

The Halal Industry in Southeast Asia: A Comparison of the Development of Indonesia and Thailand

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ABSTRACT

The halal industry in Southeast Asia, particularly in Indonesia and Thailand, has grown rapidly while adhering to Islamic sharia principles. This article compares the development of the halal sector in both countries, focusing on government policies, halal certification strategies, and challenges faced in entering the global market. Indonesia, as the country with the largest Muslim population, holds an important position in the global halal market. The mandatory halal certification policy implemented since 2019 by BPJPH aims to increase the competitiveness of Indonesian halal products. Meanwhile, Thailand, despite its predominantly non-Muslim population, has succeeded in developing its halal market, particularly in the halal food export sector, with support from the Central Islamic Council of Thailand (CICOT). This study uses a comparative analysis method based on secondary data obtained from government reports, industry studies, and academic articles. The results of the study are expected to provide insights that can support the development of halal policies in both countries, as well as provide recommendations for other countries wishing to develop their halal industries.

INTRODUCTION

The halal industry is a rapidly growing economic sector that encompasses a variety of products that comply with Islamic sharia principles. This industry not only involves the food and beverage sector, but also includes cosmetic, pharmaceutical, fashion, tourism, and financial products. With the global Muslim population expected to reach more than 2.2 billion by 2030, the halal sector is increasingly attracting the attention of various countries to develop their production capacity. The global halal market value in 2020 is estimated to reach USD 2.02 trillion and will continue to grow, with Southeast Asia as the region that is the center of halal industry development. For example, by 2022, the global halal market is estimated to reach USD 2.02 trillion and is expected to continue growing at an annual rate of 10%, with Southeast Asia as the main hub for halal industry development. In Indonesia, for example, halal products produced and exported have shown great potential in the food and fashion sectors, while Thailand, despite having a smaller Muslim population, has successfully penetrated the international market, especially in the halal food and tourism sectors. Therefore, the halal sector is very important for the global economy, especially for countries with large Muslim populations, such as Indonesia.

In Southeast Asia, Indonesia and Thailand play a key role in the development of the halal industry. Indonesia, with more than 229 million Muslims, holds a significant position in the global halal market. The Indonesian government has implemented a mandatory halal certification policy in 2019 through the Halal Product Guarantee Agency (BPJPH), which is expected to increase the competitiveness of Indonesian halal products in the global market. On the other hand, Thailand, despite its non-Muslim majority, has succeeded in developing the halal sector, especially in halal food products and exports, with the support of the Central Islamic Council of Thailand (CICOT). Several previous studies have discussed the development of the halal industry in these two countries, such as those conducted by [Aziz & Salim \(2023\)](#), which compares the halal export potential of Indonesia and Thailand. However, there has been no comprehensive study that discusses the comparative development of the halal industry in both countries, especially in the context of different halal certification regulations and strategies.

Although there are many studies on the halal industry in Southeast Asia, comparisons between Indonesia and Thailand are still limited. Most studies focus on the development of the halal sector in Indonesia or Thailand separately without revealing in depth how each country's policies, challenges, and strategies contribute to the development of the halal sector as a whole. For example, research by [Riyanto et al. \(2022\)](#) stated that Indonesia prioritizes domestic market development through mandatory halal certification regulations, while Thailand develops the export sector by utilizing international market opportunities. However, there has been no research comparing the halal regulatory policies implemented by the two countries, as well as the challenges faced in facing global competition.

Problem Formulation and Objectives

This study aims to compare and analyze the development of the halal industry in Indonesia and Thailand, with a focus on government policies, halal certification strategies, and challenges faced in efforts to enter the global market. With a focus on the analysis of halal certification policies, this study will also examine how these policies affect sectors other than food, such as halal cosmetics and halal fashion in Indonesia and Thailand. Specifically, this research aims to:

1. Analyzing the influence of government policies on the development of the halal industry in Indonesia and Thailand, and its impact on the global competitiveness of halal products in both countries.
2. Comparing the differences in halal certification policies implemented in Indonesia and Thailand, and identifying how these policies contribute to the development of the domestic and international halal industry sectors.
3. Identifying the challenges faced by Indonesia and Thailand in entering the global market, and analyzing the strategies implemented to overcome these challenges.
4. Provide policy and strategy recommendations that can be implemented by Indonesia and Thailand to strengthen their position in the global halal market and increase their contribution to international halal trade.

