

## Strategies for Increasing Indonesian Halal Product Exports

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### Abstract

*This research examines the strategies for increasing Indonesian Halal Product Exports by the implementation of Code 952 by the Directorate General of Customs and Excise (DGCE). Using a qualitative method, this research analyzes the strategies to optimize the growth of national halal product exports by the implementation of Code 952, including challenges faced. The results show that its strategies including 1) improve the accuracy of halal product export data, and 2) support the development of the national halal industry. The use of Code 952 has shown positive developments, with an increase in the number of Export Declarations (PEB) that include this code. However, challenges remain in its implementation, particularly regarding exporter compliance and inter-agency coordination. Recommended optimization strategies include increasing socialization and education for exporters, strengthening coordination between relevant agencies, developing incentives for compliant exporters, improving information technology system capacity, and developing more aggressive marketing strategies for Indonesian halal products in the global market. The implementation of Code 952 aligns with the government's efforts to make Indonesia a world center for halal producers and is expected to enhance the competitiveness of Indonesian halal products in the global market.*

**Keywords:** Code 952, Customs and Excise, Halal industry, Halal product exports, Trade policy.

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## **Introduction**

The global halal industry has experienced significant growth in recent years, with market projections reaching 3.2 trillion US Dollars in 2024 (National Committee for Islamic Economics and Finance, 2023). Indonesia, as the country with the largest Muslim population in the world, has great potential to become a major player in the global halal product market. However, Indonesia's contribution to global halal product exports is still relatively low, only about 3.8% of the total world halal market (Fathoni, 2020).

The Indonesian government has recognized the importance of developing the halal industry as a driver of the national economy. This is reflected in efforts to make "Indonesia the World's Halal Producer" (National Committee for Islamic Economics and Finance, 2023). One important indicator in achieving this vision is the comprehensive increase in the value of halal product exports. The Directorate General of Customs and Excise (DGCE) has taken a strategic step by introducing Code 952 in the Export Declaration (PEB) module for reporting halal products (Directorate General of Customs and Excise, 2022). This initiative aims to improve the accuracy of halal product export data and facilitate policy-making for halal industry development. However, the implementation of this policy still faces various challenges, including low levels of exporter compliance in filling out the code and lack of coordination between relevant agencies (Taufan, 2023).

Indonesia's total halal product trade in the January-October 2023 period reached US\$53.43 billion, with halal product exports amounting to US\$42.33 billion and imports of US\$11.10 billion (National Committee for Islamic Economics and Finance, 2023). Although there was a decrease in the value of halal product exports by 18.77% compared to the same period in 2022, the volume of halal product exports increased by 8.10% (National Committee for Islamic Economics and Finance, 2023). Challenges faced in developing the halal industry in Indonesia include lack of certification and standardization of halal products, incomplete Halal Product Assurance (JPH) policies, and limited human resources with adequate knowledge about halal products (BPJPH, 2023). Additionally, there are still constraints in terms of

supply of halal raw materials and dependence on imports in several sectors (Qoni'ah, 2022).

Several factors contributing to the gap between potential and realization of Indonesian halal product exports include lack of focus in developing halal products, competition from non-Muslim countries also developing halal industries, and the complexity of existing regulations (Qoni'ah, 2022). To overcome these challenges, a comprehensive strategy is needed, including improving the competitiveness of Indonesian halal products, maximizing export market access, and optimizing the use of e-commerce (Sahriana & Rokan, 2022).

This research aims to analyze the strategic to increase Indonesian halal product exports of Customs and Excise in implementing Code 952. The main focus of the research is to identify challenges in implementing Code 952 and formulate strategies to optimize the role of Customs and Excise in supporting the growth of national halal product exports. The novelty of this research lies in the comprehensive analysis of the implementation of Code 952 as a new policy instrument in driving halal product exports. This research not only focuses on the technical aspects of implementation but also examines its impact on the overall halal industry ecosystem and the competitiveness of Indonesian halal products in the global market (Irham, 2024). By optimizing the role of Customs and Excise through effective implementation of Code 952, it is expected to create an ecosystem that supports the growth of halal product exports, so that Indonesia's vision as a world center for halal producers can be realized (Ryandono, 2023).

