

# Unlocking ASEAN's Halal Economy: Muhammadiyah's Strategic Contributions

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**Abstract:** This study defines and examines the development of the halal economy within the Association of Southeast Asian Nations (ASEAN), focusing on its potential to drive economic growth through the ASEAN Community's Plan of Action (2021–2025). The term "halal," originating from Arabic-Islamic terminology, has become a pivotal standard in international trade, driven by a growing Muslim population and rising demand in non-Muslim markets. Southeast Asia, home to approximately 270 million Muslims—about 42% of the region's population—stands as a significant hub for the halal economy. Employing a descriptive analytical approach, the research highlights the strategic importance of regional collaboration in addressing structural and institutional challenges, including human resource development, halal supply chain infrastructure, and research and development. Key ASEAN nations, such as Indonesia and Malaysia, lead efforts to establish the region as a global halal market player, while Muslim-minority countries like Vietnam, Laos, and Cambodia show promise in Muslim-friendly tourism. Additionally, the study explores the significant role of Muhammadiyah, a prominent Indonesian Islamic organization, in advancing the halal economy. Through its extensive socio-religious networks, charitable initiatives, and strategic partnerships, Muhammadiyah is uniquely positioned to support the harmonization of halal certification standards across ASEAN, fostering intra-regional trade and enhancing competitiveness in the projected US\$5 trillion global halal market by 2030. By aligning cultural and organizational strengths with regional goals, Muhammadiyah contributes to the establishment of a cohesive and dynamic ASEAN halal ecosystem, offering insights into the interplay of cultural, economic, and institutional factors in shaping a sustainable halal economy.

**Keywords:** halal; international trade; ASEAN; regional development; Muhammadiyah studies

## INTRODUCTION

Halal word first appeared in economic activities started to appear and became very popular in the late 1990s and early 2000s<sup>1,2,3,4</sup>. At its 22<sup>nd</sup> session in 1997, the Codex Alimentarius Commission allowed the term “*halal*” to be used in the Codex broad guidance under the code CAC/GL 24-1997 for giving broad guidance in international

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<sup>1</sup> Ali, Sheraz. 2021. 'Purchase Intention for Halal Products by Muslims in Trinidad and Tobago: A Focus Study'. *Journal of Halal Service Research* 2, no. 2.

<sup>2</sup> Syahrir, Ach., Abdul Rahem, and Adistiar Prayoga. 2019. 'Pharmacist behavior of halal labelization on pharmaceutical product'. *Journal of Halal Product and Research* 2, no. 1. <https://doi.org/10.20473/jhpr.vol.2-issue.1.25-32>.

<sup>3</sup> Kadirov, Djavlonbek. 2014. 'Islamic Marketing as Macromarketing'. *Journal of Islamic Marketing* 5, no. 1. <https://doi.org/10.1108/JIMA-09-2012-0054>.

<sup>4</sup> Marinov, Marin. 2006. 'Marketing Challenges in Islamic Countries BT - Marketing in the Emerging Markets of Islamic Countries'. *Marketing in the Emerging Markets of Islamic Countries*, no. 1.

trade activities<sup>5,6</sup>. Codex Alimentarius is a compilation of internationally recognized standards, codes of practice, guidelines, and other recommendations on food, food production, and food safety. The FAO (Food and Agriculture Organization) and the WHO (World Health Organization) of the United Nations founded the Codex Alimentarius Commission in 1963 (Codex Alimentarius Commission Procedural Manual, 2023). Halal is defined by Codex Alimentarius as (1) halal food, (2) halal slaughter, (3) halal preparation, processing, packaging, transportation, and storage, and (4) additional labelling requirements if a food is declared halal.

On the other hand, the expanding Muslim population is in line with the halal market's growth. According to Kettani (2019)<sup>7</sup>, there would be 2.2 billion in 2017, up from 1.6 billion in 2010. By 2030, Muslims are predicted to make up 26.4% of the world's population if this trend continues. Additional ramifications of this include an increase in the needs of Muslims in many areas of life, especially those related to halal goods including food, drink, medicine, and cosmetics. In 2022, the global Muslim community would spend US\$ 2.29 trillion on halal items, up from US\$ 1.62 trillion in 2012, according to the State of the Global Islamic Economy Report (2023)<sup>8</sup>.

International trade related to halal products has become an essential concern in worldwide trade. Brazil, a non-Muslim majority country, is currently the leading exporter of halal products to Organization of Islamic Cooperation (OIC) member countries with Muslim majority populations<sup>8</sup>. Brazil recorded exports of 27.90 trillion. Brazil is followed by other non-Muslim majority countries, like India (US\$ 24.31 trillion), the United States (US\$ 15.40 trillion), and Russia (US\$ 14.37 trillion). As a result, Muslims continue to rely largely on halal products. Imports of halal products by OIC member nations are expected to rise by 7.6% CAGR (compound annual growth rate) to \$492 billion in 2027, up from \$359 billion in 2022. The aforementioned situation is reinforced by the creation of a favourable ecosystem for the halal business. Investment in Islamic economy-related enterprises continue to increase. Its value reached \$25.9 billion in 2022/23, a 128 percent gain over 2022. Islamic-themed financial assets are also expected to reach US\$5.96 trillion by 2026.

The economic potential of the halal product and service sector has prompted international businesses and governments around the world to actively participate, including China, the United States, Canada, and Europe<sup>9,10</sup>. Several countries are preparing to become worldwide halal hubs<sup>11</sup>. The United Arab Emirates expects to be the centre of the Islamic economy, China's domestic halal

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<sup>5</sup> Codex Alimentarius Commission Procedural Manual. 2023. *Codex Alimentarius Commission Procedural Manual*. <https://doi.org/10.4060/cc5042en>.

<sup>6</sup> Prayoga, Adistiari, and Eka Dewi Satriana. 2025. 'Observing the Halal Economy in ASEAN, What's Next?' 5077709. <https://doi.org/10.2139/ssrn.5077709>.

<sup>7</sup> Kettani, Houssain. 2019. *The World Muslim Population. The World Muslim Population*. <https://doi.org/10.1201/9780429422539>.

<sup>8</sup> Salam Gateway. 2024. *State of Global Islamic Economic Report 23/24* accessed on <https://salaamgateway.com/specialcoverage/SGIE23> (March 23, 2025)

<sup>9</sup> Izberk-Bilgin, Elif, and Cheryl C. Nakata. 2016. 'A New Look at Faith-Based Marketing: The Global Halal Market'. *Business Horizons* 59, no. 3. <https://doi.org/10.1016/j.bushor.2016.01.005>.

<sup>10</sup> Kwag, Sung Il, and Young Dae Ko. 2019. 'Optimal Design for the Halal Food Logistics Network'. *Transportation Research Part E: Logistics and Transportation Review* 128. <https://doi.org/10.1016/j.tre.2019.06.005>.

