

The Implications of Trade Liberalization on Islamic Economic Ethics in Relation to the WTO Agreement Crisis on Organization of Islamic Countries

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Abstract

In an era marked by geopolitical instability and shifting global trade dynamics, this study explores the implications of international trade liberalization on Islamic economic ethics within member states of the Organization of Islamic Cooperation (OIC). Anchored in the theoretical framework of maqāṣid al-sharīʿah and using a normative juridical method, the research critically examines how liberalized trade structures—particularly under the World Trade Organization (WTO)—challenge the ethical foundations of Islamic economic systems, including justice (ʿadl), balance (mīzān), and public welfare (maṣlaḥah).

This paper argues that the disruption of global supply chains offers both risks and opportunities for OIC countries to restructure their trade policies in accordance with Islamic values. Case studies from Malaysia, the UAE, and Indonesia demonstrate that ethical realignment is possible when guided by shariah-compliant frameworks. The study recommends the development of sustainable intra-OIC trade models, halal certification systems, and value-based supply chain governance as viable alternatives to the dominant liberal paradigm. By embedding Islamic ethics into global trade practices, OIC countries can contribute to a more just, resilient, and spiritually grounded economic order.

Keywords: Trade Liberalization, Islamic Economics, Maqāṣid al-Sharīʿah

A. INTRODUCTION

Free trade has emerged as a defining feature of contemporary economic globalization. Trade liberalization, institutionalized through frameworks such as the General Agreement on Tariffs and Trade (GATT) and the World Trade Organization (WTO), has facilitated the opening of global markets by reducing tariffs and other regulatory barriers. For member states of the Organization of Islamic Cooperation (OIC)—the majority of which are developing economies—this liberalization trend presents both opportunities and profound challenges. While liberalized trade enables greater integration into the global economy, it also poses significant difficulties in upholding the foundational principles of Islamic economic thought, including justice (ʿadl), balance (mīzān), and the prohibition of *ribā* (usury).¹

The economic diversity of OIC member states further complicates their response to liberalization. While some possess substantial natural resources and human capital, others face structural vulnerabilities, including narrow export bases and dependency on external markets. These disparities necessitate a nuanced approach to trade policy—one that acknowledges the economic constraints of member countries while promoting sustainable development and resilience. Strategies may include diversifying export sectors, fostering innovation and entrepreneurship, investing in human capital, and enhancing intra-OIC

¹ Azzaki, M. A. (2023). How to Increase Foreign Direct Investment Inflows in OIC Countries: A Green Economy Model. *Economica: Jurnal Ekonomi Islam*, 14(1), 47–70. <https://doi.org/10.21580/economica.2023.14.1.18160>
Rafiqui, S., & Majeed, S. (2024). How Trade With The Organization Of Islamic Corporation Impacts Pakistan's Economic Growth. *Journal of Education And Humanities Research (JEHR)*, University of Balochistan, Quetta, 18(02), 154–162. Retrieved from <http://jehronline.uob.edu.pk/journal/index.php/jehr/article/view/485>

economic cooperation. A tailored understanding of each member state's unique economic profile is essential to crafting effective trade policies that align with Islamic ethical and legal principles.²

Since its establishment in 1995, the WTO has played a central role in regulating international trade by promoting liberalization, transparency, and non-discrimination among its members. Its objective is to establish a rules-based, multilateral trading system that ensures fairness and predictability. In parallel, the OIC—founded in 1969—has sought to advance economic cooperation among its 57 member countries. Key initiatives such as the Islamic Common Market, the OIC Preferential Trade System, and the OIC Investment Corporation reflect attempts to enhance intra-OIC trade and economic integration. Nevertheless, these efforts have been hindered by significant structural challenges, including socio-economic disparity, regulatory fragmentation, insufficient infrastructure, bureaucratic inefficiencies, and inconsistent trade policies across member states.³

Furthermore, the liberal economic model championed by the WTO often stands in tension with the value-driven framework of Islamic economics. While the WTO advocates for the elimination of trade barriers and the primacy of market mechanisms, Islamic economic theory emphasizes moral imperatives such as distributive justice (*'adl*), social welfare (*maṣlaḥah*), ethical responsibility, and the prevention of exploitation (*ẓulm*). These tensions are magnified when liberalization leads to widening inequality, the consolidation of power by multinational corporations, and diminished national sovereignty over critical sectors.⁴

In recent years, these challenges have been compounded by a growing crisis within the WTO itself. The stalled Doha Development Round, structural imbalances favoring developed countries, and growing criticism from the Global South have underscored the need for reform. OIC countries, many of which share these concerns, are increasingly vocal about the inequities of the current multilateral trade regime. In this context, there is an urgent need to re-evaluate the compatibility between WTO-led liberalization and the ethical framework of Islamic economics, and to explore viable policy alternatives that align with the socio-economic priorities and religious values of the OIC member states.⁵

This study provides a novel contribution by systematically integrating the ethical foundations of Islamic economic thought—particularly the *maqāṣid al-sharī'ah*—with the legal structures of the World Trade Organization (WTO). While existing literature largely focuses on the economic or legal aspects of trade liberalization, this article fills a critical gap by offering a normative, ethics-based framework for analyzing the compatibility between liberal trade regimes and Islamic economic values. It further highlights the

² Tekin, H. (2025). Financial inclusion and sustainable development of banks: the place of organization of Islamic cooperation (OIC) in emerging markets. *Journal of Economic Studies*, 52(1), 161-178.