The research questions to be answered in this study are as follows:

1. How is the development of the halal industry in Indonesia and Thailand?
2. What are the main differences in the policies and strategies implemented in the two countries?
3. Does Indonesia focus more on meeting domestic needs, while Thailand places more emphasis on exporting halal products?

LITERATURE REVIEW

The Development of the Halal Industry in Indonesia

Indonesia, with the world's largest Muslim population reaching 229 million in 2023, has the largest halal market globally. The market value of Indonesia's halal industry in 2023 is estimated to reach USD 279.26 billion and is projected to grow to USD 807.86 billion in 2031, with a compound annual growth rate (CAGR) of 14.2% ([Databridgemarketresearch.com](https://www.databridgemarketresearch.com)).

Dominant Sectors

Halal Food and Beverage: Is a major sector in Indonesia's halal industry. In 2024, the trade value of Indonesia's halal products will reach USD 53.73 billion, with 81.16% of it coming from the food and beverage sector ([En.antaranews.com](https://en.antaranews.com)). Indonesia is also one of the main producers and exporters of halal food products, including meat, beverages, and processed products made from local raw materials that support the global halal economy ([Statistics](https://www.statistics.gov.id)).

Halal Fashion: Indonesia ranks third in the world in the halal fashion industry, with a market value of around USD 20 billion by 2023. The Indonesian government has launched the Indonesia Global Halal Fashion (IGHF) initiative to promote halal fashion and make Indonesia a global halal fashion hub. Through various international collaborations, Indonesia is expected to increase its contribution to the growing global halal fashion market, especially with the

increasing trend of Islamic-based fashion ([Grandviewresearch.com](https://www.grandviewresearch.com), [Halalmui.org](https://www.halalmui.org)).

Halal Certification Policy

The Indonesian government has imposed mandatory halal certification for all products entering, circulating, and traded in Indonesia, which will come into effect on October 18, 2024. This policy aims to increase the competitiveness of Indonesian halal products in the global market. In addition, the mandatory halal certification policy has brought significant changes to small and medium industries (SMEs) in Indonesia. Many SMEs that previously did not have access to the global market can now expand their market reach by obtaining internationally recognized halal certification. With this regulation, Indonesia hopes to increase the level of halal product exports and provide safety and quality assurance for Muslim consumers around the world. This policy also aims to facilitate the simplification of the halal certification system, making it more accessible to small and medium industries (SMEs) that play a role in halal production ([BPJPH.halal.go.id](https://www.bpjph.halal.go.id)).

Challenges and Opportunities:

Although Indonesia has a large domestic market, its contribution to the global trade of halal products is still limited. In 2023, Indonesia will only control around 3% of the world's total halal industry trade, indicating the need for a more aggressive strategy in halal product exports to increase global market share. The food and beverage sector is dominant, but Indonesia still has to overcome several challenges such as infrastructure that is not yet fully supportive and consumer awareness that needs to be continuously strengthened through education on the importance of halal certification and product quality ([En.antaranews.com](https://www.en.antaranews.com)).

Indonesian Halal Industry Growth Projection:

Projections for the future are very positive, with Indonesia's halal food market expected to grow to USD 645.25 billion by 2031, based on a compound annual growth rate (CAGR) of 12.5% ([Blueweaveconsulting.com](https://www.blueweaveconsulting.com)). Indonesia is also expected to become a global halal economic hub with increasing exports of halal products and the development of new sectors such as halal cosmetics and halal pharmaceutical products that have great potential.

