ROLE OF THE HALAL INDUSTRY IN RECOVERING THE NATIONAL ECONOMY IN COVID-19 PANDEMIC

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Abstract

The outbreak of the Covid-19 pandemic in Indonesia is attacking not only public health but also the economy. The presence of Covid-19 has many important impacts on developed countries. There are at least four industries most impacted by this pandemic, including households, MSMEs, companies and the financial industry. However, the halal industry is believed to be more resilient to the Covid-19 pandemic. This durability is because of the principles attributed to the halal sector, namely the importance of fairness, balance and openness. The author's goal is therefore to carry out more in-depth research on the role of the halal industry in supporting the national economy, which is under pressure because of the COVID-19 pandemic. This type of study is a literature review with a material analysis approach that explores the conditions of the halal industry in Indonesia in depth. The material received is as books, published information, and online news. The findings of this study reveal that there are three halal business sectors that are believed to be more vulnerable to the Covid-19 pandemic in order to facilitate national economic recovery. Halal finance, halal food and halal fashion industries are among them. Halal finance from both the banking sector and the Islamic stock market has proved to be more robust than the mainstream financial sector. Besides guaranteed halal food, its wellbeing is also guaranteed, and halal fashion is now on the rise as Muslim fashion is increasingly innovative and global. We believe the three of them to have experienced vigorous growth, and also to continue to draw customers. And also after the Covid-19 pandemic, these three sectors could survive. Thus the halal industry also contributes to Indonesian economy.

Key Words: Covid – 19 Pandemic, Halal Finance, Halal Food, Halal Fashion

A. INTRODUCTION

In Indonesia, the rapid growth of the Islamic economy has had a positive impact. At least the sharia economy has contributed to national development, especially in the real sector. Sharia economic development will also improve economic resilience in the face of a global situation that is getting more and more severe because of the COVID-19 Pandemic Attack.

The Islamic economy development in Indonesia is not only assisted by Islamic finance development, which was first present in Indonesia. However, there are currently other halal industries that are leading to economic development in Indonesia, such as halal food, halal fashion, halal travel, halal cosmetics and pharmaceuticals, halal media and leisure (Faried, 2019: 4). Halal industry is on a rising trend in Muslim-majority countries.

The growth of the halal industry trend is a shift in the perceptions of the Muslim community and the trends of Muslim customers around the world, including Indonesia. There are at least three reasons this transition has taken place, namely: first, the halal industry development goes beyond what is historically considered, for example, the food sector. Second, the Muslim market share is very high, even though the halal market is not exclusive to Muslims.

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The most important issue, though, is that Halal Market customers must respect ethical principles, social responsibility, economic justice, environmental security and so on. Third, the competitiveness of halal business products and services on the international market (Fasa, 2020: 84).

The population of Indonesia in 2020 is 268 million people, 205 million people, or about 80% are Muslims. This makes Indonesia has the largest Muslim population in Southeast Asia. Considering that Indonesia is a country with a Muslim majority population, the halal industry in Indonesia should also develop rapidly.

The halal industry is one of the priority sectors that the government continues to develop through the 2019 National Sharia Finance Committee (KNKS) master plan. The government predicts that the halal industry will contribute to economic growth, considering that most of Indonesia’s population is Muslim. Thus, it is considered that the halal industry will find it easier to find domestic consumers.

The halal industry will not only attract domestic consumers, but also international consumers through halal tourism. This halal tourism is a contributor to the country’s foreign exchange. However, currently, the entire world, including Indonesia, is experiencing tough times because of the COVID-19 pandemic. This pandemic has not only shaken the domestic economy but also all countries in the world. The COVID-19 pandemic has caused various countries to implement lockdowns so that not only local people have to carry out social distancing but also limit access from abroad and close various tourist attractions. However, the halal industry is not limited to tourism, there are many other sectors that can be relied on. So, the author wants to know how the role of the halal industry can take part in restoring the Indonesian economy during the COVID-19 pandemic.

B. Method
This research is a library research with an analysis approach, which discusses in depth the conditions of the halal industry in Indonesia. I obtain this information from reference books, written information, and online media news. With this method also, COVID-19 can be described as a situation or event based on related data. Data related to the halal industry and the COVID-19 Pandemic are compiled systematically, factually, and accurately in order to find and present new and in-depth information about the halal industry contribution amid the COVID-19 pandemic to the national economy in Indonesia.

