

HALAL ECONOMY IN VIETNAM COMPARED TO INDONESIA: LESSONS FOR DEVELOPMENT IN A MULTI-CULTURAL INTEGRATION CONTEXT

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Abstract

This study compares the development of the Halal economy in Indonesia, home to the world's largest Muslim population and a leading regional Halal hub, with Vietnam, which is in the early stages of building its Halal sector. The research aims to draw lessons from Indonesia's experience in certification systems, value chain development, investment attraction, and international cooperation to propose suitable strategies for Vietnam in a multi-religious and multicultural integration context. Vietnam has strategic advantages such as its location in Southeast Asia, diverse agricultural resources, and open cooperation policies with Muslim-majority countries. However, it faces challenges, including the absence of a unified Halal certification body, limited practical experience, and low business awareness of Halal market requirements. Indonesia, by contrast, has established a comprehensive institutional framework integrating government, industry associations, and enterprises to expand its Halal industry. Using secondary data analysis, interviews with Vietnamese enterprises, and comparative analysis, the study identifies Vietnam's strong potential to develop its Halal economy. To effectively join global Halal value chains, Vietnam must learn from Indonesia in certification systems, enterprise support, and brand promotion. The study offers practical insights to guide policy formulation and foster economic and cultural cooperation with Muslim-majority nations.

Keywords: Halal Economy, Multi-Cultural Integration, Halal Certification & Policy, Vietnam, Indonesia.

INTRODUCTION

Vietnam is recording a good economic growth rate but still has not fully tapped its potential. In the context of globalization and multicultural integration, the Halal economy has become one of the new growth pillars of the Muslim world as well as of non-Muslim countries seeking opportunities to expand international trade. According to the *State of the Global Islamic Economy Report* (DinarStandard, 2023), the global Halal economy was valued at more than USD 2.8 trillion in 2022 and is expected to increase to more than USD 3.4 trillion by 2025. This economy not only includes food and beverages but also expands into sectors such as fashion, tourism, pharmaceuticals, cosmetics, finance, and logistics—reflecting the development trend of the “Halal lifestyle” as part of a sustainable and ethical economy.

In Vietnam, while the economic growth rate is considered one of the most dynamic in Southeast Asia, the Halal market remains a “sleeping” sector with enormous untapped potential. A report by the Ministry of Industry and Trade (2023) shows that Vietnam currently

meets only around 10% of its potential Halal export demand, despite having major advantages in agriculture, seafood, and food processing. The total value of the global Halal market that Vietnam could participate in is estimated to reach tens of billions of USD annually.

The main reason Vietnam has not fully leveraged this advantage lies not only in technical infrastructure, certification standards, or support policies but also in human resources and social awareness. To successfully implement a Halal economic system, the prerequisite is to build a workforce knowledgeable about international Halal standards, supply chain management, and product quality control skills, while also raising community and business awareness about the value, philosophy, and standards of Halal. As Adinugraha & Jailani (2024) point out, the foundation for sustainable Halal development must begin with a “transformation in social awareness”—where education plays the role of opening the community’s understanding of the connection between ethics, quality, and economic development.

Experience from Indonesia clearly illustrates this. As the country with the world’s largest Muslim population, Indonesia has built a comprehensive Halal ecosystem that includes a legal framework, certification bodies, a human resources training system, and an export strategy. Since 2019, the country has issued the *Halal Product Assurance Law* and established the National Agency for Halal Product Assurance (BPJPH) under the Ministry of Religious Affairs. The Indonesian government not only focuses on product certification but also promotes the development of Halal human capital through networks of universities, research institutes, and ASEAN partnership programs. According to Hasanah & Peristiwo (2024), policies on training and capacity building for businesses, inspectors, and consumers have helped Indonesia transition from being a “Halal-consuming market” to a “regionally competitive Halal exporter.”

