Research Article

Halal Certification of Indonesian Cosmetics Products: New Protectionism and the Rise of Islamic Populism in Indonesia

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Abstract

This article aims to explore the impact of halal certification of Indonesian products and the interplay between halal certification, Indonesia’s economic interest and International Trade Regime. This research uses qualitative approach taking Indonesia case study by collecting secondary data from varied sources. The findings indicate that the massive awareness of halal products especially cosmetic is not solely motivated by religious motive. The halal product is not substantially driven by religiosity. In fact, to understand the meaning of halal, this paper argues that companies that trade halal product do not follow Islamic values. Further, this paper suggests that Islam does not support economic system that prioritizes a few parties, put women as an object, not environmentally friendly, or wasteful. On the contrary, it promotes an order that is not fair for all. However, this paper further argues that halal trend in Indonesia trade system is more about the rise of Islamic populism. WTO therefore, has to be cautious on accommodating halal labelling in international trade. It must be opened to the needs of Islamic countries yet it has to be aware that it may become new form of protectionism which is unfair for global trade standards.

Keywords: Halal Certification, Cosmetic, WTO, Islamic Populism, New Protectionsim

INTRODUCTION

The WTO was founded with the aim of removing tariff and non-tariff barriers in trade in order to build free trade and fair competition between countries (WTO, 1995a). However, the issue of trade barriers remains a major problem in global trade. This forces the WTO to be able to adapt to the challenges of the evolving human civilization, especially in updating the rules of the game that are beneficial for all parties. On the one hand, the WTO must be able to see the urgency of a country’s trade policy and its benefits for the people of that country. On the other hand, the WTO must be accommodating in issuing rules that are beneficial to all parties. For example, in the case of state protection over its citizens for health reasons, the United States (US) issued the Family Smoking Prevention and Tobacco Control (FSPTCA) policy (US Food and Drug Administration, 2020).

The policy considered a form of trade protection to defend cigarette manufacturers in the country. Health issues in such way certainly raise debates about the form of hidden
protectionism makes the WTO have to be both more careful and open in issuing trade policies or regulations.

In the case of Kretek or clove, US policy that used health issues is considered detrimental to the exporting country - Indonesia (Bachtiar, 2020). Therefore, the policy prevented Indonesia from sending exports of clove to that country. The question is, does the trend of halal labelling policy including in Indonesia will have big impact to the international trading system? How does the WTO able to facilitate the halal trade regime, which is aggressively imposing halal certification for all of its products? How WTO put moral or religious values beyond ethical rules in global trade? Is it fair to maintain moral and religious issues in protecting country’s domestic market? These questions are important to be studied as the trend of halal labelling is emerging these days.

This paper in particular aims to investigate the impact of the halal label policy on products in Indonesia using international trade framework. The position of the WTO is substantial because of its main role in regulating global trade. Although halal policy is domestic. However, the issue of halal labeling will also be crucial for international regime to regulate especially in Islamic World. It is because not only the halal labelling become a trend in Muslim-majority countries including Indonesia. But it has gain intensively recognition and impact to the non-Muslims countries as well. Therefore, it is important for the WTO to accommodate the needs of Muslims majority countries yet it has to be fair.

Furthermore, this paper is expected to provide a clearer picture of the WTO's position in the issue of halal certification policy in the context of international trade. In addition, this article seeks to explore the relationship between the massive advocacy of the halal label, especially in Indonesia, and the country’s political economic interest. Whether it is true that halal policy is purely based on religious reasons. Therefore, the interests of consumers are protected, or otherwise, it used to protect the economic interests of certain parties. From that point, this paper uses a new protectionism approach and Islamic populism in analyzing the halal cosmetics label policy and WTO rules regarding this matter.

In International Relations (IRs) literature, protectionism had been discussed much in terms of international trade for instance by Heenan and Keegan (1979); Ruggie (1994) Gilpin (2019) and many others. Yet, there were so little literature on halal from global politics perspective, to mention a few most cited such as Belhaj (2018), Florence Bergeaud-Blackler, Fischer and Lever (2015) and Lever (2013). However, the topic of halal certification with the case study of Indonesia is quite many. There were studies about halal In Indonesia context like studies by Lindsey (2012), Mariska and Ng (2019), and Mizuno (2021). However, they concentrated on the law making and the role of the Indonesian Ulama Council of regulating the halal certification. Yet, little is known about how the halal labelling in Indonesia may shape the global trade system and how does it affect by the domestic political economic setting. There is however, previous study by Limenta, Edis and Fernando (2018) which specifically linked the topic of halal in Indonesia and WTO. They found that halal law may create uncertainties and administrative
bottlenecks (Limenta et al., 2018). Still, despite their findings, their investigation was more on how Indonesia in managing halal law in its position to the part of WTO body. This paper, on the contrary, take account of WTO position. However, far too little attention has been paid to the intertwined of halal certification, protectionism, populism which is trending these days and the role of WTO with the case study of Indonesia. This study thus, offers some important insights into the topics of trade regime, populism and neo-protectionism.

