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Value-Based Trade Competitiveness: Maqāṣid al-Sharīʿah, VBI, and the Challenges and Opportunities for OIC Countries

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ABSTRACT

Purpose – This study examines the structural challenges and emerging opportunities shaping international trade among Islamic countries within the context of global economic transformation. **Methodology** – Employing a descriptive qualitative approach based on literature from international institutions and scholarly sources, the analysis integrates conventional trade theory, competitive advantage perspectives, and Islamic economic principles grounded in Maqāṣid al-Sharīʿah and Value-Based Intermediation (VBI). **Findings** – The findings indicate that OIC member states continue to face persistent constraints, including low export diversification, non-tariff barriers, fragmented halal certification systems, technological disparities, and limited readiness for digital and green economic transitions. These challenges collectively weaken trade competitiveness and inhibit effective participation in global value chains. Conversely, significant opportunities arise from the expansion of digital trade, renewable energy development, Islamic finance innovation, and strengthened intra-OIC cooperation. **Conclusion** – The study argues that integrating Islamic value-based frameworks with structural and technological reforms can enhance competitiveness, promote sustainability, and support a more coherent trade governance system. **Contribution/Novelty** – The contribution of this research lies in providing a comprehensive analytical framework that links empirical trade dynamics with normative Islamic principles, thereby offering strategic insights for developing value-oriented, inclusive, and resilient international trade policies among Islamic countries.

INTRODUCTION

International trade plays a central role in driving global economic growth and serves as a strategic mechanism for enhancing welfare among nations (Krugman et al., 2018). For the Islamic world, trade is not only an economic activity but also a means of promoting social justice, equitable distribution, and welfare in accordance with Islamic ethical principles (Asutay, 2012; Chapra, 2018). Countries within the Organization of Islamic Cooperation (OIC) hold substantial potential, representing more than 25% of the global population and approximately 12% of world trade (OECD, 2023). However, despite this demographic and strategic advantage, their overall contribution to global value chains remains suboptimal (IsDB, 2024).

Between 2015 and 2025, the trade performance of OIC countries has been influenced by structural imbalances, dependence on primary commodity exports, and limited diversification (UNCTAD, 2023). These vulnerabilities are exacerbated by fluctuations in global energy prices, geopolitical tensions, and shifts in global protectionism (World Bank, 2024a). Non-tariff barriers—such as high logistics costs, fragmented halal certification systems, and inadequate digital and financial infrastructure—further impede regional economic integration (Hussain et al., 2020; Wilson & Liu, 2021).

At the same time, global economic transformation driven by digitalization, Industry 4.0, and the green transition presents substantial opportunities for Islamic economies (Schwab, 2019; UNEP, 2024). The rising importance of fintech, e-commerce, and digital payment systems presents new opportunities for enhancing competitiveness and connectivity across the Muslim world (Mashoene et al., 2025; Ramadhan et al., 2025). These developments align with Islamic economic principles, which emphasize maslahah (public interest), justice (‘adl), and ethical conduct in markets.

The conceptual foundations of Islamic economics—particularly the Maqāṣid al-Sharī‘ah framework—underscore the imperative of ensuring human welfare, protecting wealth, and promoting fairness in economic transactions (Dusuki & Abdullah, 2007). In contemporary financial systems, this ethical dimension is complemented by the Value-Based Intermediation (VBI) approach, which integrates financial value creation with social and environmental responsibility by combining Shariah principles with sustainability goals, aligning with maqāṣid al-sharīʿah and the UN Sustainable Development Goals through the Triple Bottom Line framework (Miras, 2025). Despite the growing body of research on OIC trade performance (e.g., Ula, 2024; Yeisa & Rani, 2020), gaps remain in linking international trade analysis with Islamic normative principles and in assessing the implications of digital and green transitions for the Islamic world, particularly as OIC countries need to improve logistics performance and leverage Islamic finance solutions to support green economy objectives and digital transformation initiatives (ICD & LSEG, 2024).

Thus, this study aims to analyze the dynamics of international trade among Islamic countries by integrating economic, technological, and Islamic value-based perspectives. By combining empirical evidence with normative reflection, the research seeks to provide a more comprehensive understanding of the strategic position of Islamic countries in the evolving global trading system and to propose value-based pathways for enhancing fairness, competitiveness, and sustainability.