METHODOLOGY

This study will provide an important contribution to the development of literature on the halal industry in Southeast Asia, especially by comparing two countries with different policies and strategies. The research method used is comparative analysis using secondary data obtained from government reports, industry studies, and academic articles. This study will also analyze the differences in halal certification policies and their impact on the global market. The results of this study are expected to provide recommendations for the development of halal policies in both countries, as well as provide insight for other countries that want to develop their halal industries.

RESEARCH RESULT AND DISCUSSION

Development of the Halal Industry in Thailand

Thailand, despite its non-Muslim majority, has managed to become the third largest halal food exporter in ASEAN after Indonesia and Malaysia. In 2023, Thailand's halal product exports reached 222.247 billion baht (approximately USD 6.3 billion), with major contributions from products such as rice, sugar, and frozen chicken. Thailand has managed to aggressively develop the halal market, despite having only a Muslim minority, thanks to the international recognition of halal certification issued by the Central Islamic Council of Thailand (CICOT) and the government's efforts to expand the global halal export market. The halal food sector has become a major contributor to the growth of Thailand's halal industry, with most halal products exported to countries such as Indonesia, Malaysia, and the Middle East ([Nuffoodsspectrum.asia](https://nuffoodsspectrum.asia)).

The Thai government aims to make the country a global halal hub by 2027. Although Thailand has a smaller Muslim population, it has managed to expand its influence in the international halal market. The Thai government has engaged the private sector to develop infrastructure that supports halal product exports, such as increasing the capacity of halal-certified factories and strategic partnerships with Muslim-majority countries. This strategy includes improving halal certification standards, developing production capacity, and expanding export markets. One of the main steps is increasing the capacity of halal-certified factories and establishing more international partnerships to strengthen Thailand's position in the global market. Through stricter halal certification and developing innovations in halal products, Thailand aims to become a leading supplier of halal products with international standards ([Nuffoodsspectrum.asia](https://nuffoodsspectrum.asia)).

In addition to the food sector, Thailand is also trying to strengthen the halal tourism sector, by increasing the number of hotels and restaurants serving halal food. The halal certification program for hotels and restaurants in Thailand continues to grow to attract Muslim tourists from various parts of the world, especially from ASEAN countries and the Middle East ([Nuffoodsspectrum.asia](https://nuffoodsspectrum.asia)).

Thailand is also developing the halal cosmetics sector, which is predicted to experience significant growth in the next few years, given the global demand for halal and safe beauty products for Muslims. As part of this effort, the Thai government is providing support for local cosmetics companies to obtain halal certification and expand the distribution of their products to international markets ([ResearchGate](https://www.researchgate.net)).

In 2024, Thailand launched the "Halal Route" application designed to make it easier for Muslim travelers to find halal-compliant dining, accommodation and prayer facilities. The application includes more than 1,100 restaurants and covers more than 40 provinces in Thailand, providing a comprehensive guide for Muslim travelers who want to explore the country comfortably and according to their religious needs [Travel And Tour World](https://www.travelandtourworld.com).

Thailand is also active in strengthening regional cooperation through events such as the Thailand Halal Assembly 2024, which serves as a platform for halal certification bodies, academics and industry players to exchange ideas and advance halal business. The event was held in December 2024 and discussed

various topics related to innovation, technology and market development in the halal industry.

With government commitment and private sector support, Thailand has the potential to become a global halal industry hub, offering huge opportunities for investment and market expansion in the ASEAN region and the world.

Comparison of Strategies and Challenges

Aspect	Indonesia	Thailand
Muslim population	Largest in the world (229 million)	Minority
Halal Regulations	Mandatory since 2019 through BPJPH and MUI	Managed by CICOT
Dominant Sector	Food & drink, halal fashion	Halal food
Export Target	Focus on OIC markets and countries with large Muslim populations	Focus on ASEAN and global markets
Challenge	Infrastructure, consumer awareness, global competition	Limited resources, international recognition of certification

Comparative Analysis

1. Muslim population

Indonesia has a significant advantage with the largest Muslim population in the world, which provides a great advantage in creating a large domestic market and stable demand for halal products. Meanwhile, Thailand, despite its majority non-Muslim population, has developed the halal market effectively and has great opportunities in exporting halal products to Muslim countries.

