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*April 27, 2018*

***Dr. Nandang Sutrisno, Rector  
Universitas Islam Indonesia  
Office of Rector  
Jalan Kaliurang Km 14,5 Sleman, Yogyakarta 55584,  
Indonesia***

Dear Dr. Nandang Sutrisno,

Pleasant greetings from Youngsan University, Korea!

It is a great pleasure for us to extend this official invitation to the delegation listed below to visit Youngsan University for the period from May 13 to 16, 2018. The purpose of this visit is to discuss collaboration between Universitas Islam Indonesia(UII) and Youngsan University.

No.	Full Name	Date of Birth	Passport No.	Institution
1	NANDANG SUTRISNO	11 NOV 1960	B1482106	UII
2	RIDWAN RAFIUDIN	12 FEB 1967	A9235697	UII
3	AGUS TRIYANTA	20 JUN 1969	A7401347	UII

In order to obtain a visa, we suggest that you use this invitation when you present your visa application to the Embassy of the Republic of Korea in Indonesia.

If you have any further questions, please feel free to contact Mr. Park Jung Wook, Office of Global Center at Youngsan University: (Phone) +82-51-5407028, (Fax) +82-51-5407026.

We look forward to seeing you in Busan soon.

With best wishes,

Guwuck Bu, L.L.D.

President  
Youngsan University



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**SURAT TUGAS**

No : 04.05 /Dek-ST/60/Div.URT/H/V/2018

**Bismillaahirrahmaanirrahiim**

Dengan ini Pimpinan Fakultas Hukum Universitas Islam Indonesia Yogyakarta menugaskan saudara yang namanya tersebut dibawah ini sebagai Narasumber International Conference yang diselenggarakan oleh Youngsan University pada tanggal 15 Mei 2018 di Busan South Korea:

Nama : Drs. Agus Triyanta, M.H., M.A., Ph.D  
Jabatan : Lektor  
Pekerjaan : Dosen Tetap Fakultas Hukum UII Yogyakarta  
Tema : Islamic Banking Role Global Halal Food Industry : Challanges From Legal Perspective

Surat Tugas ini disampaikan kepada yang bersangkutan, untuk diketahui dan dipergunakan sebagaimana mestinya.

Yogyakarta, 15 Mei 2018  
Dekan,

Dr. Aunur Rahim Faqih, S.H., M.Hum



Ijin Penyelenggaraan Prodi  
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# ISLAMIC BANKING ROLE FOR GLOBAL *HALAL* FOOD INDUSTRY: CHALLENGES FROM LEGAL PERSPECTIVE<sup>1</sup>

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## A. Background

Referring to the current data, Islamic financial business has been apparent in all the continents the world. No less than 75 countries extending from Africa, Western Europe, Asia, Australia, till North America (Agus Triyanta, 2016). The development and growth of this industry is an interesting fact. The industry covers many aspects of the financial business; banking, insurance (*takaful* industry), mutual funds, capital markets, venture capitals, and other forms of financial services. (Munawar Iqbal, Philip Molyneux, 2005).

The following figure shows the total asset of the global Islamic financial business (International Financial Service Board: 2016):

**Figure 1**  
**Breakdown of Islamic Finance Segments by Region (USD billion, 2015 YTD\*)**

Region	Banking Assets	<i>Sukuk</i> Outstanding	Islamic Funds' Assets	<i>Takaful</i> Contributions
Asia	209.3	174.7	23.2	5.2
GCC	598.8	103.7	31.2	10.4
MENA (exc. GCC)	607.5	9.4	0.3	7.1
Sub-Saharan Africa	24.0	0.7	1.4	0.5
Others	56.9	2.1	15.2	-
Total	1496.5	290.6	71.3	23.2

The above table indicates that the highest asset of Islamic finance is achieved by Gulf Cooperation Councils (GCC). It is enough to say that the development of Islamic finance, which its emergence is around fifty years ago, is surprising. This could be not so surprising since Gulf countries are the base of Islam and among which have been enjoyed petrol "windfall." Since the countries are Muslim majority

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<sup>1</sup> Presented at the International Conference on *HALAL* INDUSTRY at, *School of Law, YOUNGSAN UNIVERSITY KOREA, May 14, 2018.*

country or even classified under Islamic states, the emergence of Islamic finance will be very well responded.

## **B. Challenges for Islamic Banking Industry**

The issue of *halal* industry is now becoming very attractive. As the escalation of the need for Islamic compliant products by Muslims who live not only in Muslim countries, but also in minority Muslims countries, the legal aspect of *halal* industry now is becoming common problem to be addressed.

