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Sustainable Trade Governance in OIC Countries: Harmonizing International Commercial Law with Sharīʿah Economic Principles

Abstract: The increasing participation of Muslim-majority countries in the global trading system has raised important questions regarding the compatibility between international commercial law and Sharia-based economic principles. This article examines the prospects for developing sustainable trade governance in the Muslim world by harmonizing global trade regulations with the ethical and normative framework of Islamic economics. Using a qualitative doctrinal and analytical research approach, the study explores the theoretical foundations of Islamic economic principles—such as justice (ʿadl), prohibition of Riba, risk-sharing, ethical trade, and social welfare—and evaluates their relevance within contemporary international trade governance. The research further analyzes the structure and regulatory mechanisms of international commercial law and the role of global institutions, particularly the World Trade Organization, in shaping modern trade relations.

The study identifies key legal and institutional challenges faced by Muslim-majority countries when attempting to integrate Sharia-compliant economic practices within international trade frameworks. These challenges include

differences in financial structures, regulatory uniformity requirements, and the coexistence of dual legal systems combining modern commercial law with Islamic jurisprudence. Despite these tensions, the analysis highlights several areas of convergence between Islamic economic ethics and contemporary global discussions on sustainable and responsible trade governance. The article argues that Islamic economic principles offer valuable insights for promoting transparency, fairness, and social responsibility in global trade systems.

Furthermore, the research explores policy models and regulatory reforms that could facilitate the integration of Sharia-based economic values into modern trade governance. Strengthening institutional cooperation among Muslim-majority countries and enhancing engagement with international trade institutions may contribute to the development of more inclusive and ethically grounded trade frameworks. Ultimately, the study concludes that harmonizing international commercial law with Islamic economic principles can support sustainable economic development while ensuring that global trade practices remain aligned with the ethical values of Muslim societies.

Keywords: Islamic Economic Principles; Sustainable Trade Governance; International Commercial Law; Sharia-Based Economics; Global Trade Regulation.

Introduction

The contemporary global trading system is largely shaped by international legal frameworks that regulate cross-border commerce, investment, and economic cooperation. Institutions such as the World Trade Organization and numerous bilateral and multilateral trade agreements have established norms aimed at promoting market liberalization, economic efficiency, and predictable trade governance. While these frameworks have contributed significantly to the expansion of global trade, they also raise important questions regarding their compatibility with diverse legal and ethical traditions. In many Muslim-majority countries, economic activity is not only governed by national legislation and international commercial law but is also influenced by the principles of Islamic economic thought derived from the Qur'an, the Sunnah, and classical jurisprudence. As a result, the challenge of harmonizing international commercial law with Sharia-based economic principles has become an increasingly important topic in contemporary legal and economic scholarship. The growing integration of Muslim economies into the global

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trading system has intensified the need to explore governance models that reconcile global trade norms with the ethical and legal foundations of Islamic economic systems.[1]

Islamic economic principles emphasize justice, transparency, and social welfare as central elements of economic activity. Concepts such as the prohibition of **Riba (interest), the avoidance of excessive uncertainty (gharar), and the promotion of equitable distribution of wealth form the normative basis of Islamic economic thought. These principles are reflected in various financial and commercial practices such as profit-and-loss sharing arrangements, ethical investment, and socially responsible business conduct. Unlike purely profit-oriented economic frameworks, Islamic economic theory integrates moral considerations with market activity, aiming to balance individual enterprise with collective welfare. As Muslim-majority countries increasingly participate in global trade and international markets, the need to align these ethical principles with international commercial regulations becomes more pressing. Sustainable trade governance within the Muslim world therefore requires not only economic integration but also the preservation of the ethical foundations embedded within Islamic economic traditions.[2]

In recent decades, the rapid expansion of Islamic finance and the increasing economic influence of Muslim-majority countries have stimulated scholarly interest in the intersection between global trade law and Islamic economic principles. Organizations such as the Organization of Islamic Cooperation have sought to enhance economic collaboration among member states and promote the development of trade policies that reflect the values and priorities of Muslim societies. At the same time, many of these countries operate within international legal frameworks that are shaped by global institutions such as the World Trade Organization, which emphasizes non-discrimination, market access, and regulatory transparency. The coexistence of these systems often creates tensions between global economic norms and domestic legal frameworks influenced by Islamic jurisprudence. For example, regulatory issues related to Islamic finance, ethical investment standards, and the prohibition of interest-based financial transactions require careful legal interpretation within international commercial agreements. Addressing these tensions is essential for developing a sustainable model of trade governance that respects both international obligations and Islamic economic values.[3]