C. Result and Discussion
Halal Industry in Indonesia

Everything about the halal industry is currently under development in Indonesia. Halal industry is an industry that applies the principles of Sharia law. Halal meaning attached to the industry is not only halal in substance but also how it is produced and marketed. However, in Indonesia alone, it is not enough for producers to say that their products are halal, but an official letter must prove it in the form of a halal certificate. Under the mandate of Law No 33 of 2014 on Halal Product Guarantee, this halal certification may be carried out by producers by registering their products with the Halal Product Guarantee Agency (BPJPH).
The Halal Product Guarantee Agency (BPJPH) is an agency established under the auspices of the Ministry of Religion. Under the mandate of Law No. 33 of 2014 on Halal Product Guarantee, products circulating in the Community must be guaranteed halal. The guarantee of each product, whether registered, circulated or traded in Indonesia, is one duty and functions of the Halal Product Guarantee Agency or abbreviated as BPJPH. In addition, BPJPH’s other duties and functions are to carry out halal registration, halal verification, guide and supervise the halalness of products, collaborate with all relevant stakeholders, and set the standard for halalness of the product (Halal.go.id). It is first necessary to make a request, then to examined by BPJPH, determine LPH through BPJPH, check and specify fatwa via MUI and at last issue a certificate by BPJPH. This is a procedure that is necessary for obtaining halal certification. Halal Certificate Application Documents comprise data on business actors, names and types of products, list of products and materials used, product processing and Halal Certification System documents (Nusran, 2018).

The benefits of UUJP to producers are a legal certainty for all the goods they produce. This UUJP therefore has a positive impact on the world of business because with no doubt, products with Halal Certification are halal so that it convinces consumers that these products can be purchased, consumed or used. More than that, Halal Product Guarantee can provide producers with benefits in order to increase sales. It is easy, as we all know, to find halal consumers in Indonesia. So if the product has met its halal elements, it will automatically attract Muslim consumers to buy it (Amin, 2010 : 79).

Halal products are products which are declared Halal under Islamic law. The government has been successfully expanding the Islamic economy, including the halal industry, over the last three decades. The government claims that the halal industry has a capacity that needs to be created. In addition, the awareness of the Muslim community to purchase or use halal products and services is also sponsored. Based on the Halal Economy and Strategy Roadmap 2018/2019, the overall consumption of Indonesian halal goods and services was estimated at US$218.8 billion in 2017. This figure is expected to continue to grow by an average of 5.3% and to hit US$330.5 billion in 2025 (Indonesia Halal Lifestyle Centre, Indonesia Halal Economy and Strategy Roadmap 2018/2019).

The halal industry is not only a trend in Indonesia, but has also attracted worldwide attention. The government and business actors have realized the potential of the halal industry. In fact, countries with a majority of non-Muslim populations are interested in developing the halal industry. The trend of the halal industry is not only believed to comply with Islamic law for Muslims but also to win is believed to guarantee the quality of the product very well, so that non-Muslims can benefit from consuming and also using halal products, such as ethics, health, safety, and environmental friendliness. This reason is stated in Q.S al-Baqarah: 58 (https://www.ibec-febui.com/Potensi-Industri-Halal-Di-Indonesia).

Indonesia, with all its promise, can become a big player in the international halal industry. International acceptance of product standardization and halal certification is an essential prerequisite of international cooperation to increase the export market for Indonesian halal goods. This international collaboration would facilitate the strengthening of the Halal Value Chain because of all parties take part, government and private sector/entrepreneurs,
academic institutions, universities, Islamic financial institutions, and so on (Subianto, 2019 : 142 – 145).