LITERATURE REVIEW

The literature on international trade and Islamic economic governance offers several foundational perspectives that are relevant to understanding the structural, institutional, and normative dynamics shaping trade performance among OIC countries. This section synthesizes three significant scholarship streams: (1) conventional and modern international trade theory, (2) competitiveness and globalization frameworks, and (3) Islamic economic principles, particularly Maqāṣid al-Sharī‘ah and Value-Based Intermediation (VBI).

1. Conventional International Trade Theory

Classical international trade theory is rooted in the views of Adam Smith (1776) and David Ricardo (1817), which emphasize the importance of absolute superiority and comparative advantage. Smith stated that a country should focus its production on goods that can be produced more efficiently than in other countries. Meanwhile, Ricardo emphasized that trade will still benefit both parties if each country specializes in products that have an opportunity cost lower than those of others, a principle that continues to form the foundation of modern international trade theory, even as the digital economy reshapes global trade patterns (Ouyang, 2024).

In subsequent developments, Heckscher-Ohlin (1933) extended this theory through the factor endowment model, which posits that differences in the ownership of factors of production, such as labor, capital, and natural resources, determine trade patterns between countries. Countries with abundant production factors will export goods that are intensive in their use of these factors.

In the context of Islamic countries, this theory is relevant for explaining the export pattern that is still dominated by raw commodities and fossil fuels. However, this dependence creates economic vulnerability, as evidenced by the fact that two-thirds of developing countries remained commodity-dependent during 2021-2023, with many earning over 80% of their export revenues from primary commodities, due to high price fluctuations and the low added value of export products (UNCTAD, 2024). Therefore, classical trade theory needs to be reviewed in light of institutional factors, innovation, and ethical values that influence the direction of modern global trade, particularly as traditional theories prove insufficient in fully explaining contemporary trade phenomena, including digital trade and the need for economic diversification (Prado, 2024).

2. Theory of Competitive Advantage and the Challenges of Globalization

The Theory of Competitive Advantage, put forward by Michael Porter (1990), emphasizes that a country's competitiveness is not only determined by its natural resources, but also by its innovation capacity, efficiency, and industrial strategy. Porter introduced the Diamond Model, which includes four main determinants: factor conditions, demand conditions, related industries, and company strategy and structure, with contemporary research integrating this framework with resource-based perspectives to analyze how factor conditions and firm resources jointly influence competitive advantage and location decisions in the modern economy (Andy et al., 2025). These four factors form a productive ecosystem that supports increased export value and global competitiveness.

In the context of globalization, this theory has evolved into a paradigm known as the "knowledge-based economy," which prioritizes technology, innovation, and digitalization as the primary sources of competitiveness, with empirical evidence showing that knowledge, technology infrastructure, and future readiness are critical determinants of national digital competitiveness (Torres & Godinho, 2025). Countries with rapid technological adaptability tend to have a stronger position in global trade. However, for many Islamic countries, challenges arise due to limited digital infrastructure, high logistics costs, and policy fragmentation among OIC countries. Research indicates that developing countries encounter significantly higher trade costs due to inadequate transportation infrastructure and subpar logistics performance (Amankwah-Amoah et al., 2025).

Therefore, the modern theory of competitive advantage requires structural reforms and Islamic cross-border collaboration to strengthen supply chains, enhance logistics efficiency, and leverage digital technology as a catalyst for trade. This concept becomes relevant when integrated with Islamic ethical principles that emphasize the balance between economic growth and social justice.

3. *Maqāṣid al-Sharī'ah* Theory and Value-Based Intermediation (VBI)

From an Islamic economic perspective, trade is an activity that has spiritual and social value, not just a profit-oriented economic activity. Theory Maqāṣid al-Sharī'ah, as explained by al-Ghazālī (1937) and developed by al-Shāṭibī (1997), emphasizes the five main objectives of sharia: to protect religion (ḥifẓ al-dīn), soul (ḥifẓ al-nafs), sense (ḥifẓ al-'aql), descendants (ḥifẓ al-nasl), and treasures (ḥifẓ al-māl), with contemporary applications demonstrating that incorporating Maqasid into modern economic systems leads to more sustainable and socially responsible economic practices that are responsive to the needs of contemporary society (Isnaini & Sugara, 2024). In the context of trade, maqāṣid directs economic activities to avoid the practices of usury, gharar, and exploitation, and is oriented towards the collective benefit (Chapra, 2018).