<https://doi.org/10.1108/JES-10-2023-0555>

Muchtar, M., Rodoni, A., Amalia, E., & Warninda, T. D. (2024). The impact of the Indonesia–OIC countries' free trade agreement on the halal food sector: CGE analysis. *Journal of Islamic Marketing*, 2(2), 428-446.

<https://doi.org/10.1108/jima-03-2023-0075>

³ Masood, A., Ahmed, J., & Kareem, F. (2023). The OIC's Intra-Bloc and Extra-Bloc Trade: How Effective are the FTAs? *Journal of Economic Integration*, 38(3), 360-382. <https://EconPapers.repec.org/RePEc:ris:integr:0879>

Islamic Development Bank. (2024). *Digital and Sustainable Trade Facilitation in the Organization of Islamic Cooperation (OIC) Asian Countries*. https://www.isdb.org/sites/default/files/media/documents/2024-07/Digital-trade-OIC-Asia_Web_V2.pdf

⁴ Muhit, M., Mariana, R., & Athoillah, M. A. (2023). Distributive Justice Perspective of Sharia Economic Law in Indonesia. *APOLLO*, 1(3). <https://doi.org/10.58905/apollo.v1i3.58>

Isnaini, M., Is'adi, M., & Ahmadiono, A. (2025). Economic Justice in the Perspective of Sharia: Solutions to Facing Social Inequality. *Journal of Islamic Economy*, 2(1), 63-73. <https://doi.org/10.62872/7fxc1851>

⁵ Muchtar, M., Asy'ari, H., Rodoni, A., Amalia, E., & Hosen, M. N. (2024). Does a Free Trade Agreement's Impact on the Export of Halal Food to OIC Countries Matter? Evidence from Indonesia. *Etikonomi*, 23(1), 147-166.

<https://doi.org/10.15408/etk.v23i1.32951>

Rusydiana, A. S., & Ningsih, R. R. (2024). Productivity Growth in OIC Countries: SDGs Perspective. *Islamic Economics Methodology*, 3(2). <https://doi.org/10.58968/iem.v3i2.561>

marginalization of Islamic principles in global trade policy and proposes a structured approach for OIC countries to assert ethical trade models rooted in Islamic jurisprudence.⁶

B. Research Background and Problem Statement

International trade liberalization has become a dominant feature of global economic integration, encouraging the exchange of goods and services across national borders by eliminating tariff and non-tariff barriers. Today, nearly every nation is actively engaged in cross-border trade, driven by the pursuit of economic advantage and national growth. Within this global context, member states of the Organization of Islamic Cooperation (OIC) face a particular set of challenges. While trade liberalization holds the potential to accelerate economic development, it also poses significant risks to the application of Islamic economic principles—especially justice (*‘adl*), balance (*mīzān*), and the rejection of exploitative practices such as *ribā*. These challenges are further intensified by the ongoing crisis in the multilateral trading system, particularly within the World Trade Organization (WTO), which has led to growing concerns over the erosion of global trade equity and stability.

While liberalization opens markets and encourages growth, it often does so through mechanisms that prioritize economic efficiency over social equity. For OIC countries, this can result in increased social and economic inequality, where liberal economic structures inadvertently promote monopolistic behavior, the concentration of wealth, and systemic exploitation. Such dynamics are fundamentally at odds with the ethical framework of Islamic economics, which prioritizes fairness, distributive justice, social responsibility, and the protection of vulnerable actors in the market. Moreover, the current regulatory uncertainties and perceived structural imbalances within the WTO have raised critical questions about whether existing global trade norms adequately reflect the values and interests of the Islamic world.

Although considerable research has been conducted on the relationship between international trade and economic growth from an Islamic perspective, few studies have specifically explored the ethical implications of trade liberalization within OIC countries—particularly in light of the WTO crisis. Most existing literature focuses on macroeconomic performance or Islamic commercial law, without a deeper examination of how liberal trade regimes influence the practical application of Islamic economic ethics under modern global conditions. The intersection between international trade liberalization, ethical frameworks rooted in *maqāṣid al-sharī‘ah*, and the marginalization of Islamic principles in global policy settings remains underexplored.

This research seeks to address that gap by critically examining the impact of international trade liberalization on Islamic economic ethics, focusing on the structural challenges and ethical tensions encountered by OIC member states. These tensions are especially evident in areas such as the treatment of small-scale producers, the concentration of bargaining power among developed economies, and the limited influence of OIC countries in shaping WTO policies. For example, many OIC nations remain heavily dependent on the export of primary commodities, leaving them vulnerable to price volatility and global market fluctuations. Internal trade within the OIC also suffers from infrastructural constraints, high transaction costs, and inconsistent regulatory frameworks.