The new protectionism examines various forms of protection of a country’s domestic market in the face of the free trade era which known as non-tariff measures (Devadason, 2020) for reasons of health, satisfaction and ethics. Using new protectionism concept, this paper argues that halal certification faces challenges at the international level. This is because some accuse it to be considered a form of hidden protectionism. As the consequence, this kind of protection policy may lead to fierce conflicts in the future between local versus national companies and trade wars between WTO member countries.

This problem is even more complex because there are no rules of standard that explicitly prohibit or even allow moral or religious values as a form of state protection in the international trade mechanism at the WTO. This assumption arises from the case of Brazil’s lawsuit against Indonesia regarding the halal certification of chicken meat which Brazil won in 2017. The conflict between Brazil and Indonesia has big impact. The defeat of the Indonesian government in a dispute settlement with Brazil forced Indonesia to issue contradictory rules, namely Regulation of the Minister of Trade Number 29 of 2019 (Minister Of Trade Of The Republic Of Indonesia, 2019) which is not in line with Law Number 33 of 2014 concerning Halal Product Assurance (President Republic of Indonesia, 2014).

However, this paper goes beyond the case and believes that in-depth discussions regarding halal issues are needed. Due to the fact that it is not only because halal labelling is religious and health issues. But also the importance for the state and the WTO itself as an international regime to make clear and comprehensive rules, in order to accommodate various needs from consumer including the interests of 1.8 billion Islamic faith-inspired ethical consumer across the globe from halal food, halal travelling, and halal cosmetics (DinarStandard, 2019, p. 2).

In addition, this article also uses an Islamic populism approach in analyzing the driving factors for the trend of halal certification in Indonesia in relation to the fair market mechanism that WTO is advocating. Populism itself is a term used to describe the current trend of the world in upholding the impact of globalization uncertainty. This phenomenon appears as a form of disappointment with free trade and massive changes that have emerged from the pattern of a borderless world, thus giving rise to an anti-foreign attitude (Hadiz, 2016, 2018b: Mietzner & Muhtadi, 2018). What is the relationship between the halal label policy included in industry and populism will be further discussed in this article?
This paper consists of five parts. The first is an introduction that discusses the formulation of the problem and the structure of the writing. This is followed by the second part which discusses the definitions and types of international trade protectionism in the 21st Century. Then the third part provides an overview of halal certification of products, regulations, mechanisms and related data in the context of trade in Indonesia. WTO rules and the position of the international trade organization in the certification of halal products will be discussed in the fourth part as well as answering the questions previously asked. Finally, in the fifth part, the authors provide policy recommendations in finding solutions to new protectionism challenges arising from the halal certification policy for cosmetic products.

METHODOLOGY

This paper is built based on positivistic assumption. Thus, the methodological tool this paper employ is case study research which aim to theory-testing (Farrell & Finnemore, 2009). The case study model is common and popular in IRs for methodological underpinning and have been used for various topics. This is because IRs is very broad and to understand the world better, it is very crucial to produce deeper insights from a specific case (Lai & Roccu, 2019) or comprehensive understanding about one thing or unit (Merriam & Tisdell, 2015, p. 232).

This paper also used qualitative design to answer the research questions, in order to analyses the halal certification in Indonesian context with document study. Although, halal certification in this paper discussed from international system, this paper is explanatory and interpretative. Further, this research used case study model in order to explore the questions of how to situate the halal labelling in international trade system and how it may reflect the rise of populism in Indonesia.

Case study itself is helpful in allowing researcher to observe which variables are likely to affect the dependent variable (Roselle, 2016, p. 100). Therefore, in this study, the framework used was a positivistic view using international political economy as methodological approach. This is because this research used case study to answer the question using causality and causal mechanism from realist standpoint. The dependent variable is halal certification of Indonesia products and the independent variable to explain the halal trend are new protectionism and populism. Indeed, as Go and Lawson argued as cited in Holliday (2020) international, transnational and global processes are entangled in social sites and these should be made explicit in scholarship.