Latest statistics indicates that there is an high tendency for the rise of global halal industry. Interestingly, not only Muslim countries which take the opportunity for involving in this getting bigger global business. Non Muslim countries have been proven to be significant players in this field of competition. There are several proofs to support this statement: (Thomson Reuters 2015/2016) and (Thomson Reuters 2017/2018)

- 1) South Africa partnering with Malaysia as the Western Cape Fine Food Initiative co-operation agreement to foster partnerships between the Halal industries of the two countries.
- 2) Cooperation occurred between South Korea and Abu Dhabi with South Korea gaining additional access to the global Halal market.
- 3) **Unilever** invested Php 1.7 billion (\$33.3m) in a manufacturing plant in Cavite, Philippines support Halal operations in Southeast Asia.
- 4) Halal e-commerce firm **Aladdin Street** has announced a five-year sponsorship agreement with the U.K.'s **Manchester United** soccer team.
- 5) Leading New-York based **Halal Guys** have expanded across the U.S., and seeking to develop 400+ franchise restaurants globally

The abovesaid significant progress of this *halal* industry cannot be separated form its very basic driver factors. There are mainly two factors that leads to the increasing importance of halal industry namely:

1. **Religious Reasons.** For Muslims, prohibitions towards certain foods and drinks is so common. In Islamic dietary laws, there are prohibition of pig/beacon, alcoholic drinks, unslaughtered animal meat and some other kinds. It is a clear cut legal basis derived from al-Qur'an. (QS Al-Maidah: 3, Al-An'am: 145 dan An-Nahl: 115. Other religions also share the compliance into what is so called by this dietary laws. Among Jews, there is the notion of *khasr* which is a permitted foods or beverages according to Judaism, as the opposite of *khasrut* or prohibited thing. Similarly,

Hindus also share the notion of prohibited food to consume, and similarly many other religions and traditions as well.

2. **Healthy Reasons:** The preference to avoid alcohol containing drinks, and unslaughtered animals is increasing due to the diversity of potential ill threats caused by foods and drinks. As were broadly proven over the researches, especially in medical aspect, that certain foods and drinks should be minimized or even totally avoided. Even more than this, the tendency for doing a healthier way of consuming has led to the increase of vegetarian or any dietary habits in order to only consume a limited kinds of food.

Although the general factor for the rise of *halal* industry can be summarized in to the two above-mentioned aspects, it is clear however that there are situations that makes the moment come to happen. they are:

- a) The Increasing The Increasing number of Muslims (1,8 billion).
- b) The increase of wealth, leads to the rise of purchasing power
- c) The increase in economic revenues in Muslim countries leverages life style consumption

With the significant involvement of this non Muslim countries, an interesting question should be addressed, it is pertaining to the process of ascertaining the permissibility of the traded or created product from the perspective of Islamic law. Since, it has been widely understood that Islamic law, especially in the term of *fiqh* is not a single legal framework. There are many schools of law (*madzhabs*) which differs each from others. It is considered therefore that the process and procedure is not a simple matter to resolved globally.

### **Conclusion**

Based on the passages presented in the above, can be summed up that there are legal challenges need to be properly responded, they are:

*First*, the initiatives for further halal global standardization process and procedures need to be taken. This point is among the priorities to be resolved as has been stated before that diversity in *fiqh* or Islamic law among Muslim countries cannot be ignored. The complexity of this standardization is getting higher in the sense that the nature of business transaction is too fragile to be disputed among related parties.

*Second*, the establishment of robust regulatory frameworks need to be provided by relevant authorities. As *halal* industry is globalizing, many countries are involved in the industry, regardless of their religious background. The inclusiveness of *halal* industry has opened the equal opportunity for any countries to enter into this industry. In this context, a robust regulatory framework need to be initiated to ensure that certainty of the business is clear.

*Thrid*, Islamic banking industry, as the main party in resolving financial undertakings in the *halal* industry must pro-actively respond such rapid development of the industry by providing various facilities that are not less effective and efficient compared to its conventional counterpart. It is a must, as the requirement for *halal* industry partly is the existence of Islamic compliant financial transaction. \*\*\*

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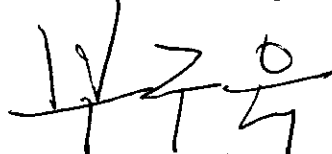
**Agus Triyanta, SH., M.Hum., PH.D**

as  
Speaker

In

**International Conference**  
**“Global Halal Food Industry;**  
**Challenges from Legal Perspective”**

Busan, South Korea, May 15<sup>th</sup> 2018



Bu, Gu-Wuck, Ph.D

President

Yongsan University, South Korea