Another major concern is the predominance of conventional economic paradigms that frequently overshadow Islamic norms in national policy formation. In many cases, trade-related decisions are shaped more by liberal economic logic than by the moral imperatives embedded in Islamic teachings. Moreover, the structural imbalance of power within the WTO system continues to marginalize the voices of developing countries, including those of the OIC. Studies have highlighted how OIC countries often play

⁶ Mawardi, I., Al Mustofa, M. U., Widiastuti, T., & Ghazali, M. (2024). The influence of institutional quality, economic freedom, and technological development on Islamic financial development in OIC countries. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(2), 100279.

<https://doi.org/10.1016/j.joitmc.2024.100279>

Marwah, A., bin Sapa, N., & Syatar, A. (2025). Integrating Maqashid al-Shariah into Islamic Economic Practices: A Contemporary Analytical Framework and Its Applications. *El-Kahfi | Journal of Islamic Economics*, 6(01), 36-44. <https://doi.org/10.58958/elkahfi.v6i01.456>

Mustofa, H. Z., Wahyudi, A., & Marpuah, S. (2025). BRIDGING THE GAP BETWEEN MAQĀṢID AL-SHARĪ‘AH AND THE SDGs: CHALLENGES AND OPPORTUNITIES FOR SUSTAINABLE DEVELOPMENT. *JEBIS (Jurnal Ekonomi Dan Bisnis Islam)*, 11(1). <https://doi.org/10.20473/jebis.v11i1.62689>

a passive role in WTO negotiations, lacking the institutional leverage to advocate for policies aligned with Islamic ethics.

Despite the rising value of the global halal economy, trade flows among Muslim-majority countries remain modest, revealing a vast underutilized potential. Several critical research gaps persist: the lack of integrative studies that examine the structural contradictions between WTO agreements and Islamic ethical norms; the absence of quantitative analysis connecting liberal trade policies with key Islamic ethical indicators such as distributive justice or the protection of marginalized producers; and the nonexistence of a theoretical framework grounded in *maqāṣid al-sharīʿah* to evaluate the compatibility of global trade practices with Islamic values.

The operational dynamics of the WTO further complicate this landscape. Although the organization formally guarantees equality through its dispute resolution mechanisms, negotiation platforms, and compliance monitoring, empirical realities suggest a significant disparity in influence and outcomes between developed and developing nations. OIC members often find themselves implementing liberalization policies dictated by external interests, with limited room to explore alternative models rooted in Islamic jurisprudence or ethics. In certain cases, WTO technical rules have even hindered the ability of Muslim-majority countries to enforce halal standards, creating a conflict between global regulatory compliance and Islamic moral autonomy.

This conflict is also evident in specific WTO agreements, such as the Agreement on Agriculture (AoA), which restricts the ability of governments to subsidize local farming sectors—undermining food security and rural welfare in many OIC states. Similarly, liberalization of the financial and tourism sectors under the General Agreement on Trade in Services (GATS) may compel OIC countries to permit economic activities that conflict with Islamic principles, including interest-based finance and the promotion of non-halal tourism.

In response to these multidimensional challenges, this study aims to (1) analyze the structural and ethical implications of international trade liberalization for OIC member states, (2) investigate the factors influencing intra-OIC trade and the barriers to policy harmonization, and (3) propose alternative strategies and models that reconcile global trade participation with adherence to Islamic economic ethics. The ultimate goal is to support the formulation of trade policies that uphold the values of justice, equity, and *maṣlaḥah*, contributing to the realization of *falāḥ*—the comprehensive welfare of the Muslim ummah in both worldly and spiritual dimensions.

C: Problem Formulation

- A. To what extent does international trade liberalization influence the practical implementation of Islamic economic ethics among OIC member states?
- B. How can the principles of justice, balance, and benefit—as foundational concepts of Islamic economics—be systematically integrated into the international trade policies of OIC countries during the era of liberalization and the ongoing WTO crisis?

Theoretical Framework — *Maqāṣid al-Sharīʿah* and Trade Justice

The *maqāṣid al-sharīʿah*, or the higher objectives of Islamic law, provide an essential theoretical lens through which economic ethics and trade policies can be evaluated. Traditionally articulated by scholars such as Imām al-Ghazālī and al-Shāṭibī, the five primary objectives of Islamic law include the preservation of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-ʿaql*), lineage (*ḥifẓ al-nasl*), and property (*ḥifẓ al-māl*). Contemporary scholars have extended this framework to assess modern issues such as financial regulation, consumer protection, and public policy.