<sup>11</sup> Abdullah, Moha Asri, and Md Siddique E Azam. 2020. 'Halal Industry in ASEAN: Issues and Challenges'. *Economics, Business, and Islamic Finance in ASEAN Economics Community*.

economy is growing at a 10% annual rate, and Thailand, as a manufacturer of halal processed food, aspires to be the global kitchen by 2027. Japan believes halal to be a significant contributor to the economy by 2020<sup>11</sup>. South Korea aspires to be a significant halal tourism destination, while Brunei aspires to be the Halal Google. Malaysia, which founded the World Halal Forum (WHF) in 2006, surely does not want to be left behind. Thailand intends to be the ASEAN Halal Hub by 2027. Also, Indonesia, the largest market in ASEAN, has launched a vision of 2024 as the *global halal hub*<sup>12</sup>.

Furthermore, the phrase halal economy is not commonly used in scientific literature of economics<sup>13</sup>. However, Frost & Sullivan (2022)<sup>14</sup> an international marketing research and business consultancy firm, used this word in an article titled "*Halal Economy Thrives as Product Demand from Muslims and Non-Muslim Nations Surges*" that was published on September 6, 2022. According to this article, the worldwide halal economic sector is quickly expanding in both Muslim and non-Muslim countries, with a projected value of \$4.96 trillion by 2030.

Economic growth driven by halal-certified products is an interesting topic to study. The growing demand stems from both inside the ASEAN region and from export markets to other Muslim countries in Organization of Islamic Cooperation (OIC). The Muslim community in ASEAN, which has grown to over 242 million people (about 42% of the overall ASEAN population)<sup>15</sup>, is a primary driver of the region's halal product demand. ASEAN countries have recognized the Plan of Action for ASEAN Cooperation in Halal Food<sup>16</sup>, which was agreed upon at the 34<sup>th</sup> ASEAN Ministers of Agriculture meeting in Vientiane, Laos (2012). This action plan is part of ASEAN's initiative to strengthen cooperation in developing the halal sector in the Southeast Asia region.

Given this, Muhammadiyah as one of Southeast Asia's major Muslim Civil Society-based Non-Governmental Organizations<sup>17</sup>, has the potential to take an active role in reacting to current challenges. This is particularly relevant for halal-certified products and international trade. Muhammadiyah, founded on November 18, 1912 by *Kiai Hadji Ahmad Dahlan*, has established itself as an Islamic movement centred on preaching *tajdid* (renewal/reform)<sup>18</sup>. In actuality, Muhammadiyah's preaching is manifested in two

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<sup>12</sup> Robbani, Teuku Muhammad Fauzan, and Madian Muhammad Mukhlis. 2024. 'Development of Islamic Economy and Finance in Indonesia through KNEKS Structure in 2019-2024'. *Jurnal Ar Ro'is Mandalika (Armada)* 4, no. 1. <https://doi.org/10.59613/armada.v4i1.2818>.

<sup>13</sup> Salaad, Shire. 2023. 'Definitions of Halal Economy and Halal Economist'. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.4324695>.

<sup>14</sup> Frost & Sullivan. 2022. 'Halal Economy Thrives as Product Demand from Muslims and Non-Muslim Nations Surges'. San Antonio. Accessed on [https://insights.frost.com/pr\\_emi\\_nryder\\_9ae5\\_3d\\_halaleconomy?campaign\\_source=pr](https://insights.frost.com/pr_emi_nryder_9ae5_3d_halaleconomy?campaign_source=pr). (March 20, 2025)

<sup>15</sup> Pew Research Center. 2022, Religious Composition by Country, 2010-2050. Estimated religious composition of 198 countries and territories for 2010 to 2050. Accessed on <https://www.pewresearch.org/religion/feature/religious-composition-by-country-2010-2050/> (March 20, 2025)

<sup>16</sup> Ministry of Industry and Primary Resources. 2012. *Industry Info volume 09, September 30, 2012* [Newsletter]. Accessed on <http://www.tourism.gov.bn/SiteCollectionDocuments/Newsletter/09Eng.pdf> (March 20, 2025)

<sup>17</sup> Kompas. 2025. Muhammadiyah Builds the People's Economy Adaptively (online newsletter) Accessed on <https://www.kompas.id/artikel/en-muhammadiyah-membangun-ekonomi-umat-dengan-adaptif> (April 14, 2025)

<sup>18</sup> Encyclopædia Britannica, Inc. 2025. Muhammadiyah Indonesian Islamic reform organization. Accessed on <https://www.britannica.com/topic/Muhammadiyah> (April 14, 2025)

ways: theocentrism and social activism<sup>19,20,21</sup>. Theocentrism is defined as the foundation for all acts of worship based on the *Qur'an* (Islamic holy book) and the Prophet's *Sunnah*. Meanwhile, social activism manifests itself in the form of volunteer activities aimed at providing community service. In the second century following its founding, Muhammadiyah refocused its movement on economic empowerment, wealth redistribution (through *zakat*, *infaq*, and *shadaqah*), research and innovation, also the enlightenment movement (*at-tanwir*) was promoted as a solution to humanity's problems<sup>22,23</sup>. Muhammadiyah's presence in ASEAN, particularly through its civil society roots in Singapore, Malaysia, and Thailand, has the potential to boost the region's halal economy.

## METHOD

This study adopts a qualitative descriptive method, which involves investigating and characterizing diverse phenomena that exist in the context<sup>24</sup>. This study conducted a comprehensive analysis of the facts, which included summarizing the relevant rules and policies<sup>25</sup>. This study applies a constructivism paradigm in which researchers adapt to the problem under examination. The goal of this research is to determine what is causing the occurrences that occur. Secondary data and information sources include thorough literature reviews and scans of numerous scientific sources, both offline and online, to aid in the analytical process.

## RESULTS AND DISCUSSION

### Defining the Halal Economy

Halal is one of the terms used in Islam. Halal is the antonym for the term *haram*, which meaning forbidden. *Halal's* etymology is based on the Arabic root word *halla*, *yahillu*, *hillan*, *wahalalan* which mean permissible<sup>18</sup>. According to the definition of classical Islamic literature, the term "*halal*" refers to something that is permissible under Islamic law since it is good<sup>26</sup>. Moreover, the definition of social interaction contains halal practices. Syaikh Abdurrahman bin Nashir as-Sa'di (2020) in *Taysir al-Karim al-Rahman fi Tafsir Kalm al-Mannan*<sup>27</sup> discusses how halal is a decent and fair method of gaining things. Avoiding cheating, stealing, manipulating, and inflicting unfairness in transactions. *Halal* is also defined as an act that ends humans from engaging things that are harmful to individuals and communities, permitting Muslims to carry out these

