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Dual Power in Halal Governance: The Indonesian Experience and Its Policy Implications for Vietnam

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Abstract

The global Halal economy is prompting many non-Muslim majority countries to develop Halal governance systems, with Indonesia being a prime example of a "dual power" model—where both the state agency (BPJPH) and the religious organization (MUI) jointly hold the legitimacy of certification through a fatwa mechanism. This article analyzes the model and compares it with Vietnam, which recently institutionalized Halal governance for the first time through Decree No. 127/2026/ND-CP. Unlike Indonesia, Vietnam chooses to place the Muslim community in a legally mandated consultative position rather than granting decision-making power, thereby maintaining the principle of a secular state while ensuring compatibility with Sharia norms. Based on this comparison, the article proposes that Vietnam further strengthen its institutionalized religious consultation mechanism to enhance the system's normative legitimacy.

Keywords: *Halal governance; Indonesia; Vietnam; Decree 127/2026/ND-CP; religious consultation; Halal certification.*

1. Introduction

In the early decades of the 21st century, the Halal economy has emerged as one of the most dynamic sectors of global trade. Originating from Islamic religious regulations (Sharia) concerning food and services, its scope today is vast. Halal has expanded into many other sectors, including pharmaceuticals, cosmetics, logistics, tourism, finance, and e-commerce (Fischer, 2011, 2016). This expansion reflects Halal's shift from a religious requirement for the Muslim community to a global economic ecosystem.

The scale of development is making the Halal economy increasingly important in the global trade structure. According to the State of the Global Islamic Economy 2024/25 report, total spending by Muslim consumers worldwide on Halal products (excluding Islamic finance) reached approximately US$2.43 trillion in 2023, and is projected to increase to approximately US$3.36 trillion by 2028 (Dinar). Standard, 2024). The continued growth of the Halal market not only creates opportunities for Muslim-majority countries but also encourages many non-Muslim-majority countries to participate more deeply in global Halal value chains and trade networks (Wilkins et al., 2019).

In Vietnam, Halal governance has become particularly significant following the Government's issuance of Decree No. 127/2026/ND-CP dated April 6, 2026, on the management of quality and development policies for Halal products and services. As the first comprehensive legal document regulating the Halal sector at the national level, Decree No. 127/2026/ND-CP not only opens opportunities to promote exports to Muslim markets but also raises theoretical and practical issues related to the origins of Halal legitimacy, the role of religious norms in the state governance system, and the coordination mechanisms among stakeholders involved in Halal governance in the context of a country without a Muslim majority. Therefore, the case of Vietnam provides a research context for considering the broader question of how non-Muslim majority countries establish and operate a Halal governance system that simultaneously meets the religious legitimacy requirements of the international market and upholds the principles of secular rule of law as they integrate into the global Halal economy.

2. Indonesia, where the state and religious authorities hold the balance of power.

Indonesia is one of the countries with the highest levels of institutionalized Halal governance in the world. It is often considered a prime example of a hybrid Halal governance model combining state power and religious authority. The enactment of Law No. 33 of 2014 on Halal Product Assurance (Undang-Undang Jaminan Produk Halal – UU JPH), along with implementing guidelines such as Government Decree No. 39/2021, has created a significant shift from a religiously-led certification mechanism to an institutionalized governance structure at the state level. The Halal Product Assurance Organization (Badan Penyelenggara Jaminan Produk Halal – BPJPH), under the Indonesian Ministry of Religious Affairs, serves as the central coordinating body responsible for managing registration, certification, and compliance monitoring, and for coordinating the activities of conformity assessment organizations.

However, the regulatory power of the State does not mean that the State becomes the sole source of Halal legitimacy. Within the Indonesian legal framework, the practice of issuing fatwas by the Majelis Ulama Indonesia (MUI) continues to play a central role in determining the Sharia conformity of products (Lindsey, 2012). Although BPJPH is the official certification body, the final decision on a product's Halal status is still based on religious opinions issued by MUI (Hosen, 2004). This shows that the legitimacy of the system is built not solely on state law but also on administrative and religious institutions.

From the perspective of the Secular Halal Governance Framework (SHGF), Indonesia largely meets the conditions for regulatory capacity, certification infrastructure, and international recognition. However, the condition of secular state legitimacy is not fully expressed in the sense of the SHGF, as the source of normative legitimacy still depends significantly on the MUI's canonical authority. In other words, Indonesia has not completely separated the function of public regulation from the function of establishing religious norms. As a result, the Indonesian system exhibits characteristics of a hybrid Halal governance model, in which state and religious authorities participate in conferring legitimacy on Halal standards. This model has the advantage of maintaining a very high level of religious trust within the global Muslim community. However, it also carries the risk of conflicts over authority, overlapping responsibilities, and increased costs of institutional coordination among governing entities.

3. Vietnam chose a different approach: consultation instead of empowerment.

Vietnam's issuance of Decree No. 127/2026/ND-CP on April 6, 2026, effective from June 1, 2026, marks a significant step in the institutionalization of Halal governance in Vietnam. For the first time, Vietnam has established a unified national legal framework for the certification, conformity assessment, and development of Halal products and services. Unlike Indonesia and Thailand, where Halal legitimacy is closely tied to historically authoritative Islamic institutions and large communities of believers, the Vietnamese model is shaped in a country without a Muslim majority, maintaining the secular principles of the State and not integrating Islamic law into the national legal system. This characteristic creates a new institutional governance structure, in which the State plays a central role in regulation while simultaneously establishing mechanisms to ensure compatibility with Sharia norms.

However, the most distinctive feature of the Vietnamese model is that the system does not eliminate the religious element but instead internalizes and institutionalizes the participation of the Muslim community within the framework of public administration. Clause 1, Article 5 of Decree No. 127/2026/ND-CP stipulates that the development and amendment of national standards for Halal products and services must ensure the participation of representatives from the Ministry of Ethnic Minorities and Religion, and Muslim experts with expertise in Halal requirements in the consultation and assessment process. Unlike Indonesia, where religious bodies directly issue Fatwas that have decisive value for Halal status, Vietnam's mechanism places religious organizations in a legally mandated consultative role. Therefore, religious legitimacy is ensured through an institutional process rather than by transferring public regulatory power to religious organizations.

4. Lessons from Indonesia for the Halal industry in Vietnam

Indonesia operates under a dual-power model, in which the administrative legitimacy of the State depends significantly on MUI fatwa rulings. Meanwhile, Vietnam opts for a more technocratic regulatory structure, focusing on standards systems, conformity assessment, and supply chain risk management, while maintaining the participation of the Muslim community through legally mandated consultation mechanisms.

The research results show that building and effectively operating a Secular Halal Governance model depends not only on the promulgation of a legal framework but also requires the synchronized development of regulatory institutions, certification infrastructure, and international recognition mechanisms. Based on the constituent conditions of the Secular Halal Governance Framework (SHGF), the research proposes... The main policy direction for Vietnam is to strengthen the institutionalized mechanism for religious consultation. Research findings show that Halal legitimacy in non-Muslim majority countries cannot be maintained solely through administrative tools or technical standards. Therefore, Vietnam needs to continue improving mechanisms to ensure the genuine participation of experts and organizations representing the Muslim community in the process of developing standards, assessing conformity, and resolving issues related to Sharia norms. A permanent and transparent consultation mechanism will help strengthen the system's normative legitimacy without altering the State's secular principles.

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