In the context of international trade liberalization, these objectives can guide ethical policymaking by ensuring that economic interactions preserve human dignity and promote societal welfare (*maṣlaḥah*). The preservation of property, for instance, mandates fair market access and protection from exploitative practices, while the protection of religion and intellect calls for safeguarding communities from economic systems that promote morally harmful or deceptive transactions, such as those involving *ribā* (usury) or *gharar* (excessive uncertainty).

The value of justice (*ʿadl*) is central to this ethical construct, requiring not only formal equality but also distributive fairness. In trade, this translates into equitable negotiations, fair treatment of small producers, and resistance to monopolistic behavior. Likewise, the principle of *mīzān* (balance) cautions against

policies that lead to environmental degradation, cultural erosion, or socio-economic polarization—common byproducts of unchecked liberalization.

Using *maqāṣid al-sharīʿah* as a normative compass allows policymakers to evaluate WTO frameworks beyond conventional economic metrics. It highlights the ethical blind spots in global trade liberalization and offers a basis for proposing alternative trade strategies that align with both religious values and developmental goals. This framework is especially vital for OIC countries striving to reconcile their Islamic identity with participation in the global trade order.

D: Research Methods

This type of research is normative legal research or also known as doctrinal law research. This approach is used to examine law as a system of norms, whose focus is on the analysis of laws and regulations, legal principles, legal theories, and court decisions related to insurance customer protection and dispute resolution. The data used is secondary data as primary data sourced from literature studies and literature research. The collected data is analyzed and explained qualitatively. This data is relevant both directly and indirectly to the theme raised, which is related to the protection of Islamic economic countries in the phenomenon of trade liberalization.

DISCUSSION

The Impact of International Trade Liberalization on Islamic Economic Ethics in OIC Member Countries

The phenomenon of international trade liberalization has significantly influenced the global economic landscape, particularly for countries within the Organization of Islamic Cooperation (OIC). Liberalization, understood as the process of reducing regulatory and tariff barriers in cross-border trade, is often pursued to increase efficiency, attract foreign investment, and stimulate economic growth⁷. However, for OIC member countries, this process introduces a fundamental dilemma: the pursuit of global economic competitiveness frequently challenges their ability to remain steadfast in upholding the ethical and legal framework of Islamic economics. This tension is most evident in the need to choose between adapting to liberal trade norms and preserving adherence to *sharīʿah*-compliant principles⁸.

Islamic economic ethics are grounded in core values such as justice (*ʿadl*), the prohibition of exploitation (*ẓulm*), the avoidance of *ribā* (usury) and *gharar* (excessive uncertainty), and the promotion of communal welfare (*maṣlaḥah*)⁹. These values often stand in contrast to the foundational assumptions of economic liberalism, which emphasize profit maximization, consumerism, and minimal regulatory intervention. The penetration of liberal economic values—particularly those rooted in capitalist and secular paradigms—poses ethical challenges, especially when they undermine the Islamic emphasis on distributive justice, moderation (*zuhd*), and accountability¹⁰.

Liberalization has had tangible impacts on OIC economies. First, it has led to increased dependence on international markets, weakening domestic economic sovereignty. Islamic financial institutions, under pressure to remain competitive, are often compelled to adopt or emulate conventional financial practices, which may dilute their adherence to *sharīʿah* principles. Second, liberalization has exacerbated economic inequalities among OIC countries¹¹. Wealthier nations such as Saudi Arabia and the United Arab

⁷ Ariyanti, R., Lima, L., Costa, T., Silva, P., & Sucipto, B. (2024). The Influence of Islamic Economic Law on Sustainable Development in Developing Countries. *Sharia Oikonomia Law Journal*, 2(3). <https://doi.org/10.70177/solj.v2i3.1404>

⁸ Muchtar, M., Asy'ari, H., Rodoni, A., Amalia, E., & Hosen, M. N. (2024). Does a Free Trade Agreement's Impact on the Export of Halal Food to OIC Countries Matter? Evidence from Indonesia. *Etikonomi*, 23(1), 147 – 166. <https://doi.org/10.15408/etk.v23i1.32951>

⁹ Hasan, Z. (2024). Strategies of Muslim Countries in Preventing a Global Recession: Case Studies of OIC Countries. *Journal Of Middle East and Islamic Studies*, 11(3), Article 8. <https://doi.org/10.7454/meis.v11i2.183>

¹⁰ Azzaki, M. A. (2023). How to Increase Foreign Direct Investment Inflows in OIC Countries: A Green Economy Model. *Economica: Jurnal Ekonomi Islam*, 14(1), 47–70. <https://doi.org/10.21580/economica.2023.14.1.18160>

¹¹ Khandakar, H., Hasnat, M. A., Rahman, M. A., Aubhi, R. U. H., Babur, A., & Hasan, K. K. (2025). Reforming Islamic financial standards for inclusive and sustainable development: a Maturidi creed perspective on

Emirates have reaped the benefits of liberalized trade, while economically weaker states such as Sudan and Bangladesh continue to lag behind, deepening intra-OIC disparities. Third, the influx of foreign direct investment (FDI), while boosting capital inflows, can alter domestic market dynamics and introduce value systems inconsistent with Islamic ethics. For instance, liberalized rules governing investment in the financial and industrial sectors can marginalize Islamic economic norms and regulatory frameworks¹². Furthermore, the process of cultural globalization—accompanying trade liberalization—has influenced legal and social structures within OIC countries. In Indonesia, for example, positive legal developments have begun to incorporate aspects of Islamic law, such as the mandatory halal certification of goods and the recognition of ethical business practices. These developments represent significant progress toward aligning national regulatory systems with Islamic values¹³. However, the increasing flow of goods and services driven by international agreements also necessitates more robust legal protections to ensure that prohibited (*haram*) products are not inadvertently introduced into Muslim-majority markets¹⁴.