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[1] Al Azhari, F. U., & Al Azhari, S. I. (2025). Contemporary challenges in harmonizing Sharia, national legal systems, and international law in a rapidly changing world. *International Journal of Law and Social Sciences*, *1*(1), 130–150. https://doi.org/10.65960/ijlss.1.1.2025.4

[2] Al Azhari, F. U., Shah, S. H. M., Al Azhari, S. I., Rasool, F., Ahmed, R., Samad, A., & Rehman, A. (2025). The role of Islamic economic principles in family law: A study on inheritance and property rights within the context of child protection. *Global Islamic Research Journal*, *1*(1), 59–76. https://doi.org/10.65960/girj.1.1.2025.2

[3] Mustafa, A., Ishaque, M., Raza, R., Samiullah, & Raza, M. I. (2025). When culture meets Fiqh: Examining the legal authority of ʿUrf in contemporary engagement traditions. *Global Islamic Research Journal*, *1*(1), 1–21. https://doi.org/10.65960/girj.1.1.2025.6

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The concept of sustainable trade governance has gained increasing attention in recent years as policymakers and scholars seek to integrate economic growth with ethical responsibility and social sustainability. Within the Muslim world, this concept carries particular significance because Islamic economic thought has long emphasized principles of fairness, accountability, and social justice in economic relations. The integration of these principles into contemporary trade governance frameworks offers an opportunity to develop alternative models of economic regulation that prioritize long-term societal welfare alongside market efficiency. Such models may contribute to addressing global challenges such as economic inequality, financial instability, and unsustainable economic practices. By examining how Islamic economic principles can inform international commercial law, scholars and policymakers can explore pathways for constructing more inclusive and ethically grounded trade systems that resonate with the values of Muslim societies while remaining compatible with global economic structures.

This article therefore seeks to examine the prospects for harmonizing international commercial law with Sharia-based economic principles within the context of sustainable trade governance in the Muslim world. By analyzing the interaction between international legal frameworks and Islamic economic thought, the study aims to identify areas of convergence and potential mechanisms for regulatory integration. Particular attention is given to the role of legal reform, institutional cooperation, and policy innovation in facilitating this harmonization. Through a critical analysis of existing literature and contemporary developments in global trade governance, the research contributes to the broader discourse on how Islamic economic principles can engage constructively with international commercial law. Ultimately, the study argues that the development of sustainable trade governance frameworks that incorporate Sharia-based economic values has the potential to strengthen economic cooperation within the Muslim world while promoting ethical and responsible participation in the global trading system.

Methodology

This study adopts a qualitative doctrinal and analytical research methodology to examine the relationship between international commercial law and Sharia-based economic principles in the context of sustainable trade governance in the Muslim world. The research primarily relies on library-based research, analyzing both primary and secondary legal sources to explore the theoretical and practical dimensions of harmonizing global trade norms with Islamic economic ethics. Primary sources include international trade agreements, legal frameworks governing global commerce, and policy documents related to international trade regulation, particularly those associated with the World Trade Organization. In addition, classical and contemporary works on Islamic jurisprudence and Islamic economic thought are examined to identify the foundational principles that guide economic transactions within the Sharia framework.

The research also employs a comparative legal approach to analyze how selected Muslim-majority countries incorporate Islamic economic principles within their trade and

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commercial regulatory systems. This comparative analysis focuses on the interaction between international commercial obligations and domestic regulatory frameworks influenced by Sharia principles. Institutional initiatives and policy strategies promoted by organizations such as the Organization of Islamic Cooperation are also reviewed to understand regional efforts aimed at strengthening economic cooperation and developing trade governance models compatible with Islamic ethical norms.

Justice, Ethical Trade, and the Prohibition of Riba

The theoretical foundations of Islamic economic principles are deeply rooted in the broader ethical framework of Islam, which emphasizes justice (ʿadl), fairness, and moral accountability in economic transactions. Islamic economic thought is derived primarily from the Qur'an and the Sunnah of the Prophet Muhammad, as well as from the interpretive traditions of Islamic jurisprudence developed by classical scholars. Within this framework, economic activity is not viewed merely as a mechanism for profit generation but as a moral responsibility that must serve the broader objectives of social justice and collective welfare. The concept of justice occupies a central position in Islamic economic governance, guiding the regulation of trade, financial transactions, and wealth distribution. Islamic teachings consistently stress that economic relations must avoid exploitation, fraud, and unjust enrichment, ensuring that all participants in economic activity are treated with fairness and dignity.