In contrast, in Vietnam, Halal human resources remain limited and are mainly concentrated in a handful of global-scale enterprises with strong export capabilities such as dairy product manufacturers (Vinamilk, ...). Universities and training institutions do not yet have specialized programs on Halal standards or Halal value chain management, while the understanding of Halal among businesses and consumers is still vague, often associated with religious factors rather than seen as a quality standard and global economic opportunity (Nguyen & Tran, 2023). The Muslim community in Vietnam today consists of around 72,000 people (2019), accounting for about 0.1% of the population; statistics on the Cham Muslim population in Vietnam include both Cham Islam and Cham Bani groups (Tran, T. M. T., 2012). They possess strong religious foundations, knowledge of Halal, and receive scholarships from Islamic countries; they also maintain close connections with the Arab world through education and trade. Therefore, this is also a strong human resource base contributing to the development of the Halal economy. Alongside government policies, practical steps from businesses and the Muslim community are crucial to bring policies from documents into actual implementation.

Thus, the issue of community awareness education and Halal human resource development becomes the core of all strategies. Research by Prayoga & Satriana (2025) in Indonesia and Malaysia indicates that when communities fully understand the meaning of Halal as a symbol of quality, transparency, and sustainability, they proactively participate in consumption and production processes, thereby creating an “ethical value chain” throughout the entire economy. For Vietnam, this is a crucial stage for building a foundation of social education—not only in schools but also through communication campaigns, business training programs, and international cooperation in the Halal sector.

This study is conducted in the context of Vietnam aiming for deeper integration into global value chains and diversification of export markets in line with the Government’s orientation toward 2030. Developing the Halal economy not only helps Vietnam expand trade

with the Muslim world but also offers an opportunity to affirm the position of the Vietnamese economy within a diverse cultural–religious space, consistent with global sustainable development trends.

Therefore, comparing the experiences of Vietnam and Indonesia has profound scientific and practical significance. Indonesia represents a successful model of a Muslim-majority country in building a comprehensive Halal ecosystem, while Vietnam is a typical example of a non-Muslim country with great potential in manufacturing and export. This study aims to examine:

- a) Which policy and organizational factors have enabled Indonesia to successfully develop its Halal economy.
- b) The level of readiness and challenges Vietnam faces in integrating into the global Halal system;
- c) Strategic lessons on human resource development, social awareness, and Halal education that Vietnam can learn from Indonesia to promote Halal economic development in a multicultural integration context.

METHOD

This study employs three main methods:

Secondary data analysis – using reports from MOIT, Dinar Standard, and international journals; based on published research data, we can see the results that the two countries have achieved in the past 5 years, from which to develop strategies for development. The researcher selected the most reputable and updated information from the news sites of the two governments to include in the analysis data. In particular, the writer compiled important topics for analysis, including factors from state policies to business practices. From there, comparisons were made between the two countries, finding out the development roadmap of Vietnam to become a country with a developed Halal economy like Indonesia.

Semi-structured interviews – with Vietnamese enterprises exporting to Muslim markets; the interviewees were 21 Vietnamese business owners who have been exporting goods from Vietnam to Arab countries (rice, fruits, seafood, nuts, etc.); The selected enterprises must have 1-15 years of experience in the field of import and export of products originating from Vietnam. The interviews are conducted in a semi-structured form by phone or directly for the convenience of the correspondent. The questionnaire is designed in a semi-structured style, in which the questions are ordered flexibly, suitable for natural conversation.

Table 1. List of informers

No.			Amount
1	Field of business	Trading (Import – Export)	9
		Agriculture (rice, fruits, nuts,...)	6
		Seafood	6
2	Gender	Male	15
		Female	6

3	Age	28-40	10
		40-50	11
4	Position	Manager	8
		CEO	13

RISULT & DISCASSION

The current situation of the Halal economy in Vietnam and Indonesia. The study provides a comparison in two sectors: the public sector (policies, legal frameworks, national strategies, etc.) and also examines the private sector, specifically the scale and activities of Vietnamese and Indonesian enterprises within the Halal economy. In the context of Vietnam strengthening cooperation with Arab countries to develop the Halal market, in the fourth quarter of 2025 alone, Vietnam has continuously promoted strong agreements with Arab nations to upgrade bilateral relations to Strategic Partnership, while concretizing development commitments through the signing of the Vietnam–Gulf Cooperation Council (GCC) FTA and considering negotiations for Comprehensive Economic Partnership Agreements (CEPA) between Vietnam and Arab countries such as Kuwait, Algeria, Jordan, Egypt, etc. In this process, Vietnam focuses on promoting economic cooperation, leveraging its advantages in agriculture, and utilizing the experience of partner countries in developing infrastructure and policies for a sustainable Halal economy.