In Indonesia, it is known as the Halal value chain. The value chain is a series of activities carried out by companies in producing goods and services. Value chain has an important aspect in transforming agricultural commodities into a final product desired by consumers. Therefore, the Halal Value Chain is the government’s strategy in achieving Indonesia’s vision, specifically as a leading Islamic economic center in the world. So in 2019-2024 Sharia Economic Masterplan contains several industries related to the needs of the Muslim community, which are then divided into several clusters, including: (1) halal food and beverage cluster; (2) halal tourism cluster; (3) Muslim fashion cluster; (4) media cluster and halal recreation; (5) halal pharmaceutical and cosmetic cluster; (6) renewable energy cluster (Subianto : 142)

Economy during the Covid-19 Pandemic

The COVID-19 pandemic attack on Indonesia has undeniably affected the running of the economy. Enforcement of Large-Scale Social Restrictions (LSSR) was the biggest contributor to the economic downturn in Indonesia, the existence of this LSSR disturbed many things. Starting from the disruption in the supply of raw materials to affect the economic activities of business actors. Then the employers lost a lot of income because their business was not running smoothly, causing them to cannot pay workers, resulting in a wave of layoffs that could not be avoided anymore. Many people find it difficult to find work, causing unemployment to increase.

The outbreak of the COVID-19 virus caused stock trading to crash. The Jakarta Composite Index has fallen, meanwhile the rupiah has also weakened to its lowest level. Many businesses went bankrupt, unemployment was getting out of control, causing poverty to increase. This causes fear to investors, which makes them sell the shares they own. As a result, stock prices plummeted across the world’s stock exchanges, including Indonesia (Tambunan, 2020 : 119). In addition, the government has had the biggest impact on reducing tax revenues, especially from the business sector. Based on its function, particularly the budgetary, where taxes are a source of funds in development, both central and local governments.

According to an economist at the Institute of Development Economics and Finance, Bhima Yudistira Adhinegara, the effect of COVID-19 on the pace of economic growth in Indonesia can be traced back to relationship with economic ties between China and Indonesia. There is a vigorous trade and investment link between China and Indonesia, resulting in a downturn in economic development. This means that the slowdown in development in China is impacting Indonesia’s economic downturn. We can see it that any 1% decrease in economic growth in China can have an effect of 0.3% on the Indonesian economy. Indef forecasts China’s economic growth of just about 5% in 2020 or less than 1% in 2019 (https://money.compas.com).

Based on the report from the Central Statistics Agency (BPS) for the period of August, the rate of economic growth in the first quarter (January - March) 2020 only grew 2.97%. This figure is slowing down from 4.97% in the fourth quarter of 2019. In fact, the growth is far below the achievement in the first quarter of 2019 which reached 5.075. And in the second
quarter of 2020, Indonesia’s economic growth rate was minus 5.32%. This figure compares to the best in the second quarter of 2019 at 5.05% (Wuryandani, 2020 : 19 – 20).

The Indonesian economy based on GDP in the second quarter of 2020 at the current price was Rp. 3,687.7 trillion. But based on constant prices with the base year 2010 amounting to Rp. 2,589.6 trillion. Compared with the basis of constant prices or yoy (year on year), economic growth in the second quarter of 2020 contracted -5.32%. When compared to the first quarter of 2020, the contraction was -4.19%. Meanwhile, the cumulative value in Semester I 2019, Indonesia’s economic growth in the second quarter yoy was deep. Based on these data, Indonesia’s economic growth experienced negative growth in the second quarter of 2020 (Wuryandani : 20).

The Minister of Finance, Sri Mulyani stated that the Indonesian economy was very hard pressed because of the COVID-19 pandemic. So, the Central Statistics Agency reported regarding the rate of economic growth was true. Since the 1998 crisis, the current condition is the first time Indonesia experience that (https://liputan6.com). Sri Mulyani also projected that economic growth will contract by minus 0.4 per cent to 1.1 per cent in the first half of 2020. This is because the burden on the economy is expected to be stronger in the second quarter of 2020 than in the previous quarter. Pressure on the economy during the second quarter of 2020 was because of social distancing measures and also Large-scale social restrictions (LSSR) to monitor the spread of the covid-19 virus (https://katadata.co.id).

The impact of COVID-19 on other economies is on the tourism sector. Previously, the total number of foreign tourists visiting Indonesia reached 16.1 million visitors in 2019 (up 1.88% yoy from 15.8 million in 2018). The share of foreign tourists from China in 2019 was 12.9% (2.07 million), second only to Malaysia (18.5% or 3 million). After COVID-19 broke out, the number of foreign tourists visiting Indonesia decreased by 7.62% mtm in January 2020 (Christian, dkk, 2020 : 91). The pandemic which has not been under control, will also impact the business sectors, which have been the engines of growth. One sector affected is the financial sector. Where the growth rate of the financial sector quarter in the second quarter of 2020 (qtq) contracted to -10.32 percent and annually (yoy) only experienced a growth rate of 1.03 percent.