One of the most significant principles within Islamic economic theory is the prohibition of Riba, commonly understood as interest or usury. This prohibition reflects the Islamic commitment to preventing economic injustice and the concentration of wealth through exploitative financial practices. Classical Islamic scholars interpreted riba as any predetermined increase on a loan or financial transaction that guarantees profit to one party without exposing them to risk. Such practices are considered incompatible with the ethical foundations of Islamic economics because they allow wealth to grow without productive economic activity or equitable risk-sharing. The prohibition of riba encourages financial systems that promote real economic engagement, such as trade, investment, and partnership-based transactions. Instead of interest-based lending, Islamic financial systems emphasize profit-and-loss sharing arrangements, in which both parties share the potential gains and risks associated with economic ventures.

Closely connected to the prohibition of riba is the broader Islamic emphasis on ethical trade and transparency in commercial transactions. Islamic teachings strongly condemn fraudulent behavior, deceptive practices, and excessive uncertainty (gharar) in economic dealings. Merchants and traders are expected to conduct business with honesty, integrity, and accountability, reflecting the ethical standards established in Islamic teachings. Historically, these principles played a crucial role in shaping the commercial culture of Muslim societies, particularly during the early and medieval periods when Muslim merchants participated in extensive trade networks across Asia, Africa, and Europe. Ethical trade practices contributed to the reputation of Muslim traders as reliable partners

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in international commerce and facilitated the spread of economic cooperation across diverse regions.

The concept of justice also extends to the regulation of market behavior and economic governance within Islamic societies. Islamic legal traditions recognize the importance of market regulation in preventing monopolistic practices, price manipulation, and economic exploitation. Historically, institutions such as the office of the *muḥtasib* were established to supervise market activities and ensure that trade practices adhered to ethical and legal standards. The *muḥtasib* monitored the accuracy of weights and measures, prevented fraudulent transactions, and ensured that commercial interactions remained consistent with Islamic ethical principles. Through such mechanisms, Islamic economic governance sought to maintain fairness and transparency in market operations while protecting the interests of both producers and consumers.

In contemporary discussions of global trade governance, the principles of justice, ethical trade, and the prohibition of riba continue to provide a normative framework for evaluating economic policies and financial systems. As Muslim-majority countries participate more actively in international trade and financial markets, these principles offer valuable guidance for designing regulatory frameworks that balance economic efficiency with ethical responsibility. By emphasizing fairness, transparency, and accountability, Islamic economic principles contribute to broader debates on sustainable and inclusive economic governance within the global trading system.[4]

Risk-Sharing and Social Welfare in Islamic Economic Governance

Another fundamental aspect of Islamic economic theory is the principle of risk-sharing, which serves as a cornerstone of Islamic financial and commercial practices. Unlike conventional financial systems that rely heavily on interest-based lending, Islamic economics promotes financial arrangements in which economic risks and rewards are shared among participants. This approach reflects the Islamic emphasis on fairness and mutual cooperation in economic relations. By encouraging partnerships and shared responsibility, risk-sharing mechanisms help ensure that economic gains are achieved through productive activities rather than speculative or exploitative practices.

Risk-sharing is implemented through various financial instruments and contractual arrangements developed within Islamic jurisprudence. For example, partnership-based models such as *mushārakah* and *muḍārabah* allow investors and entrepreneurs to collaborate in business ventures while sharing profits and losses according to predetermined agreements. In these arrangements, financial returns are directly linked to the success of the underlying economic activity, thereby aligning the interests of all parties involved. This

[4] de Oliveira, C. G. B., Albuquerque, O. D. P., Belotti, E. L., Silva, R. B. D. A., & Arbix, G. (2026). An analysis of facial recognition in banking disputes through data scraping from São Paulo court of appeal decisions.*Applied Soft Computing, 189*, 114500.https://doi.org/10.1016/j.asoc.2024.11450

model promotes entrepreneurship, encourages responsible investment, and reduces the likelihood of financial instability caused by excessive debt accumulation. By contrast, interest-based systems often shift financial risks disproportionately onto borrowers, creating structural inequalities and vulnerabilities within the economic system.

The emphasis on risk-sharing also contributes to the broader Islamic objective of promoting economic balance and social equity. Islamic economic thought recognizes that economic systems must address not only efficiency but also the equitable distribution of resources within society. Wealth accumulation without social responsibility is discouraged, and individuals are encouraged to contribute to the welfare of the community through charitable and redistributive mechanisms. One of the most important instruments for achieving social welfare in Islamic economics is the institution of *zakāt*, which requires eligible Muslims to contribute a portion of their wealth to support the poor and vulnerable members of society. This system of obligatory charity serves as a mechanism for redistributing wealth and reducing economic disparities within Muslim communities.