Therefore, close coordination is needed in both diplomatic efforts and legal framework building to ensure sustainable development of the Halal economy. The legal frameworks for Halal show significant differences between Indonesia and Vietnam, reflecting different stages of development. In Indonesia, the Badan Penyelenggara Jaminan Produk Halal (BPJPH) system and the 2019 Law on Halal Product Assurance have established a mandatory mechanism for Halal product certification, creating a transparent and consistent management system. Meanwhile, Vietnam has not yet introduced a comprehensive Halal law; however, the establishment of the Vietnam Halal Certification Center (HALCERT) on April 24, 2024 (tcvn.gov.vn) marks an important step forward. This is considered an initial foundation, but to develop a sustainable Halal sector and meet international market demands, Vietnam needs to continue building and refining a clearer, more synchronized, and more mandatory legal framework. This will ensure the development of a national Halal brand, allowing products from Vietnam to carry Halal labels issued by the Government instead of sub-licenses issued by various Halal centers in the country as currently practiced.

Indonesia and Vietnam are at different stages of development in managing and developing the Halal sector. In Indonesia, BPJPH serves as the specialized governmental authority, ensuring unified and comprehensive management. Meanwhile, Vietnam has HALCERT under QUACERT, with functions in Halal certification management, standard research, and international training; however, Vietnam still needs to enhance the authority and capacity of this agency to improve management effectiveness. Regarding national strategies, Indonesia has integrated its goal of becoming a “global Halal hub” within the Syariah Economy Master Plan 2019–2024. Vietnam has also issued the Scheme “Enhancing international cooperation to build and develop Vietnam’s Halal sector by 2030,” in which the establishment of HALCERT is a key step; however, this strategy needs to be concretized into clear action programs with measurable indicators. In terms of human resources, Indonesia has trained a

strong workforce of Halal experts and auditors through international programs, while Vietnam is only beginning this process through HALCERT, which has conducted training courses for enterprises across various localities. Much work remains for Vietnam, beginning with community education on the definition of Halal and its importance to build local human resources. Human resources remain a top priority, and Vietnam needs to soon standardize its Halal training system; in this context, attracting international Halal experts is a temporary solution to catch up with global Halal systems.

Regarding international cooperation, Indonesia actively participates in ASEAN frameworks and mutual recognition mechanisms, while Vietnam, through HALCERT, is strengthening technology transfer and signing agreements with international Halal organizations; at the same time, Vietnam is promoting strategic partnership agreements with many Arab countries and negotiating the Vietnam–GCC Free Trade Agreement. However, procedures have not yet been completed, and strong commitment from the Vietnamese Government is needed to expedite the process — a direction that needs to be further promoted to quickly access international standards and markets. Finally, in terms of certification and inspection infrastructure, Indonesia has developed an extensive network with clear traceability technology, while Vietnam is still in the early stages of building such a system. Investment in technical infrastructure and traceability technology will be essential for Vietnamese enterprises to effectively participate in the global Halal supply chain.

The awareness of Halal among enterprises in Indonesia and Vietnam is at different levels. In Indonesia, many enterprises view Halal as a branding strategy and business value, not merely a religious requirement. Meanwhile, Vietnamese enterprises are still in the awareness-raising stage, as Halal is often seen as a condition for export rather than an internal business strategy. Therefore, internal communication within enterprises needs to be strengthened, viewing Halal as an “international quality standard” to enhance product value.

Regarding Halal certification rates, Indonesian enterprises have high participation levels and strong contributions to exports, while Vietnam has low rates, with many enterprises not registered or unaware of certification procedures. Thus, supporting small and medium enterprises to reduce costs and shorten certification time is essential. For many Vietnamese enterprises, Halal certification increases production input costs, raising product prices and reducing competitiveness; however, from the perspective of increasingly strict consumer demands for quality, Halal certification is a guarantee of safety and high quality that enterprises need when entering the Halal market or other demanding markets. For Indonesia, the Halal market is the primary market, and Halal certification is not a barrier but a mandatory standard from domestic to international contexts.