This reality underscores the importance of not only regulating trade agreements but also integrating Islamic legal principles into national contract law and consumer protection regimes. Such integration reflects the broader purpose of Islamic law—*maqāṣid al-sharīʿah*—which emphasizes the realization of human welfare through the protection of faith, life, intellect, lineage, and property¹⁵. While some aspects of Islamic teachings are considered moral recommendations, they also carry an obligatory weight in the context of Muslim societies, especially when the stakes involve societal well-being and ethical governance¹⁶.

Amid these structural and ethical challenges, OIC countries have taken steps to enhance intra-regional trade cooperation. Notable efforts include the establishment of Trade and Financial Support Schemes and the development of an intra-OIC payment system through the issuance of Trade-Based Special Drawing Rights. These mechanisms aim to improve trade efficiency and reduce reliance on external financial systems¹⁷. Empirical studies utilizing gravity models have demonstrated that variables such as GDP, per capita income, geographical distance, and shared borders significantly influence trade flows among OIC countries. Increased economic output among member states has been positively correlated with higher levels of intra-OIC trade, reinforcing the role of regional trading blocs in fostering economic growth¹⁸.

However, these studies have primarily focused on macroeconomic variables and the general impact of trade, without delving into the ethical and legal implications of liberalization from an Islamic perspective. Research gaps remain, particularly in relation to:

behaviour, equity and justice. *International Journal of Ethics and Systems*, ahead-of-print(ahead-of-print).
<https://doi.org/10.1108/IJOES-04-2025-0186>

¹² Rasyidah, A. N., Azizi, A. Q., & Kholis, N. (2025). Digital Ecosystems in Supporting Global Trade of Halal Products: Innovation and Challenges. *ADPEBI International Journal of Business and Social Science*, 5(2), 1-11.
<http://dx.doi.org/10.54099/aijbs.v5i2.1360>

¹³ Kato, T. (2022). Islamic and capitalist economies: Comparison using econophysics models of wealth exchange and redistribution. *PLoS ONE*, 17(9), Article e0275113. <https://doi.org/10.1371/journal.pone.0275113>

¹⁴ Mawardi, I., Al Mustofa, M. U., Widiastuti, T., & Ghozali, M. (2024). The influence of institutional quality, economic freedom, and technological development on Islamic financial development in OIC countries. *Journal of Open Innovation: Technology, Market, and Complexity*, 10(2), Article 100279.
<https://doi.org/10.1016/j.joitmc.2024.100279>

¹⁵ Yaqub, A. (2024, December 18). *How UAE's Trade Agreements with OIC States Are Reshaping the Islamic Economy*. The Halal Times.

¹⁶ Nova Lita, H., Abdul Azis, N., & Mahmutovic, A. (2025). Legal Analysis of The Application of Islamic Economic Principles in International Trade Law to Realize Fair World Economic Development. *Fiat Justisia: Jurnal Ilmu Hukum*, 19(2), 131-152. <https://doi.org/10.25041/fiatjustisia.v19no2.3938>

¹⁷ Alsadi, N. (2025). *The Convergence of Blockchain Technology and Islamic Economics: Decentralized Solutions for Shariah-Compliant Finance* (arXiv:2501.02263). <https://doi.org/10.48550/arXiv.2501.02263>

¹⁸ Rusydiana, A. S., & Ningsih, R. R. (2024). Productivity Growth in OIC Countries: SDGs Perspective. *Islamic Economics Methodology*, 3(2). <https://doi.org/10.58968/iem.v3i2.561>

- The lack of integrative analysis that links Islamic ethical principles with the legal structure of WTO agreements;
- The absence of quantitative assessments examining how liberal trade policies affect indicators of Islamic economic justice, such as equitable wealth distribution and the protection of small producers;
- The need for a theoretical framework grounded in *maqāṣid al-sharīʿah* to evaluate the ethical compatibility of trade liberalization policies¹⁹.

Moreover, WTO provisions such as the Agreement on Agriculture (AoA) and the General Agreement on Trade in Services (GATS) may inadvertently conflict with Islamic values. Restrictions on agricultural subsidies under the AoA, for instance, can compromise food security and rural livelihoods in countries like Nigeria, Indonesia, and Pakistan. Similarly, GATS-related liberalization in sectors such as finance and tourism may compel OIC countries to permit activities—such as interest-based lending or non-halal tourism promotions—that contradict Islamic legal norms²⁰.