In addition to zakāt, voluntary charitable contributions (*ṣadaqah*) and philanthropic endowments (*waqf*) have historically played a significant role in supporting social welfare and public services within Islamic societies. Through these institutions, wealth was often directed toward educational institutions, healthcare facilities, infrastructure development, and support for marginalized groups. These mechanisms reflect the broader Islamic principle that economic prosperity must be accompanied by social responsibility and community solidarity. By integrating ethical considerations into economic governance, Islamic economic principles aim to create a balanced system that promotes both individual prosperity and collective well-being.

The emphasis on social welfare also aligns with contemporary discussions on sustainable development and responsible economic governance. Modern economic challenges such as income inequality, financial instability, and environmental degradation have prompted scholars and policymakers to explore alternative models of economic organization that prioritize long-term societal welfare. Islamic economic principles offer valuable insights into these debates by emphasizing ethical responsibility, social justice, and equitable resource distribution. The integration of these principles into global trade governance frameworks may contribute to the development of more inclusive and sustainable economic systems.[5]

Structure and Principles of International Commercial Law

International Commercial Law (ICL) constitutes a comprehensive body of legal rules and principles that regulate cross-border trade, commercial transactions, and

[5] Turner, S., & Tanczer, L. M. (2024).In principle vs in practice: User, expert and policymaker attitudes towards the right to data portability in the internet of things.*Computer Law & Security Review, 52*, 105912.https://doi.org/10.1016/j.clsr.2023.105912

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economic relations between states, corporations, and individuals. As globalization has intensified economic interdependence among nations, the need for standardized legal frameworks governing international commerce has become increasingly important. International commercial law seeks to facilitate predictable and efficient trade relations by providing legal norms that govern contracts, dispute resolution, investment, and market access. These rules are developed through a combination of international treaties, customary practices, multilateral agreements, and institutional regulations that collectively shape the legal architecture of global trade governance.

One of the most influential institutions in the regulation of global trade is the World Trade Organization, which provides the primary multilateral framework for international trade relations. Established in 1995, the WTO replaced the earlier General Agreement on Tariffs and Trade (GATT) and expanded the scope of global trade governance by introducing a comprehensive system for regulating trade in goods, services, and intellectual property. The WTO framework is built upon several core principles designed to promote fairness and transparency in international trade. Among these principles, the most prominent are non-discrimination, market access, and transparency. The principle of non-discrimination is embodied in the concepts of Most-Favored-Nation (MFN) treatment and national treatment, which require member states to treat trading partners equally and avoid discriminatory trade policies.

Another key component of international commercial law is the regulation of international trade contracts and commercial transactions. Cross-border trade involves complex contractual arrangements that must account for differences in legal systems, business practices, and regulatory environments. To address these challenges, international legal instruments and model laws have been developed to harmonize commercial practices across jurisdictions. For instance, the United Nations Commission on International Trade Law has played a significant role in developing standardized legal frameworks such as the UNCITRAL Model Law on International Commercial Arbitration and the Convention on Contracts for the International Sale of Goods (CISG). These instruments aim to reduce legal uncertainty and facilitate smoother commercial interactions between parties operating in different countries.

In addition to contractual regulation, international commercial law also governs mechanisms for resolving commercial disputes. Given the transnational nature of international trade, disputes between commercial actors often arise across different legal jurisdictions. To address this issue, international arbitration has become a widely accepted method of dispute resolution. Arbitration provides a neutral and flexible mechanism through which parties can resolve disputes without relying solely on domestic courts. Arbitration institutions and international conventions help ensure that arbitration awards are recognized and enforceable across multiple jurisdictions, thereby strengthening the reliability of international commercial agreements.

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Furthermore, international commercial law increasingly incorporates regulatory frameworks addressing new dimensions of global commerce, including digital trade, intellectual property protection, and investment regulation. As technology transforms global markets and economic activities become more interconnected, international legal frameworks continue to evolve in response to emerging challenges. This evolving legal architecture highlights the dynamic nature of international commercial law and its role in shaping the governance of global trade.[6]

Global Trade Governance and Market Liberalization

Global trade governance refers to the system of institutions, rules, and policy mechanisms that regulate international economic relations and facilitate the flow of goods, services, and capital across national borders. Over the past several decades, the global trading system has been characterized by a strong emphasis on market liberalization, which seeks to reduce trade barriers and promote economic integration among nations. Market liberalization policies include the reduction of tariffs, elimination of quantitative restrictions, and removal of regulatory obstacles that hinder international trade. These policies are intended to enhance economic efficiency, increase global competitiveness, and stimulate economic growth through expanded market opportunities.