Nearly 98% of enterprises in Vietnam are small and medium-sized, and according to the Ministry of Planning and Investment, as of December 31, 2024, the total number of active enterprises nationwide reached approximately 940,078, an increase of 2% compared to the same period in 2023 (Khanh, L., 2025). Therefore, synchronized support from the Government is needed for enterprises to participate in the Halal market, which is home to giants with strong financial capacity and deep experience in the Halal sector. The competitive factor for Vietnamese enterprises lies in their proactive access to local raw materials, a young and abundant workforce amid a demographic golden age; however, products from Vietnam are still unable to compete on price due to fragmented, small-scale production and limited adoption of modern technology, leading to high depreciation costs. Therefore, preferential import–export

tax policies are necessary to help enterprises achieve higher profits, allowing reinvestment, improved production efficiency, scale expansion, and maintaining optimal product prices for consumers while ensuring sustainable business development.

In terms of technological innovation and supply chain development, Indonesian enterprises have implemented traceability, halal/haram segregation, and Halal logistics, while Vietnamese enterprises remain in the early stages, with production chains not yet clearly separated and technology still traditional. Investing in technology and Halal value chain management is thus a key priority. Regarding international cooperation, Indonesian enterprises actively participate in the global Halal network and collaborate with international certification organizations, while Vietnamese enterprises mainly rely on foreign certification; although HALCERT presents new opportunities, enterprises have not yet fully utilized it. This shows that Vietnam needs to encourage enterprises to be more proactive in international cooperation and in leveraging HALCERT's capabilities.

In terms of diversification of Halal sectors, Indonesia has expanded significantly into Halal fashion, tourism, and finance, while Vietnam mainly focuses on food and agricultural-aquatic products. Expanding into service industries and fashion will help generate higher added value. Finally, regarding participation in regional networks and export trends, Indonesian enterprises have effectively utilized ASEAN networks and markets of Muslim-majority countries, while Vietnamese enterprises are still in the early stages and face many barriers related to standards and market awareness. Therefore, strengthening export capacity, understanding regulations in Muslim markets, and effectively using HALCERT certification will be key for Vietnamese enterprises to integrate more effectively into the global Halal supply chain.

Practical observations from enterprises and Vietnam's priority directions for 2025–2030

Although the Vietnamese Government has made significant progress in establishing policy frameworks and specialized agencies such as the National Halal Certification Center (HALCERT), in reality, the readiness and awareness of domestic enterprises regarding the Halal market remain limited.

Many Vietnamese enterprises in agriculture, fisheries, and fruit exports believe that Halal certification is not truly necessary, as some products are still accepted by Muslim countries even without official certification. For example, Vietnam's fresh fruits, coffee, cashew nuts, rice, and processed agricultural products continue to be consumed in the Middle East and Malaysia through intermediaries without the need for Halal certification. According to these enterprises, investment in Halal certification systems should only be made when there is a clear requirement from import partners.

Additionally, many manufacturing enterprises express concerns about the initial investment costs required to convert to Halal-compliant processes. Halal compliance not only involves raw materials but also requires a complete transformation of the supply chain, including production lines, storage, transportation, and segregation between Halal and non-Halal products. This makes many enterprises, especially SMEs, hesitant to invest without seeing clear economic benefits, particularly in the absence of specific orders from Muslim markets.

Moreover, many opinions indicate that the lack of clear information and guidelines on domestic Halal certification procedures is a major barrier. Previously, most Vietnamese enterprises had to seek certification from foreign organizations, leading to high costs and complicated procedures. The establishment of HALCERT (2024) is expected to address this issue by providing domestic certification services aligned with international standards, while also offering training, consulting, and market connection support for enterprises.

From a policy perspective, this is a crucial phase for Vietnam to build a sustainable Halal ecosystem, not only aiming for export but also expanding domestic consumption, especially in the context of multicultural integration and global standardization of products.