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<sup>19</sup> Shihab A. 1988. *Membendung Arus, Respons Gerakan Muhammadiyah terhadap Penetrasi Misi Kristen di Indonesia*. Mizan (ID): Bandung

<sup>20</sup> Nashir, Haedar. 2010. *Muhammadiyah Gerakan Pembaruan*. Yogyakarta (ID): Suara Muhammadiyah

<sup>21</sup> Gunawan, Andri. 2018. Theology of Surat al-Maun and Social Praxis in the Life of Muhammadiyah Citizens. *SALAM: Jurnal Sosial dan Budaya Syar-i* 5(2): 161-178 DOI: 10.15408/sjsbs.v5i2.941

<sup>22</sup> Suara Muhammadiyah. 2020. *Pernyataan Pikiran Muhammadiyah Abad Kedua*. Accessed on <https://web.suaramuhammadiyah.id/2020/09/24/pernyataan-pikiran-muhammadiyah-abad-kedua/> (April 14, 2025)

<sup>23</sup> Febriyanto. 2020. *Gerakan Ekonomi Dalam Amal Usaha. SNPPM (Seminar Nasional Penelitian dan Pengabdian kepada Masyarakat) Tahun 2022 Spesial Issue Pra-Muktamar Muhammadiyah ke 48*. Accessed on <https://prosiding.ummetro.ac.id/index.php/snppm/issue/view/> (April 14, 2025)

<sup>24</sup> Fadli, Muhammad Rijal. 2021. 'Memahami Desain Metode Penelitian Kualitatif'. *Humanika* 21, no. 1. <https://doi.org/10.21831/hum.v21i1.38075>

<sup>25</sup> Murdiyanto, Eko. 2020. *Metode Penelitian Kualitatif (Sistematika Penelitian Kualitatif)*. Yogyakarta [ID]: Yogyakarta Press.

<sup>26</sup> Al-Baghawi, Abu Muhammad Al-Husain bin Mas'ud. 2000. '*Ma'alim Al-Tanzil Fii Tafsir Al-Qur'an*'. Juz 5.

<sup>27</sup> As-Sa'di, Abdurrahman bin Nashir. 2020. '*Tafsir As-Sa'di*'. Accessed on [tafsirweb.com](https://tafsirweb.com) (April 14, 2025)

activities<sup>28</sup>. The concept of halal is identical to food and beverage (*halal lidz'atibi*), therefore it is always connected with term *at-thayyib* which is defined as a reinforcement (*at-ta'kid*) of term *halal*. *At-Thayyib* understood a good and delicious<sup>29</sup> and does not harm the body and mind and is also healthy for the body<sup>30</sup>.

Based on the principles outlined above, Islamic morality advises its followers to exercise caution when determining what is halal and haram. Muslim consumers think that faults in the identification process or in purchasing halal items expose them to a variety of problems. Examples include physical, psychological, environmental, social, quality, financial, and time loss concerns<sup>31</sup>. Even more significant is the possibility of not receiving a prayer to God Almighty, as described in Sahih Muslim number 1015<sup>32</sup>.

Fundamentally, the driving factor for the growth of the halal economy begins with the doubts of Muslims about the halal status of a product or service being served<sup>2</sup>. Especially if the product is imported from non-Muslim countries, and is not accompanied by a halal certificate from a reputable institution. All Muslim consumers in the world have a moral responsibility to ensure the halal status of the products they will consume<sup>33</sup>. This is in accordance with Quran Surah Al Baqarah verse 168, which states that Muslims should consume halal and good items. Even animals that were originally halal (including cows, goats, and chickens) must be slaughtered in accordance with Islamic law. If not, their status will shift from halal to haram. Furthermore, all halal items must be free of *haram* (unpermissible) and *najis* (unclean) contamination. Thus, halal verification is required across the supply chain (from upstream to downstream) to avoid any chance of contamination<sup>34</sup>.

Halal standardization involves certifying items and services based on this underlying condition. From a logical standpoint, halal certification provokes debate about efficiency. This is because Islamic law principles suggest that there are fewer banned products than approved goods. This is consistent with the idea that everything is halal unless prohibited by Islamic law (*al asblu fil asya' al ibabah hatta yadulad-dalilu 'alaa tahrimiha*). However, technical advancements and non-Muslim misunderstandings have resulted in a combination of permissible and banned materials/products, rendering the product haram for eating. The introduction of halal-certified items into international trade has boosted halal economic activity. Ishak et al., (2013) shows how the halal economy links the manufacturing of halal items to the Islamic financial system<sup>35</sup>. The halal economy is concerned with the application of ritual in slaughtering

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<sup>28</sup> Dr. Yusuf Al-Qardhawi. 1985. '*Al-halaal wa al-haram fi islam*'. Beirut (LB): Daar Al Ma'rifah

<sup>29</sup> Asy-Syaukani, Muhammad bin Ali bin Muhammad. 2011. 'Tafsir Fathul Qadir Juz 7'. Accessed on <https://ia803106.us.archive.org/22/items/etaoin/Tafsir%20Fathul%20Qadir%207.pdf> (April 14, 2025)

<sup>30</sup> Kathir, Ibn. 2018. 'Tafsir Ibn Kathir Vol 10'. Accessed on <https://www.noor-book.com/en/ebook-Tafsir-Ibn-Kathir-Volumes--pdf> (April 14, 2025)

<sup>31</sup> Hossein G.T. Olya, and Amr Al-ansi. 2018. 'Risk Assessment of Halal Products and Services: Implication for Tourism Industry'. *Tourism Management* 65.

<sup>32</sup> Al-Nawawi, Yahya bin Syaraf bin Hasan bin Husain. 1971. 'Syarah Shahih Muslim'. *Juz 7 Kitab Al-Janaiḥ Bab 32*.

<sup>33</sup> Kang, Su San Na, Hyeon Gyu Lee, and Hyunsook Kim. 2018. 'Development and Comparison of a Porcine Gelatin Detection System Targeting Mitochondrial Markers for Halal Authentication'. *LWT* 97. <https://doi.org/10.1016/j.lwt.2018.07.062>

<sup>34</sup> Kwag, Sung Il, and Young Dae Ko. 2019. 'Optimal Design for the Halal Food Logistics Network'. *Transportation Research Part E: Logistics and Transportation Review* 128. <https://doi.org/10.1016/j.tre.2019.06.005>

<sup>35</sup> Ishak, Mohd Sobhi, Muhammad Ahmad, Mohd Nizho Abdul Rahman, and Mohamad Khadafi Rofie. 2013. 'Predicting Intentions to Visit Kopitiam as Halal Food Outlet: An Extension of the Theory of Planned Behavior'. *4th International Conference on Business and Economic Research (4th ICBER 2013) Proceeding*, March

as well as food processing. Aside from retail sales, restaurant chains, logistics, and delivery. Everything culminates in halal certification.