The role of the World Trade Organization in promoting trade liberalization is particularly significant. Through successive rounds of negotiations, WTO member states have committed to lowering trade barriers and establishing rules governing trade practices. Agreements such as the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) illustrate the expanding scope of global trade governance beyond traditional trade in goods. These agreements address critical aspects of modern economic activity, including services, technology, and intellectual property protection. By establishing common standards and obligations, global trade governance seeks to create a stable environment in which international commerce can flourish.

In addition to multilateral trade agreements, regional trade agreements (RTAs) and bilateral trade partnerships also play an important role in shaping global trade governance. Many countries participate in regional economic blocs or free trade agreements that facilitate trade cooperation among member states. These arrangements often complement multilateral trade frameworks by addressing specific economic interests and regional priorities. While regional agreements may vary in scope and structure, they generally share the objective of promoting economic integration and strengthening trade relations between participating countries.

[6] Sudirman, L., Sohheng, N., Agustianto, Agustini, S., & Nurlaily. (2025). Legal protections against unfair competition in e-commerce: Analysis of Indonesian and Thailand framework adequacy. *Jurnal Hukum Novelty*, *16*(1), 27–42. https://doi.org/10.26555/novelty.v16i1.a28510

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Despite its contributions to economic development, the process of market liberalization has also generated debates regarding its impact on domestic economic systems and regulatory autonomy. Critics argue that excessive liberalization may undermine national regulatory frameworks, particularly in developing countries where domestic industries may struggle to compete in global markets. Furthermore, the uniform application of international trade rules may create tensions with local legal traditions, cultural values, and ethical considerations. For many Muslim-majority countries, these challenges are particularly relevant when international commercial regulations intersect with economic principles derived from Islamic jurisprudence.

Within this context, the concept of sustainable trade governance has emerged as an important framework for balancing economic growth with social responsibility and ethical considerations. Sustainable trade governance emphasizes the need for trade policies that promote not only economic efficiency but also social justice, environmental protection, and equitable development. This approach recognizes that trade policies must consider broader societal objectives rather than focusing solely on market expansion.

For Muslim-majority countries, integrating Islamic economic principles into global trade governance represents both a challenge and an opportunity. Islamic economic thought emphasizes ethical conduct, fairness in trade, and the prevention of exploitative financial practices. These principles align with broader discussions on sustainable and responsible economic governance in the global economy. By exploring ways to harmonize international commercial law with Sharia-based economic values, policymakers and scholars can contribute to the development of trade governance models that reflect both global legal standards and the ethical foundations of Islamic economic thought.

Legal and Regulatory Tensions between Global Trade Rules and Sharia Economic Norms

The increasing integration of Muslim-majority countries into the global trading system has generated significant legal and regulatory challenges, particularly in reconciling international trade regulations with the ethical and jurisprudential foundations of Islamic economics. International trade law, shaped largely by institutions such as the World Trade Organization, promotes principles of market liberalization, non-discrimination, and regulatory standardization. While these principles facilitate global economic integration and trade efficiency, they may sometimes conflict with the normative framework of Islamic economic thought, which emphasizes ethical governance, prohibition of exploitative financial practices, and social justice in economic transactions. As Muslim-majority countries participate more actively in global trade regimes, policymakers and legal scholars face the complex task of harmonizing these two systems without undermining either international obligations or religious-economic values.

One of the most significant areas of tension arises from the prohibition of Riba, which is a central principle of Islamic economic jurisprudence. Islamic law strictly prohibits

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interest-based financial transactions because they are considered unjust and exploitative. However, the modern global financial system—closely linked to international trade and investment—is largely built upon interest-based lending mechanisms. International trade financing, cross-border investment, and banking systems frequently rely on conventional financial instruments that involve interest payments. This structural difference creates difficulties for Muslim-majority countries attempting to participate fully in global financial markets while maintaining compliance with Islamic economic principles. Although Islamic finance institutions have developed alternative mechanisms such as profit-sharing partnerships, leasing arrangements, and asset-based financing, integrating these models into international trade frameworks remains a complex legal challenge.

Another challenge involves the principle of regulatory uniformity promoted by international trade agreements. Global trade governance often requires member states to adopt standardized regulatory frameworks to ensure consistency and transparency in trade practices. However, Islamic economic systems operate within a distinct legal and ethical paradigm derived from the Qur'an, Sunnah, and classical jurisprudence. These principles sometimes require regulatory approaches that differ from conventional market-based frameworks. For example, Islamic economic governance emphasizes fairness in pricing, prohibition of excessive speculation (gharar), and the prevention of monopolistic practices that could harm public welfare. While many of these principles align with broader goals of ethical economic governance, their implementation within modern trade regimes may require legal interpretations that differ from the standardized rules embedded in international trade agreements.