### **Methods**

This study uses a qualitative method to analyze strategies in increasing halal product exports in Indonesia through the role of the Directorate General of Customs and Excise in implementing Code 952. Primary data was obtained through in-depth interviews, while secondary data was obtained through literature searches using thematic coding in three stages, namely open coding, axial coding, and selective coding. Open coding was carried out by

marking key phrases such as "implementation challenges", "inter-agency coordination", and "exporter compliance". In the axial coding stage, initial codes were grouped into main themes and subthemes such as effectiveness of Code 952, implementation challenges, optimization strategies, exporter compliance, system integration, and policy incentives. The final stage, selective coding, aimed to construct a narrative framework based on the relationships between themes. To validate the data, cross-verification was conducted between the DJBC report and independent studies as well as triangulation of academic and practitioner perspectives. Analysis and synthesis were conducted through a critical approach to identify patterns, gaps, and contradictions in interviews and literature, theoretical synthesis by linking findings to theories such as Competitive Advantage Theory and Policy Integration, and the preparation of evidence-based practical recommendations.

## **Result and Discussion**

The implementation of Code 952 by the Directorate General of Customs and Excise (DJBC) has demonstrated its potential as a strategic policy instrument for enhancing the accuracy of halal product export data and supporting Indonesia's vision to become a global leader in the halal industry (DJBC, 2022). As of November 2023, the number of Export Declaration (PEB) documents containing Code 952 had reached 42,261, with 95 companies actively utilizing the code—representing a significant increase from just two companies at its launch (DJBC, 2023). This development reflects growing awareness among exporters and indicates that the government's initiative is beginning to gain traction.

### *Alignment with Halal Trade Trends*

The expansion of Code 952 usage coincides with broader trends in Indonesia's halal trade performance. According to the National Committee for Sharia Economics and Finance (KNEKS, 2023), total halal trade in January–October 2023 reached USD 53.43 billion, with exports valued at

USD 42.33 billion. Although export value declined by 18.77% compared to the same period in 2022, the volume of halal product exports increased by 8.10%. This divergence suggests that while demand remains strong, external factors such as currency fluctuations, supply chain disruptions, and global market competition may have affected pricing dynamics. Nevertheless, this upward trend in volume highlights the growth potential that can be harnessed through more widespread adoption of Code 952 (KNEKS, 2023).

From a theoretical perspective, the implementation of Code 952 supports Indonesia's positioning in the global halal market by aligning with Porter's Competitive Advantage of Nations (1990). According to Porter, national competitiveness is not inherited but created through innovation, infrastructure, and effective policy frameworks. In the case of Indonesia, Code 952 serves as an institutional innovation that enhances information infrastructure—a key component of *factor conditions* in Porter's diamond model. By improving the transparency and traceability of halal exports, Indonesia can better position itself as a reliable and high-quality supplier in international markets (Porter, 1990).

### *Persistent Implementation Challenges*

Despite these positive developments, several challenges continue to hinder the full realization of Code 952's benefits. One of the most pressing issues is low exporter compliance, with only about 95 out of thousands of Indonesian exporters consistently using the code (DJBC, 2023). The root causes include limited understanding of the code's benefits and insufficient socialization efforts at the regional level (Taufan, 2023). Many small and medium-sized enterprises (SMEs) are unaware of how Code 952 can enhance their access to global halal markets or qualify them for customs incentives. This finding corroborates Qoni'ah's (2022) assertion that structural challenges, particularly low awareness of halal standardization and certification processes, remain significant barriers to optimizing halal product exports. Without a clear understanding of the economic and reputational advantages of halal codification, many exporters remain hesitant to adopt new practices

(Qoni'ah, 2022). Moreover, there is a lack of consistent enforcement mechanisms to ensure that all halal-certified products are reported under Code 952. This gap undermines the integrity of the data and limits the ability of policymakers to make informed decisions regarding market targeting, resource allocation, and regulatory improvements.