The concept of justice, balance, and benefits in the Islamic economy can be integrated in the international trade policies of OIC countries in the era of liberalization and the WTO crisis

In the era of trade liberalization and institutional crises such as those witnessed within the World Trade Organization (WTO), the integration of Islamic economic principles—justice (‘adl), balance (mīzān), and benefit (maṣlaḥah)—into the international trade policies of OIC countries becomes a critical necessity²¹. Islamic economics emphasizes a moral and just approach to economic interactions, requiring that trade policies safeguard the rights of all participants and ensure equitable outcomes. In the context of multilateral trade imbalances, particularly where liberalization disproportionately favors developed economies, OIC countries must adopt trade frameworks grounded in fairness, ensuring that policy adjustments do not compromise the livelihoods of vulnerable domestic producers²². The principle of balance (mīzān) also plays a crucial role in preventing socio-economic disparity and environmental degradation caused by unchecked liberalization. Strategic measures—such as the provision of halal-based subsidies, protection of small and medium industries, and implementation of ethical production standards—are essential in achieving this balance. Furthermore, the pursuit of maṣlaḥah, which seeks to preserve religion, life, intellect, lineage, and property, demands that trade policies prioritize communal welfare over mere profit²³. Practical applications of this concept may include promoting halal exports and enhancing intra-OIC trade to reduce economic dependence on non-OIC markets²⁴. Strengthening intra-Islamic trade mechanisms, such as the Islamic Chamber of Commerce and related bodies, can

¹⁹ Kholiq, M., Noviarita, H., & Kurniawan, M. (2024). INTERNATIONAL TRADE RELATIONS, ECONOMIC OPENNESS, HUMAN CAPITAL AND ECONOMIC GROWTH OF APEC UPPER MIDDLE INCOME COUNTRIES: A SHARIAH ECONOMIC PERSPECTIVE. *International Journal of Economics, Business and Accounting Research (IJEBAR)*, 8(4). <https://doi.org/10.29040/ijebar.v8i4.16172>

²⁰ Kurniawati, S., Saputra, I. I. E., Kurniasih, E. P., Lestari, N., & Taimoor, M. (2024). The Role of Educational Investment and Economic Openness in the Economic Growth of Member Countries of the Organization of Islamic Cooperation (OIC). *EcceS: Economics, Social, and Development Studies*, 11(1). <https://doi.org/10.24252/ecc.v11i1.41598>

²¹ Muchtar, M., Asy’ari, H., Rodoni, A., Amalia, E., & Hosen, M. N. (2024). Does a Free Trade Agreement’s Impact on the Export of Halal Food to OIC Countries Matter? Evidence from Indonesia. *Etikonomi*, 23(1), 147–166. <https://doi.org/10.15408/etk.v23i1.32951>

²² Herianingrum, S., Alan Nur, M., Rusgianto, S., Hapsari, M. I., Ergun, H., Firmansyah, F., & Febriyanti, A. R. (2024). Gravity model of trade approach: what drives Indonesia’s seafood export and its halal market potency in OIC (Organization of Islamic Cooperation) countries. *Journal of Islamic Marketing*, 15(8), 2016-2035. <https://doi.org/10.1108/JIMA-07-2023-0226>

²³ Hakim, M. F., & Amaliyah, R. (2024). Competing Global and Local Halal Standards: Indonesia’s Strategy in Increasing Halal Food Exports After Ratifying SMIIIC. *Journal of Digital Marketing and Halal Industry*, 6(2). <https://doi.org/10.21580/jdmhi.2024.6.2.23610>

²⁴ Mohd Sokri, M. D. S., Abdul Manap, N. M., & Zainal, Z. (2025). The Influence of Political Stability on Malaysia’s Halal Food Exports to OIC Countries: Key Insights. *Social Science and Human Research Bulletin*, 2(04), 95-103. <https://doi.org/10.5281/zenodo.15165695>

contribute to a more autonomous and ethically grounded trade bloc. Integration strategies may also involve initiating sharia-based negotiations in global forums, developing robust international halal certification systems, and establishing Islamic trade financing institutions as alternatives to conventional financial mechanisms²⁵. These approaches, already underway in countries like Malaysia and the UAE, demonstrate the potential for a distinct Islamic trade model to emerge—one that not only preserves religious and cultural identity but also offers a viable solution to global trade inequities²⁶. Thus, by internalizing Islamic values within trade policy, OIC countries can lead efforts to construct a fairer, more balanced, and welfare-oriented global economic order²⁷.