Furthermore, differences in legal interpretation and institutional authority also contribute to the complexity of harmonizing international trade law with Sharia economic principles. Islamic jurisprudence is characterized by diverse schools of thought and interpretive methodologies, which may produce varying perspectives on economic regulations and commercial practices. As a result, Muslim-majority countries may adopt different approaches to integrating Islamic economic principles into their national legal systems. This diversity can create challenges for achieving regulatory coherence within international trade frameworks that require uniform compliance with global standards. Consequently, policymakers must navigate both domestic legal pluralism and international regulatory obligations when attempting to harmonize Islamic economic values with global trade law.

Institutional and Policy Challenges in Muslim-Majority Countries

In addition to legal tensions, institutional and policy-related challenges also play a significant role in the difficulty of harmonizing international trade law with Sharia-based economic systems. Many Muslim-majority countries operate within dual legal frameworks, where modern commercial laws coexist alongside Islamic legal principles that influence economic governance. This duality often reflects historical developments, including colonial legal influences and post-independence legal reforms that introduced Western-

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style commercial regulations. While these systems facilitate participation in the global trading system, they may also create inconsistencies between domestic legal norms and the ethical principles of Islamic economics.

For instance, several Muslim-majority countries maintain conventional banking and financial systems that operate alongside Islamic financial institutions. While Islamic finance has grown significantly over the past few decades, it still represents a relatively small portion of the global financial system. Integrating Islamic financial mechanisms into international trade finance requires supportive regulatory frameworks, specialized institutions, and harmonized legal standards. In many cases, the absence of standardized regulatory frameworks for Islamic finance across different jurisdictions complicates efforts to integrate Sharia-compliant financial instruments into global trade transactions.

Institutional capacity also represents a critical factor in addressing these challenges. Effective harmonization between international trade law and Islamic economic principles requires robust regulatory institutions capable of interpreting complex legal frameworks and implementing policy reforms. Some Muslim-majority countries face limitations in regulatory expertise, institutional coordination, and legal infrastructure, which may hinder their ability to adapt global trade regulations to local economic contexts. Strengthening institutional capacity through legal reform, regulatory training, and international cooperation is therefore essential for developing sustainable models of trade governance that integrate Islamic economic principles.

Another important challenge concerns policy coordination among Muslim-majority countries. Although many countries share common Islamic economic values, their economic policies and trade strategies often differ significantly due to variations in political systems, economic development levels, and regulatory priorities. Organizations such as the Organization of Islamic Cooperation have attempted to promote economic cooperation and trade integration among member states. However, achieving consensus on regulatory reforms and trade governance strategies remains a complex task. Differences in national economic interests and domestic policy frameworks may limit the effectiveness of regional initiatives aimed at harmonizing trade regulations with Islamic economic principles.

Moreover, the evolving nature of global trade introduces additional challenges that require careful consideration within the context of Islamic economic governance. Issues such as digital trade, intellectual property regulation, and global supply chain governance have become increasingly prominent in international commercial law. Addressing these emerging areas requires legal frameworks that are both adaptable and consistent with Islamic ethical principles. Muslim-majority countries must therefore engage actively in international trade negotiations and legal reforms to ensure that their economic interests and normative values are adequately represented in the evolving global trade system.

Despite these challenges, efforts to harmonize international trade law with Sharia economic principles also present significant opportunities. The ethical foundations of

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Islamic economics—such as fairness, transparency, and social responsibility—align with contemporary discussions on sustainable and inclusive economic governance. As global policymakers increasingly recognize the importance of ethical considerations in economic regulation, Islamic economic principles may contribute valuable insights to the development of more balanced and socially responsible trade frameworks.[7]

Policy Models for Integrating Sharia-Based Economic Values into Trade Governance

The concept of sustainable trade governance has gained increasing prominence in contemporary global economic discourse as policymakers seek to balance economic growth with ethical responsibility, social justice, and long-term stability. Within the Muslim world, this concept holds particular significance because Islamic economic thought has historically emphasized moral accountability, fairness in trade, and the equitable distribution of resources. The integration of Sharia-based economic values into modern trade governance therefore represents an important opportunity for Muslim-majority countries to develop economic systems that align global commercial practices with Islamic ethical principles. Sustainable trade governance in this context refers to the creation of regulatory and institutional frameworks that promote economic development while adhering to the foundational principles of Islamic economic ethics.