According to the description above, the halal economy has the characteristics of (1) organizing and managing economic resources that are permitted in Islam (halal), (2) all of economic product not having a negative impact on health, clean and safe (*at-thayyib*), (3) being fair, transparent, and not harming others in the transaction process, and (4) the products and services are free from contamination of forbidden and unclean goods such as dirt, carcasses, blood, pigs, animals slaughtered in an un-Islamic way, and dogs. The term "halal economy" refers to 3 (three) basic economic problems such as [1] What to produce? [2] How to Produce? and [3] For whom should I produce? Halal economy is not an economic ideology, such as socialism, capitalism, or the welfare state. Halal economics focusses on the purpose and benefits of halal products, particularly in meeting market demands.

The release of annual publications by organizations such as Thomson Reuters and Dinar Standard helped to popularize the phrase "halal economy" abroad. The Global Islamic Economy Report, first released in 2013, assesses the halal economy's growth and potential in a variety of areas. This report's measuring technique is the Global Islamic Economy Indicator (GIEI). This research aims to assess the growth and performance of the worldwide halal economy, which includes areas such as halal food, Islamic finance, halal tourism, halal cosmetics, Muslim fashion, and Islamic media and recreation<sup>8</sup>. The rise of Islamic banks in Asia and Africa, like Mit Ghmar Egypt (1963), Muamalat Bank in Indonesia (1991), and Meezan Bank in Pakistan (1997), revitalized the term halal in the commercial sphere. Islamic economics and halal items have been discussed in Muslim-majority nations since the 1970s and 1980s<sup>36</sup>.

### **Halal products: Catalyzing ASEAN's Economic Potential**

The halal economy encompasses a broad range of products and services that comply with Islamic principles, including food and beverages, cosmetics, pharmaceuticals, finance, and tourism. In the ASEAN context, this sector is driven by a substantial Muslim population, which comprises approximately 42% of the region's 650 million people—particularly in countries such as Indonesia, Malaysia, and Brunei. According to the *State of the Global Islamic Economy Report*<sup>8</sup> the ASEAN halal market is valued at over USD 300 billion annually, underscoring its strategic importance and strong potential for growth in both domestic and international markets. As this sector operates under Shariah-compliant standards, rigorous certification processes are essential to ensure product integrity and consumer trust.

Halal products have emerged as a key driver of ASEAN's economic growth, contributing significantly to regional trade, employment, and foreign direct investment. In 2023, exports of halal food and beverages from ASEAN countries—particularly Indonesia and Malaysia—accounted for approximately 15% of global halal trade, with a total value of USD 70 billion<sup>8,37</sup>. Beyond food, emerging segments such as halal

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<sup>36</sup> Laldin, Mohamad Akram, and Hafas Furqani. 2015. 'Islamic Finance and Internationalisation Trends: Prospects and Challenges'. *World Finance Conference*.

<sup>37</sup> [CMI] Coherent Market Insight. 2020. Asia Pacific Halal Cosmetics Market is poised to reach US\$ 4.8 Bn by end of 2027, Says CMI. Accessed on <https://www.globenewswire.com/news-release/2020/04/17/2018021/0/en/Asia-Pacific-Halal-Cosmetics-Market-is-poised-to-reach-US-4-8-Bn-by->

cosmetics and halal tourism are gaining momentum; for instance, Malaysia's halal cosmetics market is projected to reach USD 2 billion by 2027<sup>37</sup>. The ASEAN Free Trade Agreement (AFTA) further facilitates this growth by reducing tariffs and enhancing intra-regional market access for halal-certified products.

From a market outlook perspective, the value of ASEAN's halal product industry is approximately \$2 trillion in 2023 and projected to reach nearly \$5 trillion by 2030<sup>38,39</sup>. The food and beverage sector continues to dominate, comprising over 60% of the total halal market. The annual growth rate of the ASEAN halal product market is expected to be between 5-6%<sup>39</sup>, this expansion is driven by both the increasing Muslim population and rising global demand for halal-certified goods and services. The halal market in ASEAN extends across multiple sectors—including fashion, medicine, financial services, and tourism—highlighting its multidimensional role in shaping the region's economic landscape.

**Table 1. Halal Market in ASEAN**

Nation	Population (billion) <sup>1,3</sup>	Muslim Population <sup>2</sup>	Economic Power -GDP (USD billion) <sup>3</sup>	Income Per Capita (USD) <sup>3</sup>
Indonesia	277,73	83,2%	1.317.259,3	5,32
Thailand	70,197	6,4%	568,20	8,45
Malaysia	34,65	91,5 %	436,71	13,17
Vietnam	100,02	1,5%	419,20	4,28
Philippines	115,89	8,6%	460,70	4,23
Singapore	5,07	18%	529,06	93,03
Laos	7,57	3,3%	21,18	2,86
Cambodia	17,19	11,6%	28,61	1,74
Brunei	453	100%	18,05	40,33
Darussalam				

Source:

[1] United Nations (UN) Department of Economic and Social Affairs (2025)

[2] Religious Composition by Country, 2010-2050 projection | Pew Research Center

[3] ASEAN Stat (2023)

When analyzed at the national level, Malaysia began positioning itself as a global hub for the halal sector in the early 2000s. This ambition was supported by various strategic initiatives, including the establishment of the Department of Islamic Development Malaysia (JAKIM), which is responsible for regulating and standardizing halal certification in the country. In 2006, Malaysia also launched the World Halal Forum (WHF), a platform that convenes global halal industry leaders to discuss developments and challenges in of the halal economy<sup>40</sup>. Even earlier, Malaysia had introduced the concept of a Shariah-compliant economy through the establishment of Bank Islam

end-of-2027-Says-CMI.html?utm\_source=chatgpt.com (April 14, 2025)

<sup>38</sup> Halal Times. 2024. Key Business Opportunities in ASEAN's Halal Market Accessed on <https://www.halaltimes.com/key-business-opportunities-in-aseans-halal-market/> (April 14, 2025)

<sup>39</sup> SEA Consulting Service. 2022. 'Market Report: Halal Market in ASEAN'. Accessed on <https://sea.ub-speeda.com/asean-insights/industryreport-Halamarket2022> (April 14, 2025)

<sup>40</sup> Ahmad, Hasan, Ahmad Fazullah, Abdul Jalil Borham, and Husna Hashim. 2011. 'Halal Studies In Universities : A Way Forward To Manage Halal Introduction to Fundamental Halal Halal Industry and Awareness'. *International Journal of Arts and Sciences Conference* 4, no. 09.

Malaysia Berhad in 1983, marking a foundational step in institutionalizing Islamic finance and economic practices.