Meanwhile, the concept of Value-Based Intermediation (VBI), introduced by Bank Negara Malaysia (2018), represents a modernization of the maqāṣid principle in the contemporary economic system, with VBI demonstrating significant potential to redefine the role of Islamic finance in promoting sustainable economic, social, and environmental development by prioritizing long-term societal and ecological benefits over short-term gains and aligning with UN Sustainable Development Goals (Abdul Kadir et al., 2024). VBI emphasizes the creation of monetary value that aligns with social and environmental values. In the context of international trade, the implementation of VBI entails ensuring that the processes of export-import, trade finance, and cross-border investment are carried out with sustainability, justice, and social responsibility in mind."

The integration of *Maqāṣid al-Sharī'ah* and VBI theories in international trade analysis enables Islamic countries to establish a competitive and equitable economic system**.** This paradigm bridges the gap between the goal of economic efficiency (as in conventional theory) and the moral value of humanity (as taught in Islam). Thus, the success of international trade among Islamic countries is not only measured by the export surplus, but also by the extent to which the trade generates benefits, promotes sustainability, and fosters shared prosperity.

Despite a substantial body of literature on global trade and Islamic economics, key gaps remain. First, empirical studies on OIC trade primarily focus on macroeconomic indicators, with limited integration of Islamic normative frameworks. Second, the implications of digital transformation, Industry 4.0, and green economic transitions for Islamic countries remain underexplored. Third, few studies propose integrated models that combine structural, technological, and ethical dimensions of trade competitiveness. These gaps underscore the need for a comprehensive, value-based analytical framework that bridges conventional economic theory with Islamic principles.

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METHOD

This study employs a descriptive qualitative research approach framed within a library research design. A descriptive, qualitative approach is suitable for inquiries that aim to understand phenomena through detailed narratives, interpretive reasoning, and contextual explanations, rather than numerical testing or statistical modeling (Doyle et al., 2020). This design allows the researcher to capture conceptual nuances, policy orientations, and analytical arguments embedded across a wide range of textual sources. As noted in qualitative methodology, descriptive qualitative research is particularly effective when the goal is to produce a comprehensive summary of events, concepts, or processes in everyday terms while still maintaining methodological rigor (Hall & Liebenberg, 2024).

The study adopts a library research method to systematically gather, evaluate, and interpret written materials relevant to the topic. Library research is characterized by the use of existing texts as primary data, enabling the researcher to synthesize diverse bodies of literature into a coherent analytical framework (George, 2021). This method is appropriate for studies that rely on conceptual evaluation and documentary analysis rather than field-based data. The data collection process adheres to established procedures for literature-based inquiry, including source identification, relevance screening, and analytical extraction of key information (Booth et al., 2016). To ensure breadth and depth, materials are selected from academic journals, institutional publications, policy documents, and authoritative reports, following the principles of systematic and transparent literature selection (Snyder, 2019).

Data collected in this study consist entirely of secondary sources, which are evaluated through a structured literature review protocol. The review process follows methodological guidelines that recommend iterative searching, critical appraisal of source credibility, and comprehensive synthesis of themes relevant to the research focus (Cheong et al., 2023). The criteria for source selection emphasize recency, institutional reliability, and scholarly validity. The reliance on secondary data is methodologically sound in qualitative document-based research because it allows researchers to integrate insights from multiple expert-produced materials, thereby ensuring a robust interpretive foundation (Moilanen et al., 2022).

The data analysis technique employed is thematic content analysis, a method widely used in qualitative studies that focuses on extracting meaning from textual data (Braun & Clarke, 2019). Thematic content analysis enables the identification of recurring patterns across documents through a systematic process of coding, categorization, and theme development. The analytical procedure follows several steps: (1) initial familiarization with all collected documents through repeated reading, (2) inductive and deductive coding to capture salient ideas, (3) grouping similar codes into conceptual categories, and (4) constructing overarching themes that reflect the study's interpretive aims. The use of this method aligns with qualitative best practices for ensuring credibility, dependability, and transparency in the analysis of secondary data (Nowell et al., 2017). Furthermore, the iterative nature of thematic analysis allows the researcher to refine categories as new patterns emerge during the review process, supporting a coherent synthesis of findings (Kogen, 2024).