#### *Strategic Recommendations for Optimization*

To overcome these challenges and fully realize the potential of Code 952, a multi-dimensional strategy involving policy, education, coordination, and technology is essential. There are seven strategies as recommendation for optimization, including enhancing socialization and education for exporters, strengthening inter-agency coordination, developing incentives for compliant exporters, integrating digital information systems, strengthening halal trade diplomacy, developing international standard halal testing laboratories, and investing in research and development. The seven strategies are discussed as follows.

#### *Enhancing Socialization and Education for Exporters*

One of the most critical interventions is increasing awareness and understanding of Code 952 among exporters. BPJPH (2023) emphasizes that exporters need to recognize how the use of Code 952 facilitates smoother customs clearance, improves market access, and supports eligibility for trade incentives. To achieve this, DJBC, BPJPH, KNEKS, and LNSW must collaborate on nationwide educational campaigns. These should include technical workshops tailored to specific industries, on-site training sessions at major ports such as *Tanjung Priok* and *Belawan*, and the development of digital content like infographics, webinars, and e-learning modules to reach a broader audience. In addition, establishing a dedicated helpdesk or hotline for real-time assistance can provide exporters with immediate support in understanding and implementing Code 952 in their export documentation (BPJPH, 2023). Indonesia has great potential, but continuous efforts are needed to improve product quality, strengthen branding and expand export

markets (Ardiansyah et al., 2023., Himawan & Priyana, 2023., Yulia et al., 2024)

### *Strengthening Inter-Agency Coordination*

A well-coordinated inter-agency framework is a crucial factor in the successful implementation of Code 952. Currently, collaboration among DJBC, BPJPH, KNEKS, and LNSW remains fragmented, leading to inefficiencies in communication, reporting, and policy harmonization. Based on the concept of policy integration proposed by Candel & Biesbroek (2016), it is clear that sectoral policies need to be aligned to create synergy and achieve more effective outcomes (Candel & Biesbroek, 2016).

To address this issue, the establishment of a permanent inter-agency task force to monitor and coordinate the implementation of Code 952 is necessary. In addition, the development of joint Standard Operating Procedures (SOPs) for halal export documentation is important to ensure uniformity and process efficiency. Regular inter-agency evaluations should also be conducted to identify existing barriers and improve operational mechanisms, so that the implementation of Code 952 can proceed more smoothly and in an integrated manner. Amijaya et al., (2024) stated that the halal product guarantee law may violate a significant impact on international trade, including the uniformity, adaptability, and consistency of halal certification. Besides that, it shows the pressing need for concerted efforts to establish unifies global standards (Sakti, 2023).

### *Developing Incentives for Compliant Exporters*

DJBC has introduced incentive programs such as MITA (Mitra Utama Terpercaya) and AEO (Authorized Economic Operator) to encourage compliance among exporters (DJBC, 2023). While these initiatives represent a positive step, there is a need to expand their scope in order to promote broader participation across the export community. Enhancements have been proposed to further strengthen these programs, including prioritizing the processing of PEB (Export Declaration) submissions that include Code



952, reducing the frequency of physical inspections for certified halal exporters, and establishing fast-track customs lanes at major ports and airports. Additionally, the introduction of annual recognition awards for top-performing halal exporters has been suggested as a way to acknowledge and motivate high-achieving businesses (BPJPH, 2023). These measures are designed not only to streamline customs procedures but also to foster a culture of voluntary compliance by rewarding those who actively contribute to accurate data reporting and increased visibility of Indonesia's halal trade on the global stage.

#### *Integrating Digital Information Systems*

Digital transformation plays a pivotal role in modernizing halal export procedures. The Lembaga National Single Window (LNSW, 2023) is actively exploring the use of blockchain-based systems to enhance data transparency, traceability, and security throughout the export process. The development of an integrated digital platform is expected to enable real-time tracking of halal exports, thereby supporting faster decision-making and increasing accountability across the entire supply chain. Such a system would not only streamline administrative processes but also build greater trust among stakeholders, including exporters, regulators, and international trading partners.