The efforts of governments in various countries to overcome the spread of covid-19 will influence the future economic prospects, both globally and nationally. If Covid-19 continues to spread massively and is difficult to control, then the prospects for world economic growth and Indonesia 2020 have the potential to be lower. This is because implementing restriction or social distancing policies in various countries will continue, even more stringently. Meanwhile, global financial market pressures continued because of high levels of uncertainty (Christian, 2020 : 91). Therefore, the government needs to work harder so it can reduce the spread of covid-19 and also restore the economy in Indonesia.

The Halal Industry as an Economic Booster in Indonesia during the Covid Pandemic 19

Halal Finance
As mentioned above, the Indonesian economy is weakening because of the COVID-19 pandemic. However, the government remains committed to ensuring that the economy improves quickly. With the halal industry trend, it is expected that it would be capable of
contributing to the government’s efforts to restore the economy during this pandemic. This is not impossible, provided that the bulk of Indonesia’s population is Muslim, so it would be easier to grow the halal industry in Indonesia.

It is expected that efforts to increase the output of the national halal industry would also include a breath of fresh air to increase the need for financing collaborating with the principles of Sharia law. Even though the Islamic finance industry still needs to make various innovations so that the available Islamic financing products meet the needs of industry players to meet their financing needs. However, this source of economic financing is not only found in the commercial, financial sector, but there are also several other financing alternatives, such as zakat, infaq/alms and waqf, which can be adapted to the principles of its users (Laporan Ekonomi dan Keuangan Syariah 2019).

Since 2008, the government has taken part in enlivening the Islamic financial market. Where through the Ministry of Finance, the government has issued State Sharia Securities (SBSN) or State Sukuk, Securities (Bonds) issued by the government based on sharia principles. SBSN or State Sukuk is a source of financing for the APBN, therefore most of issuing State Sukuk is project-based, namely government infrastructure projects. The government can participate in encouraging the Islamic financial industry development in the country through State Sukuk (Kementrian Keuangan, 2019: 5).

With the increasing use of sukuk as a means of payment for corporations and government, sukuk continues to show growth. So, in 2018, sukuk grew 10% to USD470 billion. In addition, total Islamic financial assets amounted to USD 86 billion, compared to USD 82 billion in the previous year. With the increase in total assets, Indonesia ranks 7th with the largest total Islamic financial assets in the world (Laporan Ekonomi dan Keuangan, 2019: 8–9). Total Islamic financial assets in Indonesia increased by 14.01% as of December 2019 to reach Rp. $1,468.07 trillion or $105.61 billion. (BI middle average as of 31 December 2019 = IDR 13,901/USD). These assets comprise three sub-sectors of the Indonesian Sharia Financial Services Sector, namely Sharia Banking, Sharia Non-Bank Financial Industry (comprising Insurance, Financial Companies, Pension Funds, Sharia Micro Financial Institutions and Special Sharia Financial Services Institutions) and Sharia Capital Market (comprising State Sukuk, Corporate Sukuk, and Sharia Mutual Funds). In addition, Sharia Capital Market also includes Sharia Shares, whose capitalization continues to increase (Laporan Ekonomi dan Keuangan Syariah, 2019: 9).

The Islamic Capital Market has 56.14% Islamic financial assets, which makes the largest portion. Islamic capital market assets experienced the highest growth among other sectors with a rate of 17.60% (yoy). Followed by Islamic Banking with a share of 36.67% which could grow positively at a rate of 9.93% (yoy). Then, the Sharia IKNB which had a share of 7.19%, which also increased by 8.70% (yoy) (Laporan Ekonomi dan Keuangan Syariah, 2019: 11).