The combination of a descriptive qualitative approach, library research design, systematic literature review, and thematic content analysis provides a rigorous and methodologically sound framework for examining the research topic. This methodological configuration ensures that the study is grounded in credible sources, adheres to established qualitative protocols, and provides an analytically rich interpretation based on systematic textual analysis.

RESULTS AND DISCUSSION

1. Structural and Economic Performance of International Trade Among Islamic Countries

The empirical landscape of international trade among Organization of the Islamic Cooperation (OIC) countries reveals persistent structural vulnerabilities that hinder integration into global value chains. Recent data from the World Bank (2024a) show that the share of OIC member states in international merchandise trade has stagnated between 11–13% over the past decade, with intra-OIC trade oscillating around 20–22%, indicating weak internal market connectivity relative to other regional blocs such as the European Union or ASEAN. This stagnation corresponds with the structural concentration of exports in low-complexity commodities, especially hydrocarbons, metals, and raw agricultural products (IMF, 2023). The economic overreliance on primary resources increases exposure to external shocks and limits incentives to develop high-value manufacturing sectors.

A key structural barrier is the low diversification of export baskets in many OIC countries. More than two-thirds of OIC economies exhibit narrow product specialization, with countries highly dependent on oil (e.g., Saudi Arabia, Iraq, and Nigeria) or low-value agricultural products (e.g., Sudan and Bangladesh) facing difficulties integrating into advanced manufacturing or digital services supply chains (SESRIC, 2023). This lack of diversification has significant implications for long-term competitiveness, particularly in a global economy that is increasingly shaped by technological innovation and environmental sustainability standards, where export growth relies heavily on integrating knowledge and utilizing cutting-edge technology in domestic production (Mokhtari Moughari & Daim, 2023).

Logistical infrastructure remains another systemic impediment. Many OIC countries, particularly in Sub-Saharan Africa and lower-income regions, face significant infrastructure development challenges, including inadequate transport networks, port congestion, and underdeveloped port facilities. Countries like the UAE and Gulf states lead in infrastructure quality, while others lag considerably (COMCEC, 2024). Weak institutional coordination—particularly in cross-border documentation and product classification through non-harmonized customs procedures—exacerbates delays and increases transaction costs, though studies show that improvements in trade facilitation measures and logistics performance can generate substantial trade gains, with potential export increases of up to 20% when logistics performance reaches global benchmarks (ITFC, 2022). As a result, OIC exporters with lower logistics performance face reduced efficiency in connecting to major international hubs such as Singapore, Rotterdam, and Shanghai.

Human capital limitations further constrain trade performance. The widening digital divide and gap in digital competencies among developing countries threaten to leave them in the technological wake, with research identifying critical gaps in managerial skills, innovation capabilities, and digital competencies that require stronger collaboration and capacity-building to accelerate the digital economy (UNCTAD, 2023). SMEs in emerging markets, including Muslim-majority economies, face particular challenges with digital readiness encompassing technological, managerial, and implementation capabilities, which inhibit their ability to meet international standards and participate in high-value export markets (Pingali et al., 2023). Taken together, the structural data underscore that trade challenges extend beyond economic metrics and reflect more profound institutional and capability-related deficits that require coordinated policy reforms.

2. Policy Fragmentation, Digital Gaps, and Halal Ecosystem Challenges

The second set of findings highlights the role of fragmented policy regimes, uneven digitalization, and the lack of a unified halal ecosystem as significant constraints to trade integration. Cross-national policy inconsistency—particularly regarding tariff structures, non-tariff measures, and import–export documentation—continues to weaken collective bargaining power within global markets (OECD, 2023). The development of intra-OIC trade faces several legal, institutional, and physical constraints. Many OIC countries implement varying rules concerning standards, labeling, and customs clearance, resulting in significant regulatory asymmetry that restricts trade fluidity and undermines efforts to achieve the target of a 25% intra-OIC trade share (ICDT, 2023).

