

HALAL PRODUCTS CERTIFICATION

Overview

Following the enactment of Law No. 33 of 2014 on Guarantees for Halal Products ("Law 33/2014"), its implementing regulation, Government Regulation No. 31 of 2019 ("GR 31/2019"), was recently issued and came into effect on 3 May 2019.

In principle, Law 33/2014 requires that all products imported, distributed or traded in Indonesia be certified halal in accordance with Islamic principles. The certification is evidenced by a 'halal certificate'. Products that are considered not halal are required to provide a sufficient statement or mark informing consumers of the non-halal nature of the products and are exempt from the halal certificate requirement.

Scope of Products

Products and services related to food, beverages, medicines, cosmetics, chemical products, biological products, genetically engineered products and any other goods that the public can wear or use are included in the scope of products covered by the above law and regulation.

GR 31/2019 provides the following clarification:

- (i) the foods, beverages, cosmetics and medicines concerned will be classified by the Minister of Religious Affairs ("MOA") under certain classifications;
- (ii) the chemical, biological and genetically engineered products are those used in the production of food, beverages, cosmetics and medicines;
- (iii) the other goods covered are those that can be worn (eg clothing, headwear, and accessories) and used/utilized (eg household products, packaging, and prayer equipment or medical devices), which are made out of or containing materials derived from animals; and
- (iv) the services covered are the slaughtering, processing, storage, packaging, distribution, sale and presentation.

Halal Product Certification

Certain requirements must be complied with in the processing of the above halal products. For example, the location, place and equipment used to process the halal products must be separate from those used for processing non-halal products. These include the halal products processing location, the place and equipment used for slaughtering, processing, storing, packaging, distributing, selling and presenting the products. Further, the location, place and equipment used for processing halal products must be kept clean and hygienic, free from impurities, and free from any non-halal materials.

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Halal certificates are issued by the Halal Product Guarantee Agency (“BPJPH” – *Badan Penyelenggara Jaminan Produk Halal*), a governmental agency under the supervision of the MOA. Whether or not a product is halal must be verified by a Halal Inspection Institution (“LPH” – *Lembaga Pemeriksa Halal*) which has been accredited by the BPJPH.

Law 33/2014 and GR 31/2019 also allow the mutual recognition of halal certificates under an international cooperation agreement. The certificates must be issued by a halal certification agency established by the government of or an Islamic organization acknowledged by the relevant foreign country. Therefore, products which have obtained a halal certificate from a foreign halal certification agency are not required to undergo halal certification under Law 33/2014. However, their certification must be registered with the BPJPH before they can be distributed in Indonesia.

Sanctions

For a violation of Law 33/2014, the sanctions can be criminal, ie imprisonment or a fine of up to Rp2,000,000,000, or administrative, ie oral or written warnings, a fine (the amount of which will be set under a MOA Regulation), the revocation of the halal certificate, or the recall of the product from distribution.

Implementation

Under Law 33/2014, the halal certificate requirement must be complied with by 17 October 2019. GR 31/2019 further explains that the halal certification of products will be enforced gradually. Certain factors will be considered, eg the readiness of the business actor, whether the product is considered a primary necessity and consumed by a majority of the population, and the readiness of the infrastructure to implement the halal product guarantee. This will be regulated further under a MOA Regulation.

According to GR 31/2019, products with halal certificates traded and distributed before this regulation comes into effect will remain valid until their expiry date.

Comment

While GR 31/2019 clarifies certain matters on, among other things, the general scope of halal products under Law 33/2014, more detailed provisions on other matters remain to be clarified and are subject to the MOA Regulation(s) expected to be issued this year. These include (among other things) the classification of foods, beverages, cosmetics and medicines in the scope of halal products, the amount of the administrative fines, as well as details of the gradual enforcement of the halal certification of products obligation.

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