In parallel, Indonesia has also made significant strides in developing its halal economy. The journey began with the founding of Bank Muamalat Indonesia in 1991, the country's first Islamic bank. Over the years, various Islamic financial institutions were established and eventually consolidated into Bank Syariah Indonesia (BSI) in 2021, forming the largest Islamic bank in the country. Furthermore, the Indonesian government has strengthened its institutional framework through the establishment of the National Committee for Islamic Finance (*Komite Nasional Ekonomi dan Keuangan Syariah*, KNEKS) and the formulation of the Indonesian Halal Industry Master Plan (*Masterplan Industri Produk Halal Indonesia*, MPIHI), both of which are aimed at enhancing the country's competitiveness in the global halal market.

Malaysia continues to lead the region in the halal economy due to sustained government support, advanced certification systems, and established export capabilities. Indonesia, although initially lagging in the Global Islamic Economy Indicator (GIEI)<sup>8</sup> rankings between 2013 and 2016, has significantly improved. Following the implementation of mandatory halal certification in 2014, Indonesia climbed steadily and reached third place globally by 2023. Brunei Darussalam consistently ranks within the top 10–15, supported by its 100% Muslim population and focused national policies. Thailand, with a more limited focus on halal food, usually ranks between 15–20. Meanwhile, Singapore—despite its minority Muslim population—has leveraged its strength in Islamic finance to reach a similar ranking range.

The Philippines remains outside the top 30, though efforts to develop the halal industry have been increasing, particularly in the Mindanao region, which hosts a significant Muslim community. However, its halal certification system and market penetration are still in the early stages. Other ASEAN countries such as Vietnam, Laos, Cambodia, and Myanmar remain underrepresented in the GIEI due to their small Muslim populations and limited policy focus, though initiatives are emerging, especially in the food sector, to tap into the global halal market.

The ASEAN region's post-Covid-19 economic growth rate is expected to be 5.1 percent, which is higher than the global economy's 3.2 percent<sup>41</sup>. As a result, it is possible to conclude that consumption remains high. Furthermore, OIC countries are expected to have quicker GDP growth than the global average, with a CAGR of 7% from 2020 to 2026<sup>42</sup>. This demonstrates optimism in the halal industry among OIC members in the ASEAN area, including Indonesia, Malaysia, and Brunei Darussalam. Currently, ASEAN contributes 14% of the global halal economy<sup>8,39,40,41</sup>.

Finally, the expansion of halal lifestyles—driven by digital transformation and increased religiosity among younger generations—is reinforcing the sector's growth trajectory. Studies indicate that one-third of ASEAN youth identify as more religious

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<sup>41</sup> Abimanyu, Anggito, and Ihda Arifin Faiz. 2023. 'ASEAN Halal Markets Analysis: Regulatory and Harmonization Challenges'. *Global Review of Islamic Economics and Business* 11, no. 1. <https://doi.org/10.14421/grieb.2023.111-02>.

<sup>42</sup> YCP Group. 2024. 'Unveiling the Potential of the Halal Industry: Emerging Trends in Southeast Asia'. Singapore. <https://ycp.com/insights/whitepaper/halal-industry-in-southeast-asia#download-whitepaper>.

than their parents at the same age, signaling a cultural shift that supports long-term demand for halal products and services<sup>39</sup>. In conclusion, Indonesia and Malaysia serve as central pillars of the global halal economy, with Singapore and Thailand also playing significant roles through exports and specialized industries such as Islamic finance and halal food. The multidimensional and cross-sectoral nature of halal products makes them a strategic asset in accelerating ASEAN's inclusive and sustainable economic development.

### **Challenges and Opportunities in ASEAN's Halal Economy**

Despite the immense potential of ASEAN's halal economy to drive regional economic integration and establish global trade leadership, several structural and institutional challenges continue to hinder its full realization. These challenges are multifaceted, ranging from, (a) the lack of harmonization in halal standards and certification processes across ASEAN member states, which creates inconsistencies and trade barriers<sup>43</sup>; (b) infrastructural disparities and uneven institutional capacity, with countries like Cambodia, Laos, and Myanmar<sup>44,45</sup>, while other countries, like Malaysia and Indonesia, have made large investments in halal industrial zones, logistics, and research institutes; (c) human capital deficiencies<sup>45,46</sup>, including a shortage of skilled professionals in halal quality assurance, Shariah compliance, and product innovation, which limits expansion into high-value sectors such as digital services, biotechnology, and halal pharmaceuticals; and (d) limited access to halal-compliant financing for micro, small, and medium enterprises (MSMEs)<sup>46</sup>, exacerbated by inadequate integration of halal economic principles into formal education and vocational training. These barriers underscore the need for coordinated regional efforts to unlock the halal economy's potential.

To address these challenges, The ASEAN Free Trade Agreement (AFTA) provides a robust framework for enhancing intra-regional trade, particularly for halal products, by reducing trade barriers and fostering economic integration among member states. Concurrently, the Plan of Action for ASEAN Cooperation in the Halal Food Sector, implemented by the ASEAN Working Group on Halal Food (AWGHF)<sup>47</sup>, addresses critical challenges in the ASEAN halal economy, include harmonizing halal assurance standards across the region, facilitating seamless trade of halal products among member states, and reducing certification costs and time. By leveraging AFTA's trade facilitation mechanisms and the AWGHF's strategic initiatives, ASEAN is well-positioned to unlock the full economic potential of its halal industry, creating opportunities for stakeholders, including organizations (like Muhammadiyah), to contribute to regional economic growth.

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<sup>43</sup> Johan, Eva, and Maria Jose Plana-Casado. 2023. 'Harmonizing Halal in ASEAN: Analysis of Halal Food Guidelines under the ASEAN Way Approach'. *Journal of ASEAN Studies* 11, no. 1. <https://doi.org/10.21512/jas.v11i1.9682>

<sup>44</sup> Maulana, D. R., et al. 2024. *Development of Halal Industry in Indonesia: Infrastructure and Human Capital Constraints*. Proceedings of TCEEIS 2023, Atlantis Press. <https://www.atlantis-press.com/proceedings/tceeis-23/125997224>

<sup>45</sup> Voak, Adam, and Brian Fairman. 2020. 'Anticipating Human Resource Development Challenges and Opportunities in "Halal Supply Chains" and "Halal Logistics" within ASEAN'. *Nusantara Halal Journal (Halal Awareness, Opinion, Research, and Initiative)* 1, no. 1. <https://doi.org/10.17977/um060.2020v1p001-009>

<sup>46</sup> Angelita, A. 2024. *Challenges in Halal Certification and Market Penetration in Southeast Asia*. *Cebong: Jurnal Ekonomi dan Bisnis Halal*, 2(1). <https://plus62.isha.or.id/index.php/cebong/article/view/231>

<sup>47</sup> AWGF. 2020. 'Plan of Action (POA) for The ASEAN Cooperation in Halal Food (2021-2025)'. <https://asean.org/wp-content/uploads/2021/12/FAFD-6.-PoA-Halal-food-2021-2025.pdf>

The establishment of the ASEAN Halal Forum is also critical for increasing the competitiveness of ASEAN halal products on the world market through halal standardization or halal certification recognized carried out by countries in the area. However, it must be supplemented by (1) collaboration in human resource development<sup>46</sup>, (2) halal infrastructure, including the halal supply chain<sup>46,47</sup>, and (3) research and development cooperation<sup>48</sup>.