One of the most prominent manifestations of policy fragmentation is the absence of an internationally harmonized halal certification framework. Despite the global halal market being projected to reach US$3.2 trillion by 2025 (Global Islamic Economy Report, 2023), divergent certification processes create duplicative costs, distrust in compliance, and barriers to entry. Malaysia's JAKIM, Indonesia's BPJPH, and the Gulf Accreditation Center follow different standards, often requiring multiple certifications for a single product, with financial constraints, regulatory complexities, and limited awareness identified as significant barriers that deter micro and small enterprises from participating in cross-border halal trade (Al Azroh et al., 2025; Fathoni et al., 2025). This reduces competitiveness and discourages SMEs from participating in cross-border halal trade."

Digitalization represents a transformative opportunity, yet adoption remains uneven. Data from the World Bank's Digital Development Report (2024b) indicate that the average broadband access in OIC countries is approximately 62%, which is below the global average of 78%. The digital gap is particularly pronounced in Sub-Saharan Africa and parts of South Asia, where limited infrastructure restricts e-commerce participation and integration into digitally enabled trade systems (SESRIC, 2023). Digital trade facilitation tools—such as single-window customs systems, blockchain-based certification, and digital identity platforms—remain underutilized, preventing OIC members from leveraging efficiency gains (COMCEC, 2022).

Environmental and sustainability-related trade barriers are increasing as global regulations become more stringent. The introduction of the European Union's Carbon Border Adjustment Mechanism (CBAM) imposes new compliance pressures on OIC exporters, especially those in energy-intensive industries. Many Islamic countries are not yet prepared to undertake carbon accounting, environmental reporting, or the adaptation of green technologies at scale (UNEP, 2024). Institutional governance indicators further exacerbate these issues; the World Governance Indicators (WGI, 2023) reveal that many OIC members rank below the 50th percentile in regulatory quality, transparency, and the rule of law—factors that significantly impact trade credibility and investor confidence.

3. Emerging Opportunities in Digitalization, Green Economy, and Islamic Finance

Despite structural and policy-related barriers, Islamic countries are presented with significant emerging opportunities to strengthen global competitiveness. The demographic advantage—nearly 1.9 billion Muslims, representing a vast consumer and labor base—positions OIC countries to expand domestic markets and reinvigorate intra-regional trade (UNDP, 2025). Their strategic geographic placement along historical and contemporary trade corridors enhances potential integration into global supply chains, particularly through initiatives such as China's Belt and Road Initiative.

Digitalization constitutes a significant opportunity for transformation. Leading OIC economies such as the UAE, Saudi Arabia, and Malaysia have taken steps to establish digital innovation hubs, fintech regulations, and halal e-commerce platforms. For instance, Malaysia's blockchain-based halal traceability platforms demonstrate how technology can streamline certification, facilitate transparency through immutable records, and improve cross-border logistics by ensuring every step complies with Shariah principles from farm to table (Zailani et al., 2024). Similarly, Saudi Arabia's regulatory sandbox framework and fintech regulations allow innovation while ensuring Shariah compliance through robust regulatory frameworks overseen by SAMA and CMA (Khan & Joy, 2025). These initiatives also resonate with core Islamic values such as transparency (amanah), fairness ('adl), and avoidance of uncertainty (gharar), suggesting that digitalization can strengthen both economic efficiency and ethical compliance.

The green economy transition provides another emerging opportunity. Many OIC countries possess substantial renewable energy potential, including solar energy in North Africa and the Middle East, wind energy in Central Asia, and hydropower in Southeast Asia. Aligning these resources with global sustainability frameworks and Islamic principles on environmental stewardship can strengthen competitiveness in low-carbon industries, with empirical evidence showing that Islamic financial assets significantly support green investments and sustainability by reducing CO2 emissions in OIC countries (Irfany et al., 2024). Recent studies (UNEP, 2024) indicate a rising interest in renewable energy projects among investors, particularly when supported by Sharia-compliant instruments."