Islamic economic governance is built upon a normative framework that prioritizes justice, transparency, and social welfare. Principles such as fairness in market transactions, prohibition of Riba, and the avoidance of excessive uncertainty (gharar) guide the ethical structure of Islamic commercial practices. These principles aim to ensure that economic activities contribute to collective well-being rather than merely maximizing individual profit. In the context of global trade, integrating these values requires the development of policy models that incorporate ethical standards into trade regulations and financial systems. Such models may involve encouraging Sharia-compliant financial instruments, promoting ethical investment practices, and strengthening regulatory oversight to ensure transparency in commercial transactions.

One promising approach involves the expansion of Islamic finance as a complementary mechanism within international trade systems. Islamic financial instruments such as profit-and-loss sharing partnerships, asset-based financing, and trade-based contracts provide alternatives to conventional interest-based financial models. By linking financial returns to real economic activities, these mechanisms promote economic stability and reduce speculative financial practices that can destabilize markets. As Muslim-majority countries increasingly participate in international trade, integrating Islamic finance into trade financing structures can facilitate cross-border commerce while

[7] de Oliveira, C. G. B., Albuquerque, O. D. P., Belotti, E. L., Silva, R. B. D. A., & Arbix, G. (2026).Ananalysis of facial recognition in banking disputes through data scraping from São Paulo court of appeal decisions.*Applied Soft Computing, 189*, 114500.https://doi.org/10.1016/j.asoc.2024.114500

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maintaining compliance with Islamic economic principles. This integration also aligns with broader global discussions on ethical finance and responsible investment.

Another important policy dimension involves the incorporation of Islamic ethical standards into trade governance frameworks. Ethical trade policies may include mechanisms for ensuring fair competition, protecting consumers, and preventing exploitative economic practices. Historically, Islamic market regulation emphasized honesty in trade, accurate measurement, and transparency in commercial dealings. Reviving these ethical principles within contemporary trade governance can contribute to the development of more sustainable and socially responsible economic systems. For example, regulatory frameworks may encourage businesses to adopt ethical supply chain practices, fair labor standards, and environmentally responsible production methods, all of which resonate with the Islamic emphasis on justice and social responsibility.

Furthermore, sustainable trade governance in the Muslim world requires aligning national economic policies with international trade obligations. Muslim-majority countries participate in global trade frameworks shaped by institutions such as the World Trade Organization, which promote market access, transparency, and non-discrimination in international commerce. Developing policy models that harmonize these global trade rules with Islamic economic principles requires careful legal interpretation and institutional coordination. Policymakers must ensure that domestic regulatory reforms support both international economic integration and the preservation of Islamic economic values.[8]

Regulatory Reforms and Institutional Cooperation in the Muslim World

In addition to policy innovation, achieving sustainable trade governance in the Muslim world requires comprehensive regulatory reforms and enhanced institutional cooperation among Muslim-majority countries. Many of these countries operate within hybrid legal frameworks that combine modern commercial laws with elements of Islamic jurisprudence. While such systems allow participation in the global trading system, they may also create regulatory inconsistencies that complicate the implementation of Sharia-based economic principles. Addressing these challenges requires legal reforms that strengthen the integration of Islamic economic values within national trade policies and regulatory institutions.

Regulatory reforms may involve the development of specialized legal frameworks that support Islamic finance, ethical investment, and Sharia-compliant commercial practices. Establishing clear regulatory guidelines for Islamic financial institutions can facilitate their participation in international trade financing and cross-border investment activities. Standardizing Sharia-compliant financial regulations across jurisdictions can also help reduce legal uncertainty and promote greater confidence among international

[8] Anthony, D., & Stanhaus, A. (2026). Disrupting the information order in health care: Institutions, policy regimes, and the value of data. *Social Science and Medicine*, *395*, Article 119023. https://doi.org/10.1016/j.socscimed.2025.119023

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investors and trading partners. By strengthening regulatory clarity, Muslim-majority countries can enhance the credibility and competitiveness of their trade governance systems in the global marketplace.

Institutional cooperation among Muslim-majority countries also plays a critical role in advancing sustainable trade governance. Regional organizations and intergovernmental platforms provide opportunities for coordinated policy development and knowledge sharing. For example, the Organization of Islamic Cooperation has taken initiatives to promote economic collaboration and trade integration among its member states. Through coordinated economic strategies, member countries can develop shared regulatory standards that reflect Islamic economic values while facilitating cross-border trade within the Muslim world.

In addition to regional cooperation, collaboration with international institutions and regulatory bodies is essential for ensuring the effective integration of Islamic economic principles into global trade governance. Muslim-majority countries must engage actively in international trade negotiations and policy discussions to ensure that their economic interests and normative frameworks are adequately represented. Participation in global regulatory forums allows these countries to contribute to the development of trade policies that accommodate diverse legal and cultural perspectives. By advocating for ethical and sustainable economic practices within international institutions, Muslim-majority countries can help shape the future direction of global trade governance.