The proposed digital infrastructure would include several key functionalities. It would allow for real-time validation of halal certifications, ensuring that all exported products meet the required halal standards. Additionally, it would facilitate the cross-referencing of PEB (Export Declaration) data with BPJPH databases to verify the authenticity and compliance of submitted documents. The system would also generate automated alerts in cases of non-compliance or data inconsistencies, helping authorities detect and resolve issues more efficiently. Furthermore, by incorporating blockchain technology, the platform could provide tamper-proof audit trails that support international verification and recognition of Indonesian halal exports (LNSW, 2023). Helti et al., (2023) stated that halal



certification positively influences such choices from online food delivery application.

### *Strengthening Halal Trade Diplomacy*

In the face of an increasingly competitive global halal market, Indonesia needs to strengthen its diplomatic engagement with trade partners. Qoni'ah (2022) emphasizes the importance of building bilateral and multilateral partnerships with countries that have strong halal ecosystems or serve as major consumer bases (Qoni'ah, 2022). Recommended measures include signing Memorandums of Understanding (MoUs) with halal authorities in Malaysia, Turkey, the United Arab Emirates, and Gulf Cooperation Council (GCC) countries, establishing halal trade forums for knowledge exchange and standard harmonization, promoting mutual recognition agreements for halal certifications, and actively participating in international halal exhibitions and buyer-seller matchmaking events. These efforts are expected to enhance Indonesia's credibility and facilitate smoother market access for its halal products on the global stage. Moreover, Satomi Ohgata (2024) examines the current state of halal compliance in Japan and Indonesia, then discuss the necessary reforms for halal standards and certification in the global era. Meanwhile, the halal certification trade policies protect state internal interest without conflict with WTO-GATT (Ruhaeni & Aqimuddin, 2023). Indonesia also increases exports of halal products through the OIC and intense competition (Qolby & Astuti, 2024., Sechan et al, 2023). Currently, Islamic countries are prioritizing product diversification for both the Muslim and global markets, although the dominance of halal food suppliers from non-Muslim countries (Hakim & Amaliyah, 2024., Sari & Yaumidin, 2024).

### *Developing International Standard Halal Testing Laboratories*

Infrastructure readiness is another critical factor influencing Indonesia's competitiveness in the halal trade. While Indonesia has made progress in halal certification, the availability of internationally accredited halal testing laboratories remains limited. BPJPH (2023) recommends the establishment of

world-class testing facilities in production hubs such as West Java, North Sumatra, and South Sulawesi. These labs would not only improve domestic capacity but also reduce dependency on foreign certification bodies, thereby lowering costs and expediting time-to-market for Indonesian exporters.

### *Investing in Research and Development*

To maintain the momentum of growth, continuous research and development (R&D) are essential. Sahriana & Rokan (2022) emphasize the importance of evidence-based policies and adaptive strategies in the development of the halal industry. Various R&D initiatives that can be undertaken include longitudinal studies on the impact of Code 952 on export performance, surveys to assess exporters' perceptions and behavioral barriers, technological pilots for AI-driven export analytics, and comparative analyses of halal codification systems in other countries. By investing in research and development, Indonesia's halal trade policies can remain dynamic and effectively respond to changing market demands. Moreover, halal certification management visualization needs to be developed as a starting point research patterns in Indonesia (Maliha & Devi, 2023).

### **Conclusion**

The socialization of Code 952 marks a significant step toward improving the transparency, accuracy, and competitiveness of Indonesia's halal exports. While initial implementation shows promise—with 42,261 PEBs incorporating the code by November 2023—the current level of participation remains low relative to the country's export base. Structural barriers such as limited awareness, weak inter-agency coordination, and inadequate technological infrastructure must be addressed to unlock the full potential of this policy tool. By adopting a comprehensive approach that includes targeted education, enhanced inter-agency collaboration, digital integration, and active halal diplomacy, Indonesia can strengthen its position in the global halal market. There are seven strategies as recommendation for optimization, including enhancing socialization and education for exporters,

strengthening inter-agency coordination, developing incentives for compliant exporters, integrating digital information systems, strengthening halal trade diplomacy, developing international standard halal testing laboratories, and investing in research and development. With continued refinement and support, Code 952 can serve as a cornerstone in achieving Indonesia's goal of becoming the world's leading halal producer by 2024—a target aligned with the projected USD 3.2 trillion global halal market (KNEKS, 2023).

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