Sharia banking in Indonesia comprises Sharia Commercial Bank (BUS), Sharia Business Units (UUS) and Sharia Rural Banks (BPRS). In 2019, Sharia Banking continued to show positive growth. This is because the resilience of Islamic banking in Indonesia is increasingly solid. It also reflected this increase in the increase in the CAR ratio of Islamic Commercial Bank (BUS) by 20 bps (yoy) to 20.59%. Meanwhile, the Islamic banking intermediation function is running well. Disbursed financing (PYD) and third party funds (TPF) each experienced growth of 10.89% (yoy) and 11.94% (yoy), so that the growth of Islamic banking
assets during that period was 9.93% (yoy). At the end of 2019, the total assets, PYD, and DPK of Islamic banking reached Rp. 538.32 trillion, and Rp. 425.29 trillion (Laporan Ekonomi dan Keuangan Syariah, 2019 : 13).

Apart from Sharia Banking, performing BPRS has also shown positive growth, although it has slowed down when compared to the previous year. This shown both from the asset side, PYD and TPF with a rate (yoy) of 11.30%, 9.45% and 7.34% respectively. The capital condition of the BPRS is adequate, with a CAR ratio of 17.99%. Credit risk also decreased when viewed from the previous year 9.30%. In line with this, BPRS profitability improved, supported by increased efficiency as showed by an increase in ROA to 2.61% and a decrease in OEOI to 84.12% from 87.66% in the previous year (Laporan Ekonomi dan Keuangan Syariah, 2019 : 24).

The Islamic Capital Market is another sector. This sector is to be more resilient to the COVID-19 pandemic than to Islamic banking. As reported by Bambang Prijambodo, Deputy for Economic Affairs of the Ministry of National Development Planning/Bappenas, the effect of COVID-19 on all capital market instruments is felt, but Sharia instruments are more resistant during the pandemic. He also said that during the COVID-19 pandemic, red areas existed in nearly all industries. However, if you look at stock market capitalization and stock market performance, the Islamic index is more stable and has better performance than conventional stocks (https://republika.co.id).

Bonds or sukuk instruments have also been to be more resilient than bonds. Based on data from the Indonesia Composite Index, a comparison of the sukuk and conventional markets shows the yield of the sukuk market fell 2.5% but bonds fell deeper, namely 4.46%. In the mutual fund market, too. Net Asset Value (NSB) of sharia, balanced and fixed income mutual fund products has been observed to decline in the last three months. The NAV of Islamic mutual funds increased in February 2020 and returned in March 2020. The decrease was recorded at one percent, while the NAV of conventional funds fell more deeply by 10 percent (https://republika.co.id).

Based on the above studies, it further strengthens the capacity of the halal industry, particularly Islamic finance, to participate in restoring economic growth during the COVID-19 pandemic. Sharia banking continues to face less risk during the COVID-19 pandemic than conventional banks do. The Chairman of the Indonesian Sharia Bank Association (Asbisindo) confirmed Toni EB Subaru. He also clarified that the idea of benefit sharing extends to the core concept of Islamic banks, so it will naturally ease the effects of the COVID-19 pandemic. He also clarified that there are many Islamic bank are not sensitive to pricing, so they are not affected, such as wad’ah deposits or interest-free contracts (https://finansial.bisnis.com).

**Halal Food**

In Indonesia, people find it easier to find halal food, because most of the Muslim population consumes halal food. Halal food definitions for Muslims, not only has the title of halal contained in the substances in the food itself, but also how to get, process, and also how to distribute it. But besides being halal, the food must also be thayyib. Thayyib means good, then thayyib food is good food that is healthy for the body. So, halal status is needed because it *inhilals* (frees) the existing prohibition to consume something. Then *thayyib*, referring to
Imam al-Syafii is something delicious and proper for consumption (Parakkasi, 2020 : 33 – 34).

In the present pandemic, people are more vigilant and worried about their health, and what they eat. Halal food may be a choice for those who like to eat not only tasty food, but also good for the body and soothe the mind. That the food that nourishes the body and also soothes the mind will help to preserve the immunity of the body. Calming the mind for Muslims is drinking halal food, while eating thayyib food is safe for the body. Halalan thayyiban is thus the most suitable kit, not only for the Muslim faith, but also for all human beings on this planet.

Spirituality is the factor of meaning found in the Halal Food trend. Spirituality is a holy thing, not limited to time and place, but rather an exceptional knowledge (Lubis, 2019 : 50). Thus, spirituality can be achieved by connecting behavior with the mind so it will lead to a calm heart. One way is to consume halal food and drinks. People who consume non-halal food and drinks will not feel comfortable in terms of spirituality as Muslims. In addition, consuming non-halal food and drinks will also have a negative impact on food digestion, metabolism and the immune system, which will lead to various diseases.