The regional cooperation in ASEAN is essential to ensure the availability of raw materials for halal products, as well as the fulfilment of halal promises<sup>49,50</sup> and efficiency<sup>51,52</sup> across the supply chain. For example, China (as non-Muslim majority nation) is currently the world's largest exporter of gelatin. In 2021, the country exported over 45,300 metric tonnes of gelatin, accounting for almost 41% of global gelatin exports. In China, the gelatin market is primarily driven by non-halal raw (pig skin gelatin), which was valued at over \$50 million in 2023 and is projected to grow to \$71.63 million by 2031, reflecting a compound annual growth rate (CAGR) of 4.1% during this period<sup>53</sup>. Pig skin gelatin from China is widely used across various industries, including food and beverages, pharmaceuticals, and personal care. Its applications include stabilizing agents in food products, capsules in the pharmaceutical industry, and skin-enhancing components in cosmetic formulations<sup>54</sup>.

Other ASEAN nations, such as Vietnam, Laos, and Cambodia, while not currently actively exporting halal products, have the potential to create halal tourism, often known as Muslim-friendly tourism. Muslim-friendly tourism refers to the tourism industry that offers facilities and services that adhere to Islamic law, such as halal food, places of worship (prayer rooms or mosques), and services that follow halal laws in a variety of ways, including accommodation and tourism activities<sup>55</sup>.

Southeast Asia is one of the world's most popular nature tourist destinations, boasting exotic beaches, lush jungles, stunning mountains, and incredible wildlife. The region is

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<sup>48</sup> Hidayat, Sutan Emir, and Khairunnisa Musari. 2022. 'ASEAN towards a Global Halal Logistics through the Digitally Enabled Community'. *International Journal of Asian Business and Information Management* 13, no. 2. <https://doi.org/10.4018/IJABIM.20220701.0a1>.

<sup>49</sup> Kamar, Madiha Badrol, Shahrin Nasir, and Harlina Suzana Jaafar. 2018. 'Halal Air Cargo Logistics Regional Hub: Focus Group Study'. In *Proceedings of the 3rd International Halal Conference (INHAC 2016)*. [https://doi.org/10.1007/978-981-10-7257-4\\_5](https://doi.org/10.1007/978-981-10-7257-4_5).

<sup>50</sup> Nee, Au Yong Hui. 2021. 'The Belt and Road Initiative from a Supply-Chain Trade Perspectives and Future Opportunities'. In *Proceedings of the International Conference on Industrial Engineering and Operations Management*. <https://doi.org/10.46254/ap01.20210232>.

<sup>51</sup> Ada, Nesrin, Manavalan Ethirajan, Anil Kumar, K. E.K. Vimal, Simon Peter Nadeem, Yigit Kazancoglu, and Jayakrishna Kandasamy. 2021. 'Blockchain Technology for Enhancing Traceability and Efficiency in Automobile Supply Chain—a Case Study'. *Sustainability (Switzerland)* 13, no. 24. <https://doi.org/10.3390/su132413667>.

<sup>52</sup> Raimbekov, Zhanarys, Bakyt Syzdykbayeva, Aigerim Rakhmetulina, Zhibek Rakhmetulina, Tana Abylaikhanova, Mainur Ordabayeva, and Lyubov Doltes. 2023. 'The Impact of Agri-Food Supply Channels on the Efficiency and Links in Supply Chains'. *Economies* 11, no. 8. <https://doi.org/10.3390/economies11080206>.

<sup>53</sup> Future Market Insight. 2023. 'Gelatin Market'. <https://www.futuremarketinsights.com/reports/gelatin-market>.

<sup>54</sup> Business Market Insight. 2024. 'China Pig Skin Gelatin Market Size and Forecast (2020 - 2030), Regional Share, Trend, and Growth Opportunity Analysis'. <https://www.businessmarketinsights.com/reports/china-pig-skin-gelatin-market>.

<sup>55</sup> Satriana, Eka Dewi, and Hayuun Durrotul Faridah. 2018. 'Halal tourism: development, chance and challenge'. *Journal of Halal Product and Research* 1(2): 32-43. <https://doi.org/10.20473/jhpr.vol.1-issue.2.32-43>.

home to numerous spots that provide one-of-a-kind and unforgettable nature tourism experiences. Each Southeast Asian country has unique natural tourism potential, ranging from the sea and beaches to mountains and national parks. The tourism sector accounts for 5-13% of each country's GDP, with foreign visitor visits ranging from 5-40 million persons. Tourism cooperation among ASEAN countries allows for the development of regional tourism.

**Table 2 Contribution of Tourism Sector in ASEAN**

Nation	International tourist visits-billion (2019)	Contribution of Nature Tourism to visits (%)	Tourism Contribution to GDP
Indonesia	16,1	35%	5,5%
Thailand	39,8	25%	11-12%
Malaysia	26,1	20-25%	13,3%
Vietnam	18	40%	9,2%
Philippines	8,2	20%	12,7%
Singapore	19,1	5-10%	10%
Laos	4,79	20-30%	5-10%
Cambodia	4,58	20-25%	5-10%
Brunei Darussalam	333.2	60-70%	0.8 %

Source: UN Tourism Department of Statistics the latest update took place on 29 April 2024.

### **Muhammadiyah's Role in Advancing ASEAN's Halal Economy**

Muhammadiyah, a prominent Islamic organization in Indonesia, plays a significant role in the advancement of the halal economy, particularly through philanthropic initiatives, strategic policies, and partnerships with other entities Muhammadiyah established the Halal Inspection Agency and Halalan Thayyiban Study Institute, also known as Lembaga Pemeriksa Halal-Kajian Halalan Thayyiban (LPH-KHT) on April 12, 2022. LPH-KHT Muhammadiyah was recognized as the principal halal inspection agency (*Lembaga Pemeriksa Halal Utama*)<sup>56</sup> by Halal Product Assurance Organizing Body of Indonesia (*Badan Penyelenggara Jaminan Produk Halal Republik Indonesia-BPJPH*) on September 8, 2023<sup>57</sup>. BPJPH has authorized LPH-KHT Muhammadiyah to conduct national and international inspections of 15 halal sectors. Through the Halal Product Guarantee Agency of the Republic of Indonesia (*Undang-Undang nomor 33/2014 tentang Jaminan Produk Halal*), this organization promotes the mandatory halal procedure, which was made legal by the Indonesian government on October 17, 2014<sup>58</sup>.