The data collection undertook by library search using secondary data from varied sources such as official report from WTO, Indonesian Government, Indonesian newspaper like Kompas and Katadata as well as previous studies related to the topic of halal certification in Indonesia. Those data collected and categorized based on the keywords and themes, selected them and analyzed the content to make sense the data (Merriam & Tisdell, 2015, pp. 202–204) selected based on the research questions.
RESULT AND ANALYSIS

The concept of halal in Islam is understood as not consuming or doing unlawful or forbidden. In terms of product as explained by Bergeaud-Blackler, Fischer and Lever (2015, p. 3) halal means that Muslims are expressly forbidden from consuming carrion, spurting blood, pork and foods that have been consecrated to any being other than God himself; these substances are called haram (“unlawful” or “forbidden”). In Al Quran, it states that:

“He has only forbidden you to eat carrion, blood, swine and what is slaughtered in the name of any other than Allah. But if someone is not compelled by necessity-driven by desire nor exceeding immediate need-then surely Allah is All- Forgiving, Most Merciful” (An·Nahl: 115).

Before the existence of halal certification in product, people in various countries, especially in Indonesia, did not fully understand the core value of Shariah (Elasrag, 2016, p. 5), even almost did not know about the indicators of a beauty product to be categorized as halal or not. Initially, the common people only saw the halal or haram context for goods that were consumed or eaten. However, according to the Chair of the MUI Fatwa Commission, halal and haram have a broad meaning, namely using or using certain products expanded beyond the food sector to include pharmaceuticals, cosmetics, health products, toiletries and medical devices as well as service sector components such as logistics, marketing, print and electronic media (Elasrag, 2016, p. 5). Referring to The Assessment Institute for Foods, Drugs and Cosmetics The Indonesian Council of Ulama (LPPOM MUI) (LPPOM MUI, 2021b), these products include cosmetic products. Currently, information related to halal cosmetics is increasingly widespread among Indonesian women. Information disclosure and technology contribute to disseminating this knowledge.

The indicator of halal beauty product can be examined from several aspects, such as the content in it, whether it comes from animals or plants. If it is an animal then the consideration is whether the animal is allowed to be consumed or not and how to slaughter it (Elasrag, 2016, p. 20). Next, an important indicator is whether the material is impermeable or not thus it allows water to be absorbed by the skin (Kompas, 2018c). These indicators are the basis for assessing whether a cosmetic product is halal or not for use.

In the Indonesian context, Wardah is the first cosmetic brand to have halal certification under the management of the company PT Paragon Technology and Innovation (Wardah, 2022). Wardah's innovation of becoming halal cosmetic and go global was followed by other cosmetic products such as Sariayu (Kontan, 2022). The emergence of Wardah with its marketing tagline, 'Feel the Beauty', has succeeded in capturing the Indonesian cosmetics market and has even become the first brand to expand overseas (Kompas, 2018b). This is evident from the number of Wardah product markets that have been successfully expanded to Muslim countries such as Malaysia (Kompas, 2018a) and Bangladesh (Katadata, 2021b).
The urgency of cosmetics labeled halal is not only important for Indonesian consumers but also for local companies. This is because the share of the Indonesian cosmetics market continues to grow (see figure 1). The sales graph which continues to increase from year to year is an indicator of how Indonesian consumers are fond of halal cosmetic products. This inevitably forces other brands to convince consumers of their products through marketing strategy of halal labelling.

In fact, despite the harmful impact of pandemic to the declining sale of Indonesia’s halal product, the cosmetic trading does not affected (Katadata, 2022). Domestic halal cosmetic products are very huge and can become a potential market for foreign producers. Indonesia is predicted to become the fifth largest market for halal cosmetics in Asia in the next 10 to 15 years (EU-Indonesia Business Network, 2019; Katadata, 2021c). However, Indonesia’s import value on cosmetic is high (EU-Indonesia Business Network, 2019, p. 27). In addition, although Wardah claims that its product sales are the largest among other cosmetic products, the market share for foreign beauty products (imports) is basically higher. Data in 2019 showed that 80 % cosmetic in Indonesia were imported (Katadata, 2019). This becomes interesting because the factors that encourage consumers to buy products can be influenced by various factors. Usually cosmetic consumer are more consistent on buying product although it may also change overtime due to external factors which may come from the product or their preference (Dalziel & De Klerk, 2020). The halal factor itself believe is strong in pushing consumers to buy product. This found by the study from Widyanto and Sitohang (2022) which claimed that halal knowledge and halal certification influence millennial purchase intention in direct and indirectly ways.

