. This collaboration reflects a new form of *Shariah economic governance* that embodies both institutional legitimacy and moral authority (Hasyim, 2020). With the world's largest Muslim population and widely recognized scholarly authority, Indonesia occupies a strategic position as the halal epicenter in the region.

Moreover, MUI's halal diplomacy serves as a vehicle for promoting the values of *Islam Wasathiyah* (moderation). In numerous international forums, MUI emphasizes that the concept of halal extends beyond consumption to include ethical production, environmental sustainability, and social justice (Azizah & Rahman, 2020). This perspective transforms the fatwa into an ethical instrument that promotes fair and sustainable trade. Consequently, halal diplomacy not only strengthens Indonesia's economy but also extends the moral and cultural influence of Indonesian Islam across the region.

Conceptually, fatwa-based halal diplomacy affirms Islam's role as a value system in modern economic practices. Fatwas provide a spiritual dimension to cross-border economic activity while serving as the foundation of halal governance within ASEAN (Fauzi, 2018). The integration of fatwas into Indonesia's halal foreign policy demonstrates that the nation's economic goals are aligned with universal Islamic values such as *justice (al-'adl)* and *blessing (al-barakah)*.

MUI fatwas function as multidimensional diplomatic instruments—*theological, economic, and cultural*. They build the legitimacy of Indonesia's halal products, strengthen regional cooperation networks, and affirm Indonesia's leadership as a pioneer of Islamic economics and the halal industry in ASEAN. Going forward, fatwa-based halal diplomacy is expected to accelerate the development of an inclusive, competitive, and value-driven regional halal ecosystem grounded in the principles of moderate Islam.

5. Economic and Regional Investment Impacts of MUI Fatwas

The fatwas issued by the Indonesian Council of Ulama (Majelis Ulama Indonesia/MUI) as the basis for halal legitimacy have generated broad economic effects, including the growth of exports, the inflow of foreign investment, and the development of a halal industrial ecosystem across ASEAN. These impacts are evident in the increasing export value of Indonesia's halal products to ASEAN countries and the growing interest of foreign investors in Indonesia's domestic halal sector (Kemendag, 2022).

At the macro level, MUI fatwas have contributed to the establishment of a robust *halal value chain* in Indonesia. This value chain integrates agriculture, food processing, pharmaceuticals, cosmetics, and halal tourism, all of which are grounded in halal standards derived from scholarly *ijtihad* (Huda & Fauzia, 2019). Through fatwa-based halal certification, Indonesia ensures the halal integrity of products at every stage of the business process, thereby enhancing international market confidence. This trust serves as a non-material asset with significant economic value in cross-border trade (Lubis, 2023).

Beyond exports, MUI fatwas have become a key factor in stimulating foreign direct investment (FDI) into Indonesia's halal sector. Investors from Malaysia, the United Arab Emirates, and Saudi Arabia have shown a growing interest in investing in Indonesia's halal industries due to the *Shariah assurance* provided by MUI fatwas (Abdullah & Mansur, 2021). In this sense, fatwas function as a *religious guarantee*, offering both moral and legal assurance of halal compliance throughout production processes. This assurance enhances investor confidence in market stability and mitigates reputational risks within the global halal economy.

At the micro level, MUI fatwas have improved the competitiveness of micro, small, and medium enterprises (MSMEs). Many MSMEs in the food, beverage, and cosmetic sectors have gained access to ASEAN markets after obtaining fatwa-based halal certification (Nisa & Hakim, 2022). Through flexible and context-sensitive fatwas, MSMEs can innovate while maintaining Shariah principles. The resulting domino effect includes higher revenues, job creation, and greater diversification of halal export products.

Furthermore, MUI fatwas have strengthened Indonesia's economic diplomacy in Islamic investment. In several ASEAN-level meetings, Indonesia has emphasized that halal is not merely a technical certification, but also a reflection of ethical, transparent, and sustainable business governance (Azizah & Rahman, 2020). This perspective has attracted regional Islamic financial institutions to expand their

funding into Indonesia's halal sectors, particularly in processed food and halal tourism industries.