<sup>56</sup> [BPJPH] Badan Penyelenggara Jaminan Produk Halal. 2023. Peraturan Badan Penyelenggara Jaminan Produk Halal nomor 1 tahun 2023 tentang Pedoman Akreditasi Lembaga Pemeriksa Halal Accessed on [https://cmsbl.halal.go.id/uploads/1\\_2023\\_Per\\_BPJPH\\_Pedoman\\_Akreditasi\\_Lembaga\\_Pemeriksa\\_Halal\\_e8e159976e.pdf](https://cmsbl.halal.go.id/uploads/1_2023_Per_BPJPH_Pedoman_Akreditasi_Lembaga_Pemeriksa_Halal_e8e159976e.pdf) (April 14, 2025)

<sup>57</sup> [LPH-KHT] Lembaga Pemeriksa Halal-Kajian Halalan Thayyiba Pimpinan Pusat Muhammadiyah. 2023. LPH-KHT Muhammadiyah mendapatkan Kualifikasi LPH Utama Accessed on <https://www.lphkhtmuhammadiyah.or.id/2023/09/14/lph-kht-muhammadiyah-mendapatkan-kualifikasi-lph-utama/> (April 14, 2025)

<sup>58</sup> [BPJPH] Badan Penyelenggara Jaminan Produk Halal. 2023. Undang-undang (UU) Nomor 33 Tahun 2014 tentang Jaminan Produk Halal. Regulasi. Accessed on <https://bpjph.halal.go.id/detail/uu> (April 14, 2025)

In addition to developing LPH-KHT, Muhammadiyah operates 31 halal centres across various Muhammadiyah and Aisyiyah Higher Education (*Perguruan Tinggi Muhammadiyah dan Aisyiyah*- PTMA) campuses in Indonesia<sup>59</sup>. These halal centres assist micro and small business actors in independent halal self-declare as an alternative halal guarantee regulation for micro and small business in Indonesia. If further reviewed, the role of halal centres in PTMA can be expanded as a forum for Muhammadiyah intellectuals to conduct: (1) research on non-halal contamination detection; (2) studies on the development of the halal supply chain; (3) training centres and provision of human resources in the halal industry such as halal auditors, supervisors, halal slaughterers, and halal butchers; and (5) strengthening the capacity of MSME actors who have received halal certificates. Muhammadiyah has also created a course at collage (Muhammadiyah University of Surakarta) in the field of the halal industry called *Shana'iyatul halal*<sup>60</sup>, with learning outcomes such as (a) understanding the concept and legal basis of the halal industry; (b) understanding the components of the halal industry; and (c) understanding the halal assurance process and standards.

LPH-KHT Muhammadiyah's existence is also backed by Muhammadiyah's objective for economic growth and halal tourist development. This was expressed during the 2022 Muhammadiyah Pre-Congress Seminar. Prof. Dr. Haedar Nashir, general chairperson of Muhammadiyah's central leadership, emphasized the importance of fighting for God's cause (*jihad fi sabilillah*) in the economic sector in order to strengthen Muslims' competitiveness<sup>61</sup>. As part of these effort, Muhammadiyah established a Muslim-friendly hotel called SM Tower<sup>62</sup>, located in Yogyakarta's Malioboro neighbourhood. One of Indonesia's most popular tourist spots and cultural heritage sites. In addition, Muhammadiyah runs *Kemadjoean Resto*<sup>63</sup>, which serves halal food in a natural tourism area in Laguna Beach, Bantul, Yogyakarta. To enhance business activity, Muhammadiyah developed semi-autonomous organizations under Muhammadiyah to carry out particular operations to support the growth of business actors who are members of the Muhammadiyah. For example, the Muhammadiyah Business Union (*Serikat Usaha Muhammadiyah*, SUMU) is affiliated with the Micro, Small and Medium Enterprises Development Institute of Muhammadiyah (*Lembaga Pengembangan Usaha Mikro, Kecil dan Menengah*, LP UMKM)<sup>64</sup>.

In terms of developing the halal economy in the ASEAN region, the presence of sister organizations will assist Muhammadiyah in implementation of vision about *jihad fi sabilillah* in the economic sector. Sister organizations not part of Muhammadiyah's

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<sup>59</sup> [LPH-KHT] Lembaga Pemeriksa Halal-Kajian Halalan Thayyiba Pimpinan Pusat Muhammadiyah. 2025. Daftar Halal Center Accessed on <https://www.lphkhtmuhammadiyah.or.id/halalcenter/> (April 14, 2025)

<sup>60</sup> [UMS] Muhammadiyah University of Surakarta. Mata Kuliah MES 3231232 Al-shana at al-halal (صناعة الحلال) Accessed on <https://www.ums.ac.id/mata-kuliah/MES3231232> (April 14, 2025)

<sup>61</sup> Muhammadiyah. 2022. Buka Seminar Pra Muktamar, Haedar: Sektor Ekonomi Adalah Jihad Fi Sabilillah yang Belum digarap Umat Islam Accessed on <https://muhammadiyah.or.id/2022/05/buka-seminar-pra-muktamar-haedar-sektor-ekonomi-adalah-jihad-fi-sabilillah-yang-belum-digarap-umat-islam/> (May 20, 2025)

<sup>62</sup> Suara Muhammadiyah. 2024. SM Tower Amal Usaha Baru Muhammadiyah. Accessed on <https://suaramuhammadiyah.id/read/sm-tower-amal-usaha-baru-muhammadiyah> (May 20, 2025)

<sup>63</sup> Suara Muhammadiyah. 2025. Meriahkan Launching Kemadjoean Resto, Resto Muhammadiyah di Laguna View Depok. Accessed on <https://suaramuhammadiyah.id/read/meriahkan-launching-kemadjoean-resto-resto-muhammadiyah-di-laguna-view-depok> (May 20, 2025)

<sup>64</sup> [SUMU] Serikat Usaha Muhammadiyah. 2025. Sambutan dan Filosofi SUMU. Accessed on <https://sumu.or.id/tentang/> (May 20, 2025)

central leadership structure but but have common vision, values, and cultural roots<sup>65, 66</sup>. Some of the sister organizations of Muhammadiyah are (1) Muhammadiyah Association of Singapore which was established in 1958 and received recognition from the Singapore government in 1983<sup>67</sup>, (2) Pertubuhan Muhammadiyah Pulau Pinang (Pinang Island, Malaysia), which has been operating since 1951 and was legalized with the ROS (Registration of Societies) of the Malaysian Government in 1967<sup>68</sup>. On August 5, 2021, Muhammadiyah received official permission from the Department of Higher Education, Ministry of Higher Education Malaysia, to establish Universiti Muhammadiyah Malaysia (UMAM), and (3) Muhammadiyah Association of Thailand which was officially established on May 7, 2021<sup>69</sup>. From a cultural perspective, Muhammadiyah Thailand has a figure named Prof. Dr. Winai Dahlan. He is the grandson of *Kiai Hadji* Ahmad Dahlan, the founder of Muhammadiyah. Winai Dahlan is a professor at Chulalongkorn University and the founder of the Halal Science Center Chulalongkorn University, Thailand<sup>70</sup>.