That by all means can be an opportunity and challenge for large domestic producers like Wardah. At the same time, markets outside Indonesia are also very lucrative. Thus, companies like Wardah that have been successful in Indonesia can extend its expansion in other countries.
21st Century Trade Protectionism and WTO Rules

International trade has entered a booming period in the last few decades with the rapid support of free trade. Various collaborations and new regulations were enforced, in line with developments in technology and information that increasingly helped free market mechanisms work across regions and even continents. But the free market is not without gaps. The trend of economic liberalization faces challenges and even resistance. Protectionism again emerged massively and this time with a different pattern. This paper explores further the role of the WTO in ensuring the operation of international law in trade thus every country and international actor will behave fairly and openly for the common interest.

The long discussion about protectionism does not only reflect the tug of war between the interests of developed and developing countries, but also ideological differences such as Muslim versus non-Muslim countries. The debate regarding free trade policy is no longer only concerned with the issue of replacing it with fair trade. Where there is a demand for a mechanism that is fair to all in this case the position of developing countries which were previously cornered by international policies which sometimes do not match their capacity. However, it has also shifted into a conflict of ideological, moral or religious interests. The interesting thing is whether the ideological, moral or religious elements are the main factor? Is the use of halal label or certification applied purely on the basis of religious values? Or does it turn out to be ridden with economic interests? Before discussing this further, it is important to understand from the outset the description and mechanisms of protectionism in this section.

Protectionism itself is a strategy to protect the domestic market of a country by limiting trade competition from outside by regulating imports and market entry of goods and services (Osabuohien et al., 2018, p. 43). This protection can be imposed by enforcing restrictions on external products, or by increasing the price. This can be done in two ways, tariff barriers and non-tariff barriers. Tariff protectionism can take the form of imposing taxes (customs) on imported goods, providing subsidies, and imposing quotas. By applying taxes, the relative price (market price) of domestic goods will be cheaper than export goods (Osabuohien et al., 2018, p. 45). With subsidies, the government can protect domestic products by providing a number of assistance which makes local prices of imported goods competitive (Salin, 2017, pp. 99–100). The aim of protectionism is to limit the amount of goods or services that enter from outside in a certain period in order to protect infant industry, import dumping, externalities, market failures and import controls, and other non-economic reasons (Osabuohien et al., 2018, p. 44).

Meanwhile, non-tariffs are the policies that create distortions of volumes, composition or direction of trade flows other than tariff policies. This can be in the form of import restriction with the existence of product standards and technical regulations that limit trade or even prevent imports which all are considered as hidden protectionism. It categorized by Kinzius, Sandkamp and Yalcin (2019,p.1) into four categorizations which are (1) import controls, (2) state aid and subsidy measures, (3) public procurement and
localization policies and (4) other NTBs, including Sanitary and Phytosanitary Standards (SPS), Technical Barriers to Trade (TBT) and capital controls.

According to the pro-protectionists, this policy was taken on the basis of the market failure argument. The aim is to protect the domestic industry or decrease the market share of foreign players. Yet non-tariff most of the time accuse to be a strategy to serve the interest group (Osabuohien et al., 2018, p. 43; WTO, 2012, p. 38). Usually protectionism is carried out by countries that impose import-substituting industrialization-ISI in the infant industry sector in a certain period until the industry has a comparative advantage (Williams, 2019). However, in the case of halal certification, the sectors that receive protection are not limited to one particular industry. Currently, in almost all industries, from food to cosmetics in Muslim-majority countries, companies must adapt to the halal certification policy.

There are still many protectionist policies to date indicate that the problem of protectionism is not simply the reason for market failure, there are many reasons why economic protectionism occurs. One of the most common causes is the intervention of interest groups on domestic institutions and political constraints. These interest groups carry out their agenda and lobby the authorities or stakeholders, which leads to what is termed rent-seeking (Rönnbäck, 2015). Rent seeking occurs through unconstitutional or illegal strategies to solve a problem or achieve certain goals.

Although the WTO was previously known as the General Agreement on Tariffs and Trade (GATT), has transformed into a progressive institution. However, the problem of trade barriers, including protectionism, has not been eliminated. The state's strategy to protect its domestic trade are still strong and this forces the WTO as the trade 'police' to remain vigilant and always prudent. International trade, as well as the international monetary system or other non-economic issues, must be addressed openly and not only solved with a profit and loss approach.