Through food and drink that is halal thayyiban, Allah SWT orders His servants to maintain their survival. There are so many benefits from consuming this halalan thayyiban food and drink, so that this trend is not only developing in Muslim countries, but non-Muslim countries also participate in producing halal food. In fact, Thailand is the largest producer of halal food in the world, and halal food consumers, not only Muslims but also non-Muslims who are interested in consuming halal food in order to live healthier lives. So, this shows that the world’s halal product market is getting bigger and the opportunities are very high.

The halal food trend is very potential for Indonesia. Indonesia has abundant natural resources to produce halal food. Indonesia should be a leader in cross-country trade in Asia in terms of halal food, because most Muslims are on the Asian continent. It is proven that since 2016, the total expenditure for halal food and beverage products in Indonesia has reached US $170.2 billion. This sector is the largest of the halal industry, and can contribute around US $3.3 billion of Indonesian exports to the countries of the Islamic Cooperation Organization (ICO), and non-OIC countries with millions of Muslim populations, such as France and Britain (https://www./finanasialku.com).

At the time of the COVID-19 pandemic, at least the halal industry could raise the national budget (APBN) if it was handled optimally to revive the national economy. Of all the halal industry sectors, the halal food sector has a greater market share. Of course, this ability is because Indonesia has the highest Muslim community. Halal food market is therefore a sector that can expand. The industrial sector is expected to grow by about 8% in the time up to 2021. The capacity of the global halal industry is hitting Rp. 25,270 trillion, if Indonesia can manage 10% of it, Indonesia’s production from the halal food industry will hit 2,527 trillion. As a result, the rise in sources of state revenue would be much higher (Faqiatul, dkk, 2018).

**Halal Fashion**

The world of fashion cannot be isolated from the time and place from which it originated. Over time, the world of fashion is growing and continues to develop. This is in line with the changing tastes of individuals. In the meantime, fashion in Islam should never be separated
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from the law of the Sharia. Islam governs fashion issues for both men and women. Since in Islam, apparel covers not only parts of the body, but more than that it contains a significant philosophical sense. Even without understanding it, fashion is individual identity.

Covering body parts (Aurat) for men and women is mandatory (Muthahari, 2001 : 106). In addition, covering the body parts for Muslims also contains a lot of benefits. One goal and lessons of being ordered to cover one’s genitals is to protect human dignity and block free association that may lead to problems for human progress (Ahmad, 2004 : 10). The order to cover body parts apart from carrying out Allah’s commandment is also an affirmation of the identity of a Muslim. Every Muslim community group has a certain local identity, and Islam does not deny this identity. However, Islam wants to build a distinctive identity from Muslims to become a kind of brand that has strong emotional ties, in influencing public opinion to be influenced by it.

Fashion development in a country very depends on ethnic structures, customs, culture and religion. In addition, fashion industry development can reflect the development of people’s lives. In current Indonesia, there are many Muslims clothing designers who are wrapped in a fashionable concept. Many Muslim women are still interested in covering their genitals but can still adjust to the times. In addition, halal fashion in Indonesia is not only in demand by local Muslims but also internationally. It has been proven that many Indonesian Muslim designers are now going international. This increases Indonesia’s confidence that the world can recognize us in any way, including the world of fashion. In fact, every time there is always innovation and creativity that has never been left behind (Kementrian Perdagangan RI, 2015), 4.

According to the General Director of Industry and Middle Ages, the opportunities for global and domestic Muslim fashion markets are enormous. Indonesia can control 1.99% of the world fashion market with an export value of 13.29 billion and is included in the top 5 countries that export Muslim fashion among OIC countries. In addition, the halal fashion industry in Indonesia has experienced a significant increase with an average growth in consumption of halal fashion of 18.2% per year. The Ministry of Industry then launched the International Muslim Fashion Festival, which is a Muslim fashion exhibition that will be held in 2019 with a business-to-business concept. Around 250 invitees who were buyers from various countries such as Italy, Australia, Germany, Taiwan attended this event. Korea, United States, United Arab Emirates, Spain, United Kingdom and Russia. In addition, this event also held international conferences, fashion shows, and talk shows, which further add information about halal fashion (https://indonesiahalal.co).

