

# Indonesia's Halal Certification: Implementation Deadline is Around the Corner

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In 2014, Indonesia passed Law No. 33 of 2014 concerning Halal Product Guarantees (most recently amended by Government Regulation In Lieu of Law of The Republic of Indonesia No. 2 of 2022) ("**Law 33/2014**"). This law essentially mandates that all products entering, circulating, and being traded within Indonesia must be halal certified<sup>1</sup>. While the law was enacted in 2014, its full implementation has been gradual, with significant deadlines set forth in its implementing regulations.

One of the key implications of Law 33/2014 is the requirement for business actors to obtain a halal certificate for their products from the Halal Product Guarantee Organizing Agency (*Badan Penyelenggara Jaminan Produk Halal* or "**BPJPH**"). Additionally, products containing ingredients classified as haram must be clearly labelled as non-halal<sup>2</sup>. These prohibited ingredients include pork and its derivatives, alcoholic drinks, products containing blood or blood products, and animal products not slaughtered according to sharia principles.

The gradual implementation of the halal certification requirement provides a transition period for businesses to adapt. Government Regulation No. 39 of 2021 concerning The Organization of Halal Product Guarantees ("**GR 39/2021**"), which serves as the implementing regulation, outlines specific deadlines for obtaining halal certification, with the earliest deadline set for 17 October 2024, for food and beverage products and related services. Failure to comply with these deadlines can result in various administrative penalties, including fines and product recalls.

It is highly important for business actors to understand the types of products and services that require halal certification, as well as their respective deadlines. The obligations for halal certification are classified into two main groups<sup>3</sup> : goods and services.

Goods	Services
Food, drink, drug, cosmetics, chemical products, biological products, genetic engineering products, and useful goods that are worn, used, or utilized.	Slaughter, processing, storage, packaging, distribution, sales, and/or presentation.

GR 39/2021 introduces a gradual approach to the obligation for halal certification for specified product types<sup>4</sup>. The gradual implementation of halal certification encompasses:

- (i) food and beverage products,
- (ii) raw materials, food additives, auxiliary materials for food and beverage products, and
- (iii) slaughtering products and services.

<sup>1</sup>Article 4 of Law 33/2014

<sup>2</sup>Article 2 paragraph (3) of GR 39/2021 jo. Article 27of MoRA Reg. 26/2019

<sup>3</sup>Article 135 of GR 39/2021

<sup>4</sup>Article 139 of GR 39/2021

The starting date for the halal certification obligations for these categories' ranges from 17 October 2019 to 17 October 2024<sup>5</sup>. The implementation above does not apply to (i) products where the obligation to be halal was already stated in laws and regulations, (ii) products which were halal certified prior to the enforcement of Law 33/2014 and (iii) products that were certified halal after the enforcement of Law 33/2014 but before the promulgation of GR 39/2021.

Beyond the gradual implementation above, halal certification for other product categories will be carried out at a later stage. Some of the deadlines for halal certification are coming shortly and thus business actors need to make some preparations. Deadlines for halal certification obligations for other product categories are outlined as follows<sup>6</sup>:

Article	Violation
17 October 2021 to 17 October 2026	Traditional drugs, quasi drugs, and health supplements
17 October 2021 to October 17 2026	Cosmetics, chemical products, and genetically engineered products
17 October 2021 to 17 October 2026	Usable goods that are worn in the category of clothing, headgear, and accessories
17 October 2021 to October 17 2026	Usable goods that are used in the category of household health supplies, household utensils, prayer supplies for Muslims, stationary, and office supplies
17 October 2021 to 17 October 2026	Usable goods that are utilized under risk class A medical devices
17 October 2021 to 17 October 2034	Usable goods that are utilized under risk class C medical devices
17 October 2021 to 17 October 2034	Exempted prescription drugs from psychotropics
17 October 2021 to October 17 2029	Over-the-counter drugs and limited over-the-counter drugs
17 October 2021 to 17 October 2029	Usable goods that are utilized under risk class B medical devices
Carried out in accordance with the provisions of statutory regulations.	Products in the form of drugs, biological products, and medical devices whose raw materials have not been sourced from halal materials and/or the manufacturing method is not yet halal.

Something else business actors should keep in mind for is the estimated time needed from determining whether the products and/or services need to be halal certified or not until the application for halal certification is submitted to the BPJPH, as there are deadlines to be met. Some products may require independent laboratory analyses to further determine the ingredients used for the products and whether their products will be considered halal or non-halal. The foregoing steps may take some time as there is a time limit for halal certification that needs to be fulfilled based on prevailing regulations.

Business actors should ensure compliance with halal certification requirements for their products to avoid any possible sanctions for halal certification violations. Any failure to comply with halal certification requirements may be subject to the following sanctions:

- (i) Written warnings;
- (ii) Administrative fines (capped at IDR 2,000,000,000.00 (two billion Rupiah));
- (iii) Revocation of Halal Certificates; and/or
- (iv) Withdrawal of products from circulation.

Sanctions can be applied in stages, alternatively, and/or cumulatively based on the severity of the violation<sup>7</sup>. The BPJPH holds the authority to impose the administrative sanctions.

As it may be challenging for business actors to identify which products may be subject to halal certification obligations, many business actors may not realize that their products do indeed fall into this category. Specifically, the requirement for halal certification is not limited only to food and beverages products but has also expanded to many types of products and services.

Pursuant to the foregoing, it is of the utmost importance for business actors to ensure compliance with the halal certification requirements for their products to avoid any sanctions, which could put distribution of their products in Indonesia at risk.

<sup>5</sup>Article 140 of GR 39/2021

<sup>6</sup>Article 141 of GR 39/2021

<sup>7</sup>Article 149 of GR 39/2021

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*The article above was prepared by Dentons HPRP's lawyers*

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