WTO strategy to minimize hidden protectionism have been carried out through some regulations such as Agreement on Sanitary and Phytosanitary Measures (SPS), the Agreement on Technical Barriers to Trade (TBT), the Agreement on Trade Related Aspects of Intellectual Property (TRIP) and other regulations agreed in Marrakech and the Uruguay Round Agreement (WTO, 2021). In order to bring no confusion between protectionism and consumer interests based on health, satisfaction and ethics. The ethical factor is the most phenomenal factor, because it is related to the method of producing goods or services that are traded. Previously, this factor was only widely understood in the context of health or the environment. Where the consumption of goods or services produced can have an impact on the health or environment of consumers. Now, this issue has a broad context in terms of issues of religious ethics.

In the context of halal certification, the WTO rule related is SPS agreement. However, if it looks closely, the SPS agreement is actually focuses only on five principles, namely: necessity of scientific basis and the absence of arbitrary discrimination; harmonization (such as the Codex Alimentarius); proportionality; transparency; cooperation and strengthening arbitration by the Dispute Resolution Board (DSB
WTO) (WTO, 1995b). In the official website of the World Trade Organization (WTO, 2019), data is obtained that the only part where importing countries are freed to provide higher or heavier regulations related to health issues is if the country can provide scientific justification (article 3) and grounded reasons (article 12). Likewise if you explore other rules such as the TBT agreement (WTO, 1995a), it shows that it can be implemented in terms of ensuring the quality of products/services, protecting the health of both humans and animals, protecting plants, the environment and trade practices that are vulnerable to manipulation and issues of security interests. In other words, there are no rules in the SPS that specifically and clearly describe and explain the provisions of moral or religious considerations. This is at the core of how important it is to encourage clear standard rules related to halal product standards globally.

The existence of standard rules related to halal products in the WTO is not only beneficial for Muslim consumers with transparency regarding the products they consume, including cosmetics. But it also shows how big the role of the WTO is in world trade, including the trade in halal products which reaches US $ 2.2 trillion and will continue to grow to reach US $ 3.2 trillion in 2024 (Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2020).

**Indonesian Halal Policy Regarding International Trade**

Indonesia has been the target of objections from various countries such as Brazil (Judith, 2019) and European Union (Tempo, 2019) for number of times regarding the halal policy. This is due to several factors, ranging from accusations of non-transparency in Indonesia's halal policies, inconsistencies in policies related to trade, whether directly or not related to halal certification and standards, to mechanisms and implementation of halal certification policies. This has even happened since before the legal provisions of Law 33 2014 concerning halal assurance were issued by the Indonesian government.

First, the halal policy should have come into effect since 17 October after Law 33/2014 was passed. In fact, the number of newly certified products at that time was only 30 percent or around 500 thousand products (Media Indonesia, 2019). In other words, in the initial stages, halal certification has faced problems. This has consequences especially for imported products that are not allowed to enter and be circulated. Related parties, especially LPPOM MUI, were actually aware of the difficulties in implementing the halal certification policy. Thereby rules related to its implementation were made which were only put into effect five years after the law was issued. However, the enactment of Law No. 33/2014 regarding halal assurance is a political because it is mandatory (Departemen Ekonomi dan Keuangan Syariah - Bank Indonesia, 2020).

Indonesia is also not transparent about this policy which has led to protests from other countries such as European Union (European Union, 2019). Finally, the US objection case related to the Indonesia-Halal Product Assurance Law No. 33 of 2014. The US in its statement to the Committee on Technical Barriers to Trade on 13-15 November 2019 stated that:
“We understand, however, that Indonesia finalized and issued another implementing regulation of the Halal Law in early May, Government Regulation 31 of 2019 on “Implementation Provisions of Law 33/2014 regarding Halal Product Assurance,” which Indonesia has not notified to this Committee. We ask that Indonesia notify this measure to the Committee (NDONESIA - HALAL PRODUCT ASSURANCE LAW NO. 33 OF 2014, 2019).”

The unpreparedness of the system, infrastructure and human resources in the context of halal certification also ultimately has an impact on policy inconsistencies. Even though Indonesian government have established a special institution, namely the Halal Product Guarantee Agency (BPJPH), halal mechanisms and standards are still a problem. Several times, Indonesia has faced demands from other countries due to its lack of transparency and overlapping regulations. This as well happened between agencies or ministries. In fact, long before, halal system in Indonesia argued dominated by MUI and its accountability has been questioned by media and civil society (Mizuno, 2021).