Empirical evidence from Hasyim (2020) shows that countries with strong fatwa systems tend to exhibit higher halal industry growth compared to those relying solely on administrative models. Indonesia and Malaysia stand as leading examples of this success in ASEAN. The presence of fatwas enables synergy between theological and economic dimensions, creating a productive halal ecosystem.

Another notable impact is the growing consumer awareness of domestic halal products. Publicly issued MUI fatwas serve as an educational tool for Muslims to select Shariah-compliant products. This awareness has boosted domestic demand and created a *multiplier effect* on the halal production sector (Rachman & Suhaimi, 2019). Consequently, fatwas not only drive export growth but also reinforce the foundation of a value-based national economy.

Regionally, the economic impact of MUI fatwas is reflected in Indonesia's increased participation in the ASEAN halal supply chain. Indonesia has transitioned from being primarily a consumer of imported halal goods to an exporter of halal raw materials, processed products, and halal processing technologies (Rahim & Abdullah, 2021). This shift has transformed ASEAN's economic structure toward greater interdependence within the halal sector, positioning Indonesia as a *halal industrial hub*.

From an investment perspective, the international recognition of MUI fatwas has catalyzed the development of large-scale halal projects, such as halal industrial zones in Cikarang, Sidoarjo, and Bintan. These projects have attracted investors from Malaysia, Brunei, and the Middle East due to the assurance of Shariah compliance (Setyowati & Wahyudi, 2022). Likewise, the government has used fatwas as the foundational framework in establishing the Halal Industrial Park Indonesia (HIPI), which serves as a collaborative center for regulators, scholars, and industry players (Putra & Ningsih, 2021).

Hence, the economic and investment impacts of MUI fatwas are multidimensional:

1. Macroeconomic: Increased export value and FDI inflows.
2. Microeconomic: Enhanced capacity and competitiveness of halal MSMEs.
3. Structural: Development of an integrated halal industrial ecosystem.
4. Diplomatic: Strengthening Indonesia's position in the ASEAN halal value chain.

Looking ahead, MUI fatwas are projected to function not only as the foundation for product halal assurance but also as the ethical and strategic framework for halal business and investment at the regional level. The synergy between religious values and economic certainty represents Indonesia's key strength in driving the Shariah economic transformation across ASEAN.

E. CONCLUSION

The findings of this study reveal that the MUI fatwa occupies a central and authoritative position within Indonesia's national and regional halal certification system. At the national level, it serves as the theological and legal foundation for the operation

of the Halal Product Assurance System (SJPH) under the collaboration between MUI and BPJPH. Regionally, the MUI fatwa functions as a religious benchmark that facilitates mutual recognition and harmonization of halal standards among ASEAN countries through institutional cooperation with bodies such as JAKIM, MUIS, and CICOT. This dual position ensures that Indonesia's halal certification is both religiously legitimate and globally recognizable. Second, the MUI fatwa contributes significantly to the growth of Indonesia's halal exports within the ASEAN market. By providing clear religious assurance and moral legitimacy, the fatwa enhances consumer trust, reduces non-tariff barriers, and strengthens the branding of Indonesian halal products. This trust has encouraged foreign direct investment (FDI) and expanded the participation of small and medium enterprises (SMEs) in the regional halal value chain. Empirical evidence shows that countries with strong religious authority in halal governance—such as Indonesia—enjoy higher export performance and investor confidence in the halal sector.

Third, in optimizing the role of the fatwa in boosting halal export competitiveness, several opportunities and challenges emerge. The opportunities include the growing demand for halal products in ASEAN, the regional momentum for standard harmonization, and the government's policy support through halal industrial zones. However, challenges remain in ensuring regulatory synchronization between MUI and BPJPH, maintaining international credibility, and strengthening the digitalization of halal certification to meet market dynamics. Addressing these challenges requires continuous collaboration among religious authorities, policymakers, and industry stakeholders. In summary, the MUI fatwa has evolved from a purely religious ruling into a strategic instrument of halal diplomacy and economic competitiveness. It not only legitimizes halal practices but also drives Indonesia's economic integration and leadership within the ASEAN halal market. The synergy of religious legitimacy, policy coherence, and market innovation will determine the sustainability of Indonesia's role as a regional halal hub in the years ahead.

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