Table: Comparative Analysis of WTO Trade Principles and Islamic Economic Ethics

WTO Trade Principle	Islamic Economic Ethical Principle	Conflict or Synergy	Policy Recommendation for OIC Countries
Trade Liberalization	Justice (‘Adl)	Justice (‘Adl)	Justice (‘Adl)
Market Efficiency and Deregulation	Balance (Mīzān)	Balance (Mīzān)	Balance (Mīzān)
Non-discrimination (MFN Treatment)	Universal Brotherhood (Ukhuwwah)	Universal Brotherhood (Ukhuwwah)	Universal Brotherhood (Ukhuwwah)
Intellectual Property Rights (TRIPS)	Public Welfare (Maṣlaḥah ‘Āmmah)	Public Welfare (Maṣlaḥah ‘Āmmah)	Public Welfare (Maṣlaḥah ‘Āmmah)
Free Capital Movement	Prohibition of Ribā (Usury)	Prohibition of Ribā (Usury)	Prohibition of Ribā (Usury)
Export Competitiveness			
Export Competitiveness	Trust (Amānah) and Fair Trading (Ṣidq)	Trust (Amānah) and Fair Trading (Ṣidq)	Trust (Amānah) and Fair Trading (Ṣidq)
Subsidy Restrictions (AoA)	Food Security and Welfare (Maṣlaḥah)	Food Security and Welfare (Maṣlaḥah)	Food Security and Welfare (Maṣlaḥah)
Liberalization of Services (GATS)	Liberalization of Services (GATS)	Liberalization of Services (GATS)	Liberalization of Services (GATS)

Case Examples of GATS Impact on Islamic Ethics

Case 1: Malaysia’s Dual Approach to Financial Liberalization

In response to its GATS commitments, Malaysia embraced liberalization of its financial sector while simultaneously developing a parallel Islamic financial system. The government implemented robust

²⁵ Muchtar, M., Rodoni, A., Amalia, E., & Warninda, T. D. (2025). The impact of the Indonesia–OIC countries’ free trade agreement on the halal food sector: CGE analysis. *Journal of Islamic Marketing*, 16(2), 428-446. <http://dx.doi.org/10.1108/JIMA-03-2023-0075>

²⁶ Kusuma, D. P., Khoirudin, & Nurkholidah, S. (2024). Muslim Consumer Protection Against The Inclusion Of Halal Labels Not Registered With BPJPH. *ASAS Jurnal Hukum Ekonomi Syariah*, 16(2), 190-202. <http://dx.doi.org/10.24042/asas.v16i2.23994>

²⁷ Nova Lita, H., Abdul Azis, N., & Mahmutovic, A. (2025). Legal Analysis of The Application of Islamic Economic Principles in International Trade Law to Realize Fair World Economic Development. *Fiat Justisia: Jurnal Ilmu Hukum*, 19(2), 131-152. <https://doi.org/10.25041/fiatjustisia.v19no2.3938>

frameworks for Islamic banking, *takaful* (Islamic insurance), and *sukuk* (Islamic bonds), supported by Bank Negara Malaysia's Shariah Advisory Council.²⁸ This allowed the country to attract global investors without compromising Islamic principles that prohibit *ribā* (usury) and excessive uncertainty (*gharan*). By promoting asset-based financing and ethical risk-sharing, Malaysia positioned itself as a global hub for Islamic finance.²⁹ This dual system ensured compliance with both WTO trade rules and Islamic economic ethics, demonstrating that liberalization can be ethically managed with thoughtful institutional design and shariah oversight.³⁰

Case 2: The UAE's Reorientation Toward Halal Tourism

The UAE's initial approach to tourism liberalization under GATS heavily leaned on luxury entertainment, including alcohol and gambling-based resorts, creating tension with Islamic values.³¹ However, in recent years, the UAE began repositioning segments of its tourism sector to align with halal principles. Initiatives include alcohol-free hotels, halal-certified food services, gender-segregated facilities, prayer accommodations, and Islamic cultural experiences.³² Dubai and Abu Dhabi have both launched campaigns to promote family-friendly and Islamic-themed tourism.³³ While the broader sector still includes ethically contentious services, this shift highlights the potential for OIC countries to selectively liberalize and ethically govern sectors like tourism, ensuring alignment with the *maqāṣid al-sharī'ah*—especially the protection of faith (*ḥifẓ al-dīn*) and public morality.³⁴

Case 3: Foreign Education Services in OIC States

Countries such as Indonesia, Pakistan, and Jordan have liberalized parts of their education services under GATS, allowing foreign universities and schools to operate domestically.³⁵ While this has expanded access to global curricula and advanced technologies, it has also introduced ethical concerns. Imported educational models often embed secular, individualistic, and profit-driven values, which may conflict with Islamic teachings centered on *tarbiyyah* (holistic development), spiritual ethics, and social accountability.³⁶ The lack of regulation regarding curriculum content can lead to value dissonance, especially in early

²⁸ Rozali, A., & Sidik, J. (2024). Islamic Banking: Dynamics and Comparison, Indonesia and Malaysia. In *Proceedings of the International Seminar on Border Region (INTSOB 2023)* (pp. 15-20). Atlantis Press. https://doi.org/10.2991/978-2-38476-208-8_4