However, even after the issuance of Law 33/2014 the problem regarding halal certification continued to be more complex. Many entrepreneurs complained because the law argued impractical (Investor Daily, 2015). This is because previously halal labelling went through one door policy only. Today, the three actors have different part of the halal chain (Media Indonesia, 2022) which are BPJPH, Lembaga Pemeriksa Halal (LPH), and MUI (Kemenag, 2022).

On the one hand, Indonesia is trying to create a trade climate that is conducive and attractive to foreign investors, including by simplifying investment regulations. In fact, Indonesia has a vision to be a global halal hub (Mariska & Ng, 2019, p. 3). Consequently, this is not in line with the obligation of halal certification. On the other hand, there is a trend in the use of halal products, especially for the Muslim middle class (Republika, 2019).

**Cosmetics Halal Certification, Islamic Populism and New Protectionism**

The trend of halal certification and the rise of halal products are often considered inseparable from the awareness of the middle-class consumers of the importance of the product ingredients they use. Indonesia is indeed experiencing an economic revival after the 1998 crisis and has placed it in the Emerging Economies group (WTO, 2022). Data released by the World Bank reveals that Indonesia has been able to reduce the poverty rate by 9.78% (more than half since 1999) by 2020. Good economic stability is followed by a high standard of living and purchasing power. This is reflected in data by the Halal Economy and Strategy Roadmap 2018, that consumption and halal services in Indonesia reached US $ 218.8 billion for 2017 (Katadata, 2020).

The trend of product selection based on the halal label has been widely studied by economic scientists in the theory of planned behavior. This theory argues that faith or religiosity is one of the driving factors for society in buying goods (Wahyuningsih, 2019). Nur (2014) found that consumers buy beauty products based on attitudes, subjective norms, control over perceived behavior and awareness of branded goods. In conclusion,
Indonesian Muslim women like halal cosmetics and tend to buy cosmetics with halal labelling (Nugroho et al., 2019; Nur, 2014). This is further strengthened by the existence of a trade policy in Indonesia which also requires halal certification for beauty products, such as Law Number 33 of 2014. This has been opposed by foreign countries and producers or corporations. Although there is not any particular yet foreign brand of cosmetics which protest to Indonesian's law. However, the European Union has made clear statement on this saying that:

“In particular, for the cosmetics industry, the segregation requirements for Halal and non-Halal products after packaging (storage, distribution, transport, sale) included in the draft implementing regulation appear excessive and disproportionate, since cosmetics are hermetically packed and the risk of contamination is virtually impossible.”

This paper itself argues that the massive awareness of halal products including cosmetics is nothing but a reflection of a larger trend related to the emergence of Islamic populism. It is not simply to value added purpose or policy which help boost the competitiveness of the product (Mariska & Ng, 2019). It suggests that Islamic populism is not only reflected in the 212 Movement and other issues related to the advocacy movement of the ummah, but also reflects the existence of religious behavior that is visible everywhere, including in the consumption of Muslims. This argument is based on the emergence of a new halal certification trend in the last five years. Before 2017, halal cosmetics were limited. After 2017, the halal labelling was required for cosmetic products (Republika, 2021). This indicates that the trend of halal products, especially towards new beauty products, is currently rife. This is the starting point to see the relationship between Islamic populism in the current trend of halal labelling.

As stated earlier, the trend of halal cosmetics has only become massive and popular among Muslims, especially in Indonesia, in recent years (Mariska & Ng, 2019, p. 2). It also reflects to the market segmentation. The upper-middle class are currently dominating the market. They perceive halal certification as an important option to consider in product selection and purchasing (Nugroho et al., 2019; Republika, 2019). The literature states that there is a strong correlation between religiosity and purchase intention. In other words, religion can influence customer purchasing behavior in general as found in studies by Nur (2014); Nugroho, Izzat and Suhasti (2019); and Wahyuningsih (2019).

Is it true that religiosity is the answer to the trend of halal certification that is intensively carried out? Although many studies have looked at this correlation as suggested in the previous section, if we examine it more deeply, this frontal religiosity does not appear suddenly. Religion in Indonesian society has grown due to political factors. In fact, religiosity has become an easy target for the strategy of a few elites and capitalists in driving populism for economic interests. In other words, in the context of trade the economic interest group is the main actor behind the halal policy.