DISCUSSION

Vietnam needs to soon finalize a Halal Law or a specific decree to harmonize regulations on certification, supervision, traceability, and management of Halal products. In addition, it is necessary to strengthen the role of HALCERT as the national focal agency in coordination, certification, and mutual recognition with international Halal organizations.

Developing Halal human resources & raising societal awareness

Halal is not only a technical standard but also a cultural and ethical value system. Therefore, Vietnam needs to build specialized training programs, issue Halal-expert certificates, and combine community and business education on Halal awareness. Training should be implemented at various levels — from state management officials and technical experts to personnel in manufacturing, import–export, tourism, and service enterprises.

Building an internationally recognized domestic Halal certification system

Using HALCERT to implement certification is the core direction. This system needs to upgrade technical infrastructure, laboratories, traceability technologies, and especially the halal/haram differentiation process according to international standards. When the domestic system gains international recognition, Vietnamese enterprises will significantly reduce costs and increase competitiveness in the global market.

Supporting small and medium-sized enterprises (SMEs) in entering the Halal market. The government needs preferential financial policies, free or subsidized consulting and training, to help SMEs access the Halal certification process. Pilot Halal models should be established, where enterprises receive full support from registration and certification to trade promotion. This is also an opportunity to connect HALCERT with business associations to form a Vietnamese Halal network.

Diversifying Halal sectors and expanding exports. Vietnam is currently focusing mainly on Halal foods and agricultural products; however, it needs to move toward higher value-added sectors such as Halal fashion, Halal cosmetics, Halal tourism, and Halal financial services. Participation in mutual recognition networks within ASEAN and the Organisation of Islamic Cooperation (OIC) will open access to over 1.8 billion global Muslim consumers. The following are some opinions from businesses regarding their reasons for not yet investing in Halal certification, mainly due to business size, lack of collaboration opportunities, and insufficient awareness of the importance of Halal certification for corporate and national brands.

Researcher: Why haven't you invested in obtaining Halal certification for your products?

MIC 1: We are a small business specializing in the production and sale of bird's nests. I've participated in many trade fairs in Arab countries, but this product isn't widely available, making it difficult to find customers. Therefore, I will focus on obtaining certification to export to markets with higher demand, such as China.

MIC 2: Our factory can meet the needs of producing cosmetics for domestic and international brands. However, investing in a Halal production chain increases production costs, and we don't yet have many connections or orders from countries requiring Halal certification, so we haven't implemented it yet.

It can be seen that enterprise awareness of the Halal economy remains a major barrier to the transformation process, while the government has laid a solid foundation with HALCERT. The period 2025–2030 is the golden time to synchronize actions between the state – enterprises – and society, enabling Vietnam to become an important link in the global Halal value chain, learning from Indonesia's successful model but adapting it to Vietnam's economic and cultural characteristics.

CONCLUSION

An overview of studies and reports shows that the Halal industry is becoming an important component in the economic growth of many Muslim and non-Muslim countries, especially Indonesia - the leading country in terms of scale and level of completion of the Halal ecosystem. Indonesia's experiences in developing the supply chain, Halal lifestyle and improving human resource capacity provide many valuable lessons for Vietnam in the process of positioning itself on the global Halal map.

For Vietnam, the potential to participate in the Halal market is huge thanks to its food production capacity, geostrategic location and increasingly expanding cooperation with Muslim countries. However, studies also point out many limitations such as low business readiness, inadequate awareness, lack of human resources with knowledge of international Halal standards and a supporting policy framework that is still in the process of being completed. In that context, strengthening internal communication, supporting businesses to access Halal standards, promoting regional cooperation, especially in ASEAN, and investing in human resource development are key solutions.

In general, to effectively take advantage of opportunities from the trillion-dollar Halal market, Vietnam needs to continue to improve its institutions, expand strategic partnerships, learn from development models from leading countries such as Indonesia, and build a Halal ecosystem suitable for a multicultural and multi-religious context. These orientations will not only help Vietnam penetrate deeper into the global Halal market but also contribute to sustainable economic growth in the integration period.

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