Islamic finance is strategically positioned to support sustainable trade and commerce. The Value-Based Intermediation (VBI) framework, as outlined by Bank Negara Malaysia (2018), provides a financial architecture that is grounded in ethics, social impact, and environmental responsibility, with VBI requiring Islamic banking to transform from profit-oriented to value-oriented approaches that are closer to fundamental Shariah principles and global sustainability objectives (Alifia & Fakhriah, 2024). Instruments such as green sukuk, supply-chain murābahah, and trade-oriented mushārakah provide alternative financing models that align with maqāṣid al-sharī'ah, particularly the objectives of protecting wealth (ḥifẓ al-māl), ensuring justice, and promoting welfare (maṣlaḥah). Together, these emerging opportunities highlight the potential for Islamic economies to transition from resource-dependency to innovation-driven and value-based competitiveness.

4. Normative, Ethical, and Strategic Directions Guided by Maqāṣid al-Sharī'ah

The normative dimension grounded in maqāṣid al-sharī'ah offers a strategic ethical foundation for examining international trade dynamics among Islamic countries. Economic activity is not merely a pursuit of material gain; rather, it embodies principles of justice ('adl), welfare (maṣlaḥah), balance (tawāzun), and accountability (amanah). Current empirical realities—ranging from inequality to environmental degradation—suggest a tension between economic expansion and the ethical values at the core of Islamic economic governance (Chapra, 2008).

Strengthening trade requires aligning contemporary policies with the holistic objectives of maqāṣid al-sharī'ah. At the macro level, this involves developing integrated trade policies, harmonizing regulatory frameworks, and establishing shared standards across OIC members. Initiatives such as the Trade Preferential System among OIC Member States (TPS-OIC), which became effective from July 2022 and is based on the Framework Agreement, PRETAS protocol, and Rules of Origin, provide a foundation for shared economic diplomacy, although their impact remains limited without deeper institutional integration (COMCEC, 2023).

Islamic values also underscore the importance of governance reform. Enhancing transparency, reducing corruption, and improving regulatory clarity are essential steps to increasing investor confidence and ensuring long-term trade stability. The maqāṣid principle of protection of wealth (ḥifẓ al-māl) requires fair market rules, efficient legal systems, and accountable public institutions, which can be achieved through integrated Islamic ethical governance mechanisms incorporating 'adl (justice), amanah (trust), shura (consultation), and the integration of modern technologies such as blockchain to support transparency and accountability in public resource management (Abdurrahman, 2025).

Human capital development stands as a strategic priority. The principle of protecting intellect (ḥifẓ al-'aql) necessitates investing in technological skills, research capacity, and digital literacy to enable Muslim-majority countries to participate effectively in the knowledge economy, reconceptualizing talent development not merely as an economic asset but as a value-driven pursuit informed by Islamic ethics, innovation, and educational advancement (Sutihat & Pramuka, 2025). Creating Islamic Economic Innovation Hubs—integrating universities, policymakers, and industry—would provide a platform for developing ethical, sustainable, and technologically advanced trade models.

Ultimately, Islamic normative principles do not hinder economic competitiveness; instead, they provide a coherent framework for ensuring that trade growth aligns with justice, sustainability, and human dignity. This value-driven orientation positions Islamic economies to contribute a distinctive ethical perspective to the global trading system.

Building upon the four thematic findings, the results of this study converge into a coherent explanatory model that illustrates the multi-layered determinants of trade competitiveness in Islamic countries. As shown in Figure 1, trade outcomes are shaped not only by structural drivers (e.g., diversification, logistics infrastructure, human capital) and policy–institutional arrangements (e.g., regulatory harmonization, digital governance, environmental standards), but also by countries' capacity to leverage innovation pathways in digitalization, green technology, and Islamic fintech. Importantly, in the OIC context, these economic and institutional mechanisms intersect with Islamic ethical governance—particularly maqāṣid al-sharī'ah and Value-Based Intermediation principles—which orient trade systems toward justice, sustainability, and welfare enhancement.