The term populism has become popular recently after many populist policies have emerged and have become campaign materials to gain power and recognition in many countries. According to Hara (2018) populism was born as a direct expression of people's
distress and protest against an increasingly elitist and oligarchic system of representative democracy. This was born and strengthened due to globalization in all fields, especially the economy. The presence of anything that comes from outside into a country or region creates a feeling of overwhelming for the local community. This presence brought about significant socio-cultural changes and sometimes ignored the old values that were previously held or understood by previous societies. As result, there was a cultural shock, and what the worst part was it caused a gap between local and urban or traditional culture and contemporary culture.

The emergence of foreign cosmetic products and advertisements, for example, has shifted not only local companies but also the meaning of beauty for women. The concept of beauty is brought from these advertisements and products and reflects cultural differences that contrast with Indonesian culture and moral values. Although this matter still needs to be debated considering that there are no truly genuine cultural values.

Islamic populism itself emerged as a form of advocacy strategy for Muslims in facing the bombardment of foreign cultures from the West and Asia such as Korea or · in other words · as a counter-narrative. According to Jati (2013) Islamic populism is a response to the oppression on Muslims perpetuated by the authoritarian regime that causes hatred to the state. Meanwhile, Hadiz (2018) view that this is due to disdain for Leftist challenges to private property and capital accumulation and wariness of political liberalism’s affinity to the project of the secular national state.

Unfortunately, the Halal trend cannot behold as a natural process that has become a pure urge of Muslim consumers or born from genuine resistance. Writers argue that Halal certification especially on the policy level is influenced by political-economic factors. This argument is in line with the argument by Fealy and White (2008) that middle class Muslims in Indonesia prefer to buy or use what they called religiously justifiable products. The factors are driven by the great interest of certain parties that benefits from the Halal industry. In other words, the Halal Policy is a strategy of some elites and capitalists forming new consciousness in the community. But the new consciousness was not born as a pure urge based on religious values about the importance of Sharia law that became sources and references to the command of God (Elasrag, 2016).

As a result, the use of halal labels is generally a symbolic religiosity act. Religion has used nothing but a tool to protect the interests of the capitalist economy. It is in line with the previous research by Yeo, Mohamed and Muda (2016) that Halal label was used in PR and marketing communication strategies as a business tactic for the Muslim market and customers. However, this paper does not fully agree that halal policy is fully influenced or driven by the interests of the capitalists as understood by previous researchers of Islamic populism (Hadiz, 2018b). This paper, on the other hand, argues that Islamic populism in Indonesia cannot be understood from a completely black or white perspective that the Muslim movement does not have a political mass base that can build an alternative society for neoliberal capitalism or tends to be intolerant and not in line with democracy as argued by Hadiz (2018b, p. 567).
Islamic populism, especially in Indonesia, must be seen as a phenomenon that does not only represent one reality but must be understood from two contexts. First, it is difficult for the Muslim movement to develop alternative economic models because there is multiple interpretation (Hughes, 2016) of the concept of Islamic economics. This is also reflected in global halal standards such as the strong difference in perceptions of the concept of Halal between Muslim countries and regional/global halal certification institutions. This is a common thing because every school of thought in Islam has a different view, as far as it is safe products and in what terms halal and haram are implemented. In other words, halal standards are contextual and are also influenced by cultural factors (Khan & Haleem, 2016; Kurth & Glasbergen, 2017). This again explains why in reality Muslim scientists still lack a comprehensive standard economic concept that can be applied globally concerning the Sharia economic model and halal standardization.

In contrast to other Muslim-majority countries, Indonesia, despite having two large Muslim groups, Muhammadiyah and Nahdatul Ulama, also has very diverse Muslim groups (Fansuri, 2022). This diversity is reflected in the pluralistic perspectives and behavior of the Indonesian Muslim community regarding Islam and muamalah that have been built for a very long time. This includes the concept they understand about the Islamic economic model which then affects their economic behavior. These different perceptions make Muslim consumer behavior difficult to categorize. Besides, this perception is also influenced by driving factors such as purchasing power, price, market access, quality, and other factors that can affect the implementation of Islamic values that they understand. Indonesia as a country with a Muslim majority has big economic differences and disparities. Thus, the halal cosmetics policy in this case cannot be generalized.

Second, there is a concern that Van Bruinessen calls a "conservative turn" in Indonesian Islamic politics that is too far (Hadiz, 2018a, p. 568). This paper argues that the phenomenon of Islamic populism does not destroy the Islamic values of Washatiyah which have long been understood by Indonesian Muslims. In reality, the difference between Muslims in Indonesia from the far right to the far left quadrant is none other than used by a group of parties by provoking the interests of certain elites by building religious sentiment (Hadiz, 2018a, p. 568). In other words, religious sentiment is not substantially born from the encouragement of religiosity. This can be seen from issues related to religion, even in the economic sector, such as halal certification which is not substantially understood and strived for, including in the context of how halal certification has become part of strategy of economic interests.