Sister organizations can be supported through an autonomous organization of the house for movement of Muhammadiyah (Amal Usaha Muhammadiyah), such as LPH-KHT or PTMA, or by directing Muhammadiyah organs, such as the Special Branch Leadership (*Pimpinan Cabang Istimewa Muhammadiyah* – PCIM) in Malaysia and Thailand, to execute halal economic empowerment through particular programs. LPH-KHT Muhammadiyah, for instance. BPJPH has recognized this institution as an international halal institution, allowing it to serve as an alternative brand for sister organizations in terms of halal product inspection and certification. At the same time, it promotes Indonesia's vision of becoming the Global Halal Hub.

Finally, Muhammadiyah has the potential to foster global partnerships to advance halal tourism by leveraging its enterprises (Badan Usaha Milik Muhammadiyah-BUMM) and research initiatives conducted through PTMA. By capitalizing on strategic opportunities, particularly in collaboration with countries such as Malaysia, Singapore, and Thailand, Muhammadiyah can promote halal tourism destinations that appeal to Muslim travelers worldwide, guided by the Muslim-Friendly Hospitality Services (MFHS) MS 2610:2010 standard<sup>71</sup>. Furthermore, Muhammadiyah can play a pivotal role in harmonizing halal standards across the ASEAN region. Through its support for the ASEAN Halal Council, bolstered by academic expertise and specialized training, Muhammadiyah aims to align halal standards, reduce non-tariff trade barriers,

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<sup>65</sup> Muhammadiyah. 2024. Abdul Mu'ti Beberkan Perbedaan PCIM dan Sister Organization Muhammadiyah di Luar Negeri Accessed on <https://muhammadiyah.or.id/2024/06/abdul-muti-beberkan-perbedaan-pcim-dan-sister-organization-muhammadiyah-di-luar-negeri/> (May 20, 2025)

<sup>66</sup> Amallah, N. S., Bakti, A. F., Praptiningsih, N. A., Sanjaya, M., & Hermansyah, T. 2023. Establishment of Universiti Muhammadiyah Malaysia (UMAM) in the perspective of communication for development through education modernization. *Informasi*, 53(2), 277-294. <https://doi.org/10.21831/informasi.v53i2.64705>

<sup>67</sup> Muhammadiyah Association of Singapore. 2025. About Us. Accessed on <https://muhammadiyah.org.sg/about-us/> (May 20, 2025)

<sup>68</sup> Muhammadiyah Pulau Pinang. 2014. Muhammadiyah Pulau Pinang. Accessed on <https://muhammadiyahpulaupinang.blogspot.com/p/blog-page.html> (May 20, 2025)

<sup>69</sup> Azhar, Andi. 2021. Sah! Dua Matahari Muhammadiyah Sinari Negara Thailand. Accessed on <https://www.andiazhar.com/2021/06/matahari-kembar-di-thailand.html> (May 20, 2025)

<sup>70</sup> Zick, La, and Anisa. "Halal News." *Halal Insight* 2021, no. 45 (2021): 6-9 Accessed on <https://digital.car.chula.ac.th/halalinsight/vol2021/iss45/> (May 20, 2025)

<sup>71</sup> Dinar Standard. 2017. Muslim Friendly Tourism (MFT): Regulating Accommodation Establishments in the OIC Member Countries. *COMCEC 9th Working Group*. Accessed on <https://www.comcec.org/wp-content/uploads/2021/07/9-TUR-PRE-3.pdf> (May 20, 2025)

and facilitate enhanced intra-ASEAN trade. In late May 2025, Malaysia and Indonesia agreed to spearhead the establishment of the ASEAN Halal Council (*majlis halal ASEAN*)<sup>72</sup>, a strategic platform designed to unify halal standards, laws, and regulations across the region, fostering greater cooperation and economic integration.

## CONCLUSION

The halal economy is not an ideology but a framework that emphasizes the benefits of halal certification for products and services, particularly in meeting growing market demands. It is characterized by: (1) the organization and management of economic resources in accordance with Islamic principles (*halal*); (2) the production of goods that are clean, safe, and beneficial to health (*at-thayyib*); (3) adherence to fair, transparent, and ethical transaction processes that avoid harm to others; and (4) ensuring products and services are free from contamination by prohibited or impure elements, such as dirt, carcasses, blood, pork, animals slaughtered in non-Islamic ways, or dogs. These principles underpin the halal economy's appeal, aligning with consumer preferences for ethical and high-quality goods and services.

Building on this foundation, market research underscores ASEAN's potential to develop a robust halal goods industry with significant growth prospects. Countries such as Malaysia and Indonesia are at the forefront, striving to establish themselves as key players in the global halal market, followed by Thailand, Singapore, Brunei Darussalam, and the Philippines. Realizing the full potential of the ASEAN halal economy requires coordinated regional strategies to address structural and institutional challenges. These strategies should prioritize: (1) enhancing human resource development to build expertise in halal industries; (2) strengthening halal infrastructure, particularly the halal supply chain, to ensure compliance and efficiency; and (3) advancing research and development to innovate and meet evolving market needs. Meanwhile, Muslim-minority countries in ASEAN, such as Vietnam, Laos, and Cambodia, which have limited engagement in halal product exports, possess untapped potential to develop halal tourism, commonly referred to as Muslim-friendly tourism, to cater to the growing demand for culturally sensitive travel experiences. ASEAN is well-positioned to unlock the full economic potential of its halal industry, creating opportunities for stakeholders, including organizations (like Muhammadiyah), to contribute to regional economic growth.

From the perspective of Muhammadiyah studies, Muhammadiyah, a prominent Islamic organization in Indonesia, plays a pivotal role in advancing ASEAN's halal economy. Through its charitable activities, strategic policies, and collaboration with sister organizations, Muhammadiyah can leverage its extensive network and cultural influence to strengthen the regional halal ecosystem. The organization's established infrastructure, rooted in its socio-religious movement, provides a unique platform to support the development of the Majlis Halal ASEAN, a proposed regional body aimed at coordinating and promoting halal standards across ASEAN. By aligning its resources and expertise with regional goals, Muhammadiyah can enhance human resource capacity, streamline halal certification processes, and foster cross-border

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<sup>72</sup> Sinar Harian. 2025. Malaysia-Indonesia terajui Majlis Halal ASEAN. Accessed on <https://www.sinarharian.com.my/article/730679/berita/nasional/malaysia-indonesia-terajui-majlis-halal-asean> (May 26, 2025)

partnerships, thereby contributing to the establishment of a cohesive and competitive ASEAN halal economy.

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