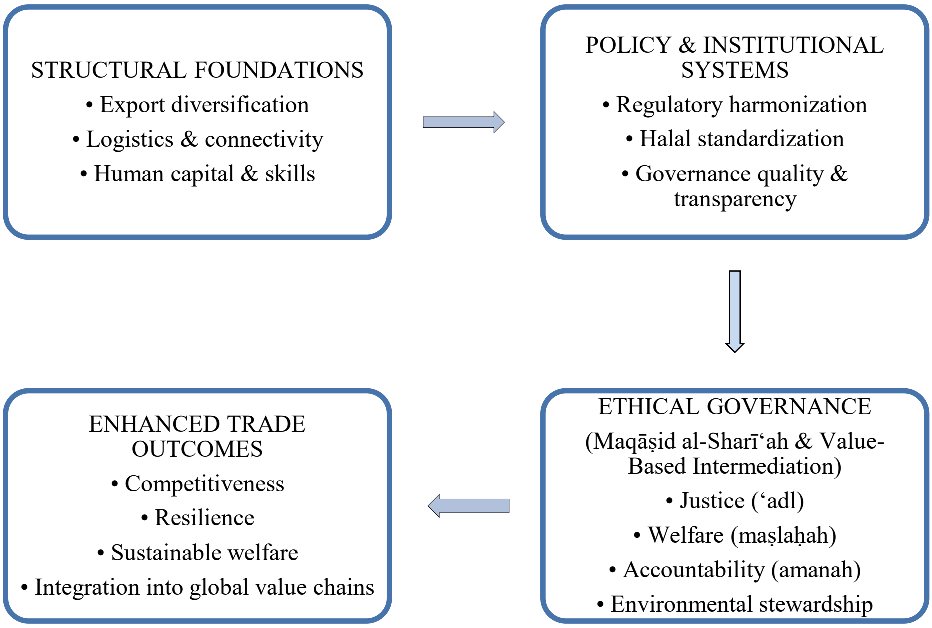

Figure 1. Conceptual Model: Integrated Value-Based Trade Competitiveness Framework

This integrated model synthesizes the empirical patterns summarized earlier in Table 1 and provides a theoretically grounded pathway for strengthening long-term trade competitiveness across Islamic economies.

Table 1. Structural Constraints and Emerging Opportunities in International Trade Among Islamic Countries

Dimension	Key Findings	Implications
Structural Performance	Low diversification, logistics inefficiencies, and reliance on primary commodities	Reduced competitiveness and vulnerability to external shocks
Policy and Governance	Fragmented regulations, weak halal standardization, and governance deficits	Higher transaction costs and regulatory uncertainty
Digital & Green Opportunities	Digital platforms, renewable energy potential, Industry 4.0	Possibility for leapfrogging and technological upgrading
Islamic Normative Framework	Maqāṣid al-sharīʻah, VBI principles	Ethical grounding for sustainable trade governance

CONCLUSION

This study set out to examine the structural constraints and emerging opportunities shaping international trade among Islamic countries, with a particular focus on how economic, institutional, technological, and normative factors interact to influence competitiveness. The findings demonstrate that the trade performance of many OIC member states remains hindered by low export diversification, persistent logistics inefficiencies, and continued dependence on primary commodities. These structural limitations are further compounded by fragmented regulatory regimes, inconsistent halal standardization, and governance deficits that elevate transaction costs and weaken the predictability of cross-border trade.

At the same time, the analysis reveals that Islamic countries possess meaningful opportunities for upgrading through digitalization, renewable energy, and Industry 4.0 innovations. Emerging platforms for digital trade, advancements in green technology, and the growth of Islamic fintech present viable pathways for leapfrogging traditional development bottlenecks. However, the realization of these opportunities depends on coherent policy systems, efficient institutional coordination, and sustained investment in human capital.

A distinctive contribution of this study lies in the integration of Islamic ethical principles—particularly maqāṣid al-sharīʻah and Value-Based Intermediation (VBI)—into the assessment of trade governance. These principles extend the discussion beyond material performance by incorporating justice, welfare enhancement, environmental stewardship, and ethical accountability into the design of trade systems. When aligned with structural, policy, and technological drivers, Islamic ethics enable a more holistic approach to trade competitiveness that is socially grounded and future-oriented.

This study affirms that strengthening trade performance in the Islamic world requires a dual strategy: (1) addressing long-standing structural and institutional constraints through diversification, logistics upgrading, regulatory harmonization, and capacity building; and (2) leveraging innovation and Islamic ethical governance to promote sustainability, resilience, and welfare enhancement. Future research should further test the proposed model using comparative data across OIC regions and investigate how digital and green transitions can be operationalized within value-based frameworks. By advancing an integrated and ethically grounded approach, this study contributes to the broader discourse on how Islamic countries can position themselves competitively in an increasingly complex and rapidly evolving global trade environment.

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