From a consumer perspective, the halal label is more appropriate to understand as part of what is known as the revival of Muslim identity. Borrowing from Raharjo Jati (2015) analysis regarding Popular Islam, this paper finds that halal products are a form of modernization influence on Islamic cultural values in society. Therefore, halal products are none other than the commoditization of Islamic symbols and are a form of response from industrial capitalization to the piety side of Muslims (Raharjo Jati, 2015, p. 139).
However, it cannot be denied that the trend of halal products is part of economic interests. First, the data shows that halal cosmetic manufacturers do not fully sell products labeled halal. In other words, halal products are part of innovation in dominating the market (Wardah, 2022). Second, both domestically and internationally, the absence of comprehensive and uniform rules regarding halal standards that are agreed upon by Muslims and Muslim majority countries shows the weakness of halal advocacy as a necessity. This is also why the opponents of halal certification and the WTO themselves do not provide general rules regarding this issue and prefer to provide general and limited rules. The issue of halal and haram, even at the national level, has begun to penetrate sectors or products that are not only consumed directly, such as refrigerators, entertainment, hotels, and others. Those sectors dominated by foreign competitors. This will certainly cause negative responses, especially for companies or business people, especially to those from countries that do not have halal certification rules. They may also see the widespread conception of halal as a form of discrimination against them.

The data discussed in the previous section regarding cosmetic imports shows that there is fierce competition between local and foreign cosmetic products (Wulandari & Iskandar, 2018). This can be seen clearly from the market share of numerous brands (Katadata, 2021c, 2021d, 2021a). This is due to the implementation of halal certification for products including beauty products which was driven by none other than strategy to protect the domestic market, including in Indonesia. If it is true that the halal certification system is carried out based on the interests of the people and religious moral values, then the implementation should be clear, not overlapping, and in line with Islamic principles and values. In other words, it is fair and transparent.

In fact, instead of creating a system that is independent and following the Sharia, halal certification is currently nothing but a form of protecting the domestic market. Even though halal cosmetics are aimed at the Muslim market, they are difficult to distinguish from other cosmetic products in terms of marketing. This type of cosmetics continues to pursue the secular market with the presence of non-Muslim social media influencers. Although it argues that this strategy is a way of da’wah, which LPPOM MUI (2021a) reveals that at the same time marketing tactics on halal cosmetic products are quite exploitative for women. This encourages women to feel less confident (Kompas, 2022). Marketing and advertising spend large amounts of money, such as sponsoring various fashion shows (Kompas, 2018d). Likewise, the use of few top artist brand ambassadors is not in line with Islamic religious image (Kompas, 2018a). The advertisements that are marketed seem to encourage Muslim women to aggressively wear themselves with various types of products. Thus, the essence of the value of religiosity (in this case Islam) brought about by the concept of halal, is counterproductive to other Islamic teachings related to women such as: not objectify their body and being modest.

**CONCLUSION**

Although this paper agrees with the conception of Islamic populism and the rise of symbolic religiosity, and Islamic popularities as factors of the Halal certification trend, it
argues that the Halal Certification should also be seen deeper as a new form of protectionism. The conclusion is based on the findings on cosmetic market which is tend to be opposite with Islamic Teachings and aligned with the non-humanist global capitalism. It is beneficial to only a few people, portraits women as an object, non-environmentally friendly consumption and tend to be wasteful.

Therefore, it is in contrast with WTO principle. As a trade regime which was born and built on a liberal economy, WTO must be aware that halal labelling is now global need. Although new protectionism may look differently across countries, WTO must play its role as the highest legal authority to enforce the international law and doing more research on halal labelling to not only implemented certain conditions or countries. This is very critical as it shows WTO power as international trade regime. Despite how halal may consider to be moral public standard in WTO and for instance how few countries had promoted halal labelling in the organization such as the Malaysian strategy to issue a Codex Alimentarius Global Halal Guidelines since the 1980s. Indeed, it has not yet become a comprehensive global legalization.

Thereby, ss long as there are no clear rules from WTO regarding Halal certification, then conflict and trade war caused by the Halal and Haram issues will continue to happen. For that reason, it needs to have standards and clear and comprehensive technical rules to put as priority agenda that must be discussed immediately. It also needs the roles of the majority of Muslim countries to fight for the Muslim society's interest at international level.

REFERENCES