The world’s Muslim population reaches 1.8 billion or 24 percent of the global population. The market share of the Islamic economy is estimated to continue to grow to 3.007 billion USD in 2023. Large population of the world’s Muslims has led to the rapid growth of the Muslim millennial generation, which also affects the prospects and trend of halal fashion, including Indonesia. This country is the third largest consumer of Muslim fashion in the world, spending 20 billion USD or around Rp. 300 trillion. Indonesian Muslim fashion products are potential as commodities to integrate international cooperation and make Indonesia the center of the global halal industry. In line with the target set by the government in realizing Indonesia as the world’s Muslim fashion center. With a target to market Indonesian Muslim fashion products on a global scale, Bank Indonesia is in synergy with the Indonesia Fashion Chamber (IFC) and the Indonesia Halal Lifestyle Center (IHLC) (https://cantik.tempo.co).
There are several notes about the increasing trend of halal fashion in Indonesia that compatible to contribute to the country’s economy. We can see the increase from the export value of fashion products which rose by 10.48%, from US $11.28 billion in 2012 to US $16.24 billion by the end of 2016 (https://kemenperin.go.id). In 2017 it experienced a decrease of only USD 12.59 billion. However, in 2018 there was an increase again, namely by 5.4%, to become USD13.27 billion. The destination countries for Indonesian fashion exports include the United States, Switzerland, Japan, Singapore and Germany. One of the most reliable Indonesian fashion products is songket. Therefore, according to the Ministry of Trade, songket must be developed because it has added value and can also compete in the global market (Faried : 12).

The latest information according to The State Global Islamic Economy Report throughout 2019 - 2020, the world’s consumption of halal fashion reached US $ 283 billion. In 2024 this figure is projected to increase by 6%, so that consumption of halal fashion will also increase by US $ 402 billion. The current halal fashion consumption is around US $ 21 billion. In addition, Indonesia can rank third as a country that develops the best halal fashion in the world after the United Arab Emirates and Turkey (https://industri.kontan.co.id).

The Halal Fashion Trend is believed to make a significant contribution to the national economy. It is proven that the fashion industry can contribute to the National GDP in 2019 of 5.4%, which has grown by 19.5% (https://woliop.com). Based on the strength possessed by the halal fashion industry, the Minister of Industry encourages all parties involved in the halal fashion industry to maximize all their potential, so that the halal fashion industry can continue to increase, even become the best in the world.

It is not only wellbeing that needs to be weighed during a pandemic like this, but also what we wear. As we learned, to shield yourself from the COVID-19 virus, people need to wear masks. This introduces a fresh look, of course. Typically, the use of masks is only worn by emergency staff, but today masks are trendy for all. Using masks is an incentive for the world of fashion. Many Muslim apparel makers are also making masks. The mask motif that suits hijab or clothing has become a trend for the culture, particularly youth.

The use of masks during the pandemic has been a recent trend that has brought many benefits to halal fashion entrepreneurs. Because women can no longer display their beauty when they are shrouded in masks, but instead they are embellished by wearing masks with different beautiful motifs, and of course they are still safe to use. In addition, the use of hijab is growing, not only by performing religious orders but also by protecting oneself from various viruses that may damage humans. Halal fashion entrepreneurs are claimed to thrive even through a pandemic by continuing to increase their creativity.

D. CONCLUSION

We do not know when the COVID-19 pandemic will end. However, the Indonesian economy must continue to recover and rise even though slowly. When the economic sectors were depressed by this pandemic, the halal industry was believed to be stronger in facing the COVID-19 pandemic. Three sectors of the halal industry are halal finance, halal food, and halal fashion. Three of them showed good growth, even during the COVID-19 period. The Halal industry could contribute 40 percent to the Indonesian economy. The sector that plays the most role is the Islamic financial sector, where this sector is more immune than the
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conventional economic sector, after that it is followed by the halal food and halal fashion sectors. The biggest factor in the success of the halal industry in Indonesia is that most of the population is Muslim. However, in its implementation, there is a need for better synergy between the government, business actors, and consumers, so that in the future the halal industry will increase and provide many positive impacts on the Indonesian economy.

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