

Philippine Halal Certification: Economic Viability and Structural Barriers

Junna M. Martinez¹, Karl P. Campos²

¹University of Southeastern Philippines

²University of Southeastern Philippines

*e-mail: jmmartinez01202401652@usep.edu.ph

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Abstract

The global halal economy is experiencing significant growth, with increasing demand for halal-certified products and services. In the Philippines, the rising Muslim population has contributed to heightened awareness and consumption of halal-certified goods, with a growing number of non-Muslims embracing halal as part of their lifestyle. While halal certification offers substantial economic opportunities, micro and small businesses face significant challenges in entering this market, often due to inconsistent interpretations and processes among halal-certifying bodies. This study investigates these challenges and explores the benefits and opportunities of halal certification for micro and small businesses. Using a qualitative approach, data will be collected through interviews with business owners in Davao City and consultations with halal-certifying organizations to identify key barriers and propose actionable recommendations. The findings are expected to emphasize issues such as the lack of standardized certification processes and limited awareness of the competitive advantages of halal certification. Recommendations will be directed at policymakers and certifying bodies to streamline procedures and support small businesses, empowering them to participate in the halal economy and promoting community access to halal-certified products and services.

Keywords: halal certification; economic viability; structural barriers; Philippines

INTRODUCTION

The halal economy remains a promising market due to the growing Muslim population, with an estimated 12 million Muslims in the Philippines, making the country the third-largest Muslim population in Southeast Asia (NCMF, 2024). This demographic growth has created significant economic opportunities in regions like Davao, where Islam's influence is prominent. Halal, an Arabic term meaning lawful, beneficial, and permissible according to Islamic law (Umam et al., 2024), plays a central role in this market. Republic Act No. 9997, Article II, Section 8, paragraph H, grants the National Commission on Muslim Filipinos (NCMF) the authority to promote and develop the halal industry in the Philippines (Republic of the Philippines, 2010). The NCMF oversees halal certifying bodies, ensuring that certification benefits Muslims through collaboration with local and international stakeholders. Halal-certified enterprises are granted the halal logo, prominently displayed to assure both Muslim and non-Muslim consumers that their products comply with Islamic standards (Santoso et al., 2021). Halal certification is vital as it guarantees the permissibility and cleanliness of products, from raw materials to final output, easing community concerns and promoting trust. Despite these benefits, many business owners face challenges in obtaining halal certification due to structural barriers. Addressing these issues is critical for expanding market access and enhancing the economic viability of businesses. This study contributes to the growing body of research on the halal economy by providing valuable

insights for policymakers, certifying bodies, researchers, and communities both Muslim and non-Muslim—seeking to understand halal certification in the Philippines.

GENERAL DESCRIPTION OF THE COMMUNITY, PROBLEMS AND TARGET SOLUTIONS

General description

Exploring the economic opportunities and challenges of obtaining Halal Certification in the Philippines is the objective of this study. The Philippines has a diverse population where the Muslim community plays a significant part, which resulted in a highly increased demand for halal products. But then, this demand is not limited to Muslim Filipinos since non-Muslim Filipinos are increasingly attracted to halal-certified options due to their high standards for quality, hygiene, and ethical production practices (Karimullah, 2023). Hence, this increase has led to the potential for the Philippines to expand its reach and engage more widely in the Halal economy across diverse consumer groups.

Problem

The Halal Economy in the Philippines holds excellent potential due to the growing demand of Muslim Filipinos and non-Muslim communities who are conscious of what they eat. Twelve (12) halal certifying bodies in the Philippines are currently operating (NCMF, 2024). However, the lack of standardized processes across these certifying bodies, partly due to varying interpretations, has made the certification process challenging and confusing. This highlights the importance of prioritizing unifying accreditation and certification standards among Philippine Halal certifying bodies to improve and strengthen the country's image in this growing industry.