²⁹ Lestary, D., Azimi, A., Jayanti, F., & Hidayat, S. (2025). Islamic banking in Indonesia and Malaysia: Comparative insights into sharia compliance, profitability, and governance. *JIFA: Journal of Islamic Finance and Accounting*, 7(2). <https://doi.org/10.22515/jifa.v7i2.10026>

³⁰ Affandi, S., Ja'afar, A. I., Ismail, F., & Abdul Shukur, N. (2024). BANK LENDING BEHAVIOR: EVIDENCE FROM MALAYSIAN DUAL BANKING SYSTEM. *ADVANCED INTERNATIONAL JOURNAL OF BANKING, ACCOUNTING AND FINANCE (AIJBAF)*, 3(8). Retrieved from <https://gaexcellence.com/aijbaf/article/view/971>

Hajar, A. (2024). Islamic Banking and Economic Development: Insights from Southeast Asia and the Middle East. *Sinergi International Journal of Islamic Studies*, 2(3). <https://doi.org/10.61194/ijis.v2i3.607>

³¹ Ratnasari, R. T., Sari, N. S., Ahmi, A., & Ismail, S. (2024). Research trends of halal tourism: a bibliometric analysis. *Journal of Islamic Accounting and Business Research, ahead-of-print(ahead-of-print)*, 2016-2035. <https://doi.org/10.1108/JIABR-08-2023-0246>

³² Ismail, I., Aunur Rofiq, & Yuniarti Hidayah Suyoso Putra. (2025). Halal Tourism Trend: A Systematic Literature Review. *Journal of King Abdulaziz University: Islamic Economics*, 38(1), 121–142. <https://doi.org/10.4197/Islec.38-1.6>

³³ Alimusa, L. O., Ratnasari, R. T., Ahmi, A., & Putra, T. W. (2024). Exploring the literature of halal and Islamic tourism: a bibliometric analysis. *Journal of Islamic Accounting and Business Research, ahead-of-print(ahead-of-print)*. <https://doi.org/10.1108/JIABR-07-2023-0200>

³⁴ Supardin, L., Suyanto, M., Hidayat, A., & Wijaya, T. (2025). A bibliometric analysis of halal tourism: future research agenda. *Journal of Islamic Accounting and Business Research*, 16(3), 566-584. <https://doi.org/10.1108/JIABR-01-2023-0028>

³⁵ Sibawaihi, Dwi Ratnasari, Sri Purnami, & Brooks, M. (2025). Internationalizing Islamic Higher Education in Indonesia: A Lesson Learned from Australia. *JURNAL PENDIDIKAN ISLAM*, 11(1). <https://doi.org/10.15575/jpi.v11i1.43950>

³⁶ Setyowati, R. D., Ningsih, D., & Pahrudin, A. (2024). Opportunities and Challenges of Islamic Education Management in Facing the Global Era. *Jurnal Manajemen, Kepemimpinan, dan Supervisi Pendidikan (JMKSP)*, 9(1), 167–180. <https://doi.org/10.31538/jmksp.v9i1.14227>

education. In response, some institutions have started integrating Islamic worldview modules and ethical instruction.³⁷ OIC states are now encouraged to create regulatory safeguards that preserve cultural and religious values, even when engaging in cross-border education trade.³⁸

CONCLUSION

In light of the ongoing crisis within the World Trade Organization (WTO) and the fragility of global supply chains, this study underscores the urgent need for OIC member states to restructure their trade and economic frameworks in alignment with Islamic ethical principles. While trade liberalization offers opportunities for growth, it often comes at the expense of justice, equity, and ethical integrity—core pillars of the Islamic economic system. The cases of Malaysia, the UAE, and Indonesia reveal that integrating Islamic ethics into liberal trade regimes is not only possible but necessary to protect the moral and economic interests of Muslim societies.

This research advocates for the systematic incorporation of *maqāṣid al-sharīʿah*—particularly justice (ʿadl), balance (mīzān), and public welfare (maṣlaḥah)—into trade policies, supply chain regulations, and global economic negotiations. OIC countries must transition from reactive participation in global markets to proactive leadership in building alternative trade models rooted in shariah compliance, halal value chains, and intra-OIC economic solidarity. By doing so, they can establish resilient, sustainable, and ethically sound supply chains that respond to contemporary geopolitical disruptions while preserving the spiritual and socio-economic objectives of Islam.

Ultimately, this approach offers a path forward—not only for strengthening the economic sovereignty of Muslim nations—but also for contributing a distinctive ethical framework to the reformation of global trade and supply chain governance.

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³⁸ Suryapermana, N., Maghfiroh, Z. A., & Syofrianisda. (2024). INTEGRATING ISLAMIC TEACHINGS AND THE NATIONAL CURRICULUM: A STRATEGY FOR DEVELOPING VALUE-BASED EDUCATION. *International Journal of Teaching and Learning*, 4(2). <https://doi.org/10.29080/ijoe.v4i2.1463>

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