Capacity building and knowledge development also represent important aspects of institutional reform. Strengthening academic research, legal scholarship, and policy expertise related to Islamic economics and international trade law can provide valuable insights for policymakers and regulators. Universities, research institutions, and think tanks within the Muslim world can play a key role in developing innovative policy solutions that integrate Islamic economic principles with modern trade governance frameworks. Such intellectual engagement can contribute to the development of more sophisticated regulatory models that address both domestic economic priorities and global trade challenges.

Moreover, sustainable trade governance requires a broader commitment to ethical economic development and social welfare. Islamic economic thought emphasizes that economic growth must be accompanied by social responsibility and equitable resource distribution. Policies that promote inclusive economic participation, support small and medium-sized enterprises, and encourage socially responsible investment can contribute to more balanced economic development within Muslim-majority countries. By integrating

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these principles into national trade strategies, policymakers can ensure that economic progress benefits a wider segment of society.[9]

Conclusion

The increasing integration of Muslim-majority countries into the global economic system has created both opportunities and challenges for aligning international commercial law with Sharia-based economic principles. As global trade governance continues to evolve under frameworks shaped by institutions such as the World Trade Organization, Muslim economies must navigate the complex relationship between international legal obligations and the ethical foundations of Islamic economic thought. This article has examined the theoretical foundations of Islamic economic principles, the structure of international commercial law, and the legal and institutional challenges involved in harmonizing these two systems. The analysis demonstrates that while differences exist between conventional trade regulations and Islamic economic norms, there are also significant areas of compatibility that can support the development of sustainable trade governance.

Islamic economic principles emphasize justice, transparency, risk-sharing, and social welfare as fundamental elements of economic activity. These principles provide an ethical framework that promotes fairness in trade and discourages exploitative financial practices such as Riba. At the same time, international commercial law seeks to create a predictable and efficient system for regulating global trade through rules related to market access, non-discrimination, and regulatory transparency. Although the two systems originate from different legal traditions, their shared emphasis on fairness, accountability, and economic stability suggests that meaningful harmonization is possible. Integrating Islamic economic values into global trade governance may therefore contribute to the development of more balanced and ethically grounded economic systems.

The study also highlights the institutional and regulatory challenges faced by Muslim-majority countries in implementing such harmonization. Differences in financial structures, legal frameworks, and regulatory capacities often create barriers to integrating Sharia-compliant economic practices within global trade regimes. However, these challenges can be addressed through policy reforms, institutional strengthening, and enhanced cooperation among Muslim-majority countries. Organizations such as the Organization of Islamic Cooperation can play an important role in facilitating regional collaboration and promoting economic initiatives that reflect Islamic ethical values while supporting international trade integration.

Furthermore, the concept of sustainable trade governance offers an important framework for bridging the gap between international commercial law and Islamic economic principles. By incorporating ethical considerations, social responsibility, and

[9] Ariawan. (2025). Regulatory barriers to consumer protection in digital marketplaces. *Journal of Human Rights Culture and Legal System*, *5*(3), 806–832. https://doi.org/10.53948/jhcls.v5i3.214

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inclusive economic development into trade governance, policymakers can develop regulatory models that promote both economic growth and societal well-being. Islamic economic thought, with its emphasis on justice and social welfare, provides valuable insights for addressing contemporary challenges such as financial instability, economic inequality, and unsustainable market practices.

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Author Contributions Statement

The author conceptualized the research topic, developed the theoretical and methodological framework, conducted the legal and qualitative analysis, interpreted the findings, and prepared the manuscript. The author was also responsible for drafting, reviewing, editing, and finalizing the article for publication.

CONFLICT OF INTEREST

The authors declare that there are no financial, professional, institutional, or personal relationships that could be construed as potential conflicts of interest regarding the research, authorship, or publication of this article.

AI USAGE STATEMENT

The author declares that artificial intelligence (AI), including large language models such as ChatGPT, was used solely as an assistive tool during the writing process, specifically for grammar checking, sentence structuring, and editorial refinement. All analyses, data interpretations, academic arguments, and research conclusions are entirely the author's own work. The use of AI was conducted in accordance with academic ethical principles and was not intended to replace critical thinking or the originality of the scholarly work. Any references or information obtained with the assistance of AI were independently verified and cited correctly in accordance with academic standards. The author affirms that the use of AI does not violate plagiarism policies, academic integrity, or any institutional regulations.

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