2. Halal Regulations

Indonesia has taken advantage of the mandatory halal certification policy that has been in effect since 2019 through the Halal Product Guarantee Agency (BPJPH) and the Indonesian Ulema Council (MUI). In terms of regulation, Indonesia has an advantage in terms of the mandatory halal certification policy, which provides legal certainty for industry players. However, Indonesia's biggest challenge lies in the limited distribution infrastructure, which hinders Indonesian halal products from competing more aggressively in the international market. On the other hand, Thailand, with limited human resources trained in the halal field, has succeeded in introducing halal product innovations through technology, such as the development of halal food products that can last a long time without reducing quality. This provides certainty for consumers regarding the halalness of the products in circulation. In Thailand, halal regulations are managed by the Central Islamic Council of Thailand (CICOT), which although effective, still faces challenges in terms of international recognition of the halal certification it issues.

3. Dominant Sector

Indonesia dominates the halal market with a huge food and beverage sector, as well as a rapidly growing halal fashion industry. Thailand, meanwhile, focuses on exporting halal food, especially rice and natural food products, which are in high demand in Muslim countries and ASEAN. Thailand is also leveraging technological advances to introduce more innovative halal products.

4. Export Target

Indonesia focuses more on the Organization of Islamic Cooperation (OIC) market and countries with large Muslim populations. Thailand, despite having a smaller Muslim population, has a strategy to reach a wider market, focusing on ASEAN and the global market through internationally accepted products.

5. Challenge

Indonesia faces challenges in terms of infrastructure to support the distribution of halal products and increase consumer awareness of halal certification. Fierce global competition is also a major challenge in expanding global market share. Thailand, on the other hand, faces resource constraints, such as the lack of trained labor to meet international halal standards, as well as challenges in international recognition of halal certification issued by CICOT.

CONCLUSIONS AND RECOMMENDATIONS

Overall, both Indonesia and Thailand have their own strengths and challenges in developing their halal industries. Indonesia benefits from a large Muslim population and a comprehensive halal certification policy, while Thailand, despite having a smaller Muslim population, has demonstrated a smart strategy by focusing on halal food exports and strengthening its halal tourism sector. Both have great potential to strengthen the global halal ecosystem through collaboration and the promotion of more internationally accepted certification standards. Overall, both Indonesia and Thailand have great opportunities to strengthen the global halal ecosystem. Collaboration between the two countries in terms of developing the halal export market, as well as improving halal certification standards that are more internationally accepted, can pave the way for the development of the halal industry in Southeast Asia as a major center for the global market.

ADVANCED RESEARCH

Both Indonesia and Thailand, despite differing domestic contexts, exhibit strategic complementarities that position them as pivotal players in shaping the future of the global halal industry. Indonesia's demographic advantage, underpinned by the world's largest Muslim population and a robust, government-regulated halal certification system (BPJPH), provides a strong domestic foundation and consumer base for halal goods and services. Thailand, on the other hand, has successfully leveraged its advanced food processing capabilities and export-oriented strategy to emerge as a key halal food exporter, while simultaneously branding itself as a competitive halal tourism destination. By aligning their respective strengths Indonesia's regulatory depth and

Thailand's global market orientation the two nations have the opportunity to co-develop a synergistic halal economic corridor in Southeast Asia. Strategic bilateral collaboration can not only harmonize certification frameworks to enhance international trust and reduce trade friction but also foster innovation and investment in halal-related sectors such as pharmaceuticals, cosmetics, logistics, and tourism. This integrated approach can position Southeast Asia not just as a production hub, but as a global standard-bearer in the halal economy.

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