Table 1. List of Halal Certifying Bodies in the Philippines

List of Halal Certifying Bodies in the Philippines
1. Halal Development Institute of the Philippines, Inc. (HDIP) 2. Prime Certification and Inspection Asia Pacific, Inc. (PRIME) 3. Halal International Chamber of Commerce and Industry of the Philippines, Inc (HICCIP) 4. Mindanao Halal Authority (MinHA) 5. Basilan Ulama Supreme Council Foundation Inc. (BUSC) 6. Fiqhi and Halal Council of the Philippines, Inc. (FIQHI) 7. Muslim Mindanao Halal Certification Body (MMHCB) 8. Philippine Ulama Congress Organization, Inc. (PUCOI) 9. Maslaha Halal Certification Board, Inc (MASLAHA) 10. Phil. Liguasan Marsh Conservation and Socio-Economic Development Inc., (PHILCOSED 2015) 11. Bangsamoro Provincial Consultative Council, Incorporated – BPCC 12. Alliances for Halal Integrity of The Philippines, Inc. (AHIP)

Target solution

The robust growth of the halal economy in the Philippines is a joint effort supported by the government and the private sector. In fact, it is one of the government's key agenda to develop halal in the country successfully. An example of government commitment is the campaign titled "Halal-friendly Philippines," launched by the Department of Trade and Industry. This campaign has to help position the Philippines as one of the halal-friendly destinations in Asia, emphasizing a customer-focused, collaborative, and competitive approach (Halal Friendly Philippines, 2024). Additionally, the Department of Agriculture's DA-Halal Food Industry Development Program (DA-

HFIDP) aims to support exporters and strengthen the Philippines' competitive advantage in the international halal market (Department of Agriculture Halal Food Industry Development Program, 2018). Furthermore, Republic Act No. 10817 was enacted to provide a comprehensive framework to support and develop the halal industry in the country (Republic of the Philippines, 2016).

METHOD

This study adopts an empowerment approach alongside secondary data analysis to effectively assess and conclude the economic potential and structural barriers within the Philippine halal economy. The primary data source for this study will be gathered through in-depth interviews with selected micro-food business owners who currently possess Halal certification or are interested in obtaining it. These interviews aim to provide firsthand insights into their experiences, challenges, perceived benefits, and motivations related to Halal certification. Ethical considerations will be observed to ensure the integrity of the study, such as participants' consent being obtained before participation, confidentiality and privacy being maintained, data transparency being upheld, and the study being conducted with respect and cultural sensitivity, particularly regarding the religious and cultural aspects of Halal certification. Secondary data analysis is then conducted to gather information on the current landscape, including policies, certification processes, and market dynamics. The data is analyzed to identify key challenges, opportunities, and gaps in the halal economy. Based on this analysis, actionable insights and strategies are developed to address the identified barriers and foster growth in the halal sector. To support micro and small enterprises, targeted recommendations are provided to stakeholders, such as policymakers and certifying bodies. Lastly, outcomes are evaluated, with suggestions for future research, including in-depth interviews, to understand better the perspectives of businesses that have obtained or are seeking halal certification and to assess the effectiveness of the proposed solutions. By following this structured approach, the study promotes an efficient and grounded strategy to support the halal economy in the Philippines.

RESULTS AND DISCUSSION

A unified approach is needed for the Halal economy, especially now that there is an increasing awareness of the need to reform policies and regulations to make certification more accessible. This study aimed to assess the economic potential of the halal economy and identify the structural barriers hindering its growth, particularly for micro and small enterprises in the Philippines. The findings indicate that despite the economic viability of halal certification, structural barriers such as inconsistent policies and regulations remain significant obstacles. To address these challenges, this study emphasizes the need for collaborative efforts between the government sector and private certifying bodies. By working together, they can streamline policies and processes, ensuring that certification becomes more accessible and beneficial for businesses. The research highlights that achieving a unified approach requires halal certifying bodies to align their policies and regulations to support the halal economy's growth. Furthermore, collaborative support from both certifying bodies and the government is essential to help the halal market achieve its full potential while meeting the needs and satisfaction of the communities it serves.

CONCLUSIONS AND SUGGESTIONS

To summarize this study, the halal economy in the Philippines has significant potential especially with the increasing support both from the government and halal consumers. This study suggests that for this sector to thrive, the halal certifying bodies must be dedicated to reforming policies and regulations that currently limit the full potential of halal certification. This commitment should involve addressing those structural barriers, such as streamlining the certification process, enhancing financial assistance for small and medium enterprises, and raising awareness about the benefits of halal certification. The Philippines is highly likely to position itself as a leading player in the halal market in the Asia-Pacific region if those barriers are actively addressed. Furthermore, the halal economy can grow with the right actions and continued support, providing numerous economic opportunities and benefits for local businesses and Muslim and non-Muslim communities.

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