

"Intra Ummah Trade" And Its Role In The Stability Of Muslim Countries

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ABSTRACT

One of the main development required for the prosperity of humans in the world is economic development. Enhancing economy in turn requires trade. For the Muslim world to put up with all the other countries of the world while also bearing the Islamic principles, the most feasible option is trade with other Muslim countries. In the paper we will be concerned with several benefits of Intra Ummah trade. The article will examine the importance of intra ummah trade for stability of Muslim countries, Current situation of intra ummah trade in light of facts and figures, Possibilities of intra ummah trade in current era. Intra ummah trade assumes for Muslim countries to enhance their domestic productivity and efficacy in the international forums. It will also protect them from external economic exploitation but there may be external challenges for Muslims countries in business world. Which will be face up by beauty of tolerance and patient.

INTRODUCTION

Ummah is an Arabic word meaning "community". It is distinguished from sha'b (شعب), which means a nation with common ancestry or geography. Thus, it can be said to be a supra-national community with a common history. It is a synonym for ummat al-Islām ('the Islamic community'); it is commonly used to mean the collective community of Islamic people. (1) In the Quran the ummah typically refers to a single group that shares common religious beliefs, specifically those that are the objects of a divine plan of salvation. (2) So ummah refers to the whole Muslim worlds. Trade involves the transfer of goods and services from one person or entity to another often in exchange for money. In early time people exchanged goods and services for other goods and services without using money. This type of transaction is one of the most important and oldest transaction in the history. Just as people individually engage in trade in the same way countries also take part in such transactions. Countries cannot be strong and independent unless their economic and social relation are of high caliber.

LITERATURE REVIEW

Importance:

According to global map the Muslim world known as ' Ummah ' stretches from North West Africa (Morocco) to South East Asia (Indonesia). Muslim countries control the main gateways of the world trade and occupy strategically important area.

Intra ummah trade means trade between the Muslims countries. There is a lot of importance of intra ummah trade. The main features is that this trade will be interest free trade because there are certain rules of trade in Islam and it is mandatory for Muslim to follow these rules. And according to these rules interest is Haram for Muslim so if a Muslim countries does trade with a non-Muslim country, it cannot follow this rule because non-Muslim can't accept these rules. And it has been made certain to us in Quran and hadith that interest is haram.

"O you who believe! Fear Allah and give up what remains [due to you] of interest, if you should be true believers." (3) Jabir (R.A) narrated that the Holy Prophet (Peace be upon him), cursed the receiver and the payer of Riba, the one who records it and who witnesses to the transaction and said: "They are all alike (in guilt)" (Trimidi)

Intra ummah trade will pave the way to Islamic banking system. Islamic banking system means system which is in consonance with the spirit, ethos and value system of Islam and governed by the

principles laid down by Islamic Shariah. Islamic banks use equality participation systems, which is similar to profit sharing. So in trade between Muslim countries and non-Muslim it is not possible to trade according to Islamic banking system. Islam strongly advocates for Muslims unity and intra ummah trade is one of the means to achieve that. Muslims are supposed to work together towards a common goal set by the Quran and shown by the Prophet (PBUH). "The Believers are but a single Brotherhood" (4) The Quran and the Sunnah of the Prophet (PBUH) require Muslims to work for the unity of the Ummah.

The Quran is very clear about it:

"And hold fast, all of you together, to the Rope of Allah (i.e. this Quran), and be not divided among"(5)

Intra ummah trade accelerate political convergence between Muslim countries.

If we have intra ummah trade then in crisis situation it is most beneficial for Muslims because in economical crisis Islam tell rich people to help poor people just like in the times of caliph Usman (RA) when famine came then Usman RA distributed the wheat on the 100 camels to the poor without demanding any money.

In strong intra ummah trade Muslim can make their own currency just like today American dollars are used in whole world.

Overview of intra ummah trade:

Islamic world can develop intra ummah trade. According to the Annual Report on Trade among OIC member countries, "efforts of member countries of OIC added to the growth of the volume of intra-OIC and foreign trade although they cope with the economic and geopolitical situation. Moreover, there were economic issues such as the parity of the US dollar against local currencies and fluctuations in commodity prices.

In 2018, the share of OIC countries in total exports of developing countries accounted to 25.3%. In 2017, it was 23.6%. In 2016, collective share of OIC countries in total exports of world merchandise declined to 8.8%. Since 2005, it was the lowest ratio that has been seen due to fall in commodity prices. In 2017, it reached 9.3% and in 2018 10.2%. (7) There was a rise in total merchandise imports of OIC countries. "It accounted to US\$ 1.8 trillion in 2018, whereas it was US\$ 1.7 trillion in 2017. However, the share of OIC countries in global merchandise imports slightly declined. It accounted to 9.2% in 2018 while it was 9.6% in 2017. The share of OIC countries declined in total imports of developing countries. It shared 24.1% in 2018 whereas 25.3% in 2017. The majority of total exports from the OIC countries remained concentrated in a few countries such as United Arab Emirates, Malaysia, Saudi Arabia, Turkey and Indonesia. Since 2000, trade among OIC countries has been progressively growing. "In 2018, intra-OIC merchandise exports accounted to 16.9% (US\$ 339 billion) of the total merchandise exports of OIC whereas it was 11.8% (US\$64 billion) in 2000. The intra-OIC merchandise imports also rose up as its share was 14% (US\$56 billion) in 2000 and 18.8% (US\$333) in 2018. (9)

The BBC quotes an outcome of a World Islamic Economic Forum, conducted with the support of the OIC. It reveals that: „Trading between OIC countries is worth about \$800bn (£456) – no more than 7% of global trade as a whole. According to another source, the total volume of trade within the Muslim

Countries is only 12 percent of the total trade of these countries with the rest of the world. In spite of its slow growth, it is to some extent encouraging that with the passage of time, intra-Ummatic trade is on the rise as the same figure in 1998 was 10 percent. The statistics compiled by the Islamic Development Bank show that the proportionate of intra-Ummatic export was 12.2 percent while the same figure for import was 14.4. The data presents a mixed picture of Muslim countries intra-Ummatic trade. For instance, in case of Djibouti, Somalia, Lebanon and Jordan the proportions of intra-Ummatic trade were 89, 74, 53 and 44 percent. In contrast, there were some other countries, e.g., Sierra Leon, Bangladesh, Qatar, Malaysia and Indonesia where these figures were only 2, 4, 6, 7 and 9 percent, respectively. The encouraging sign is that an established Islamic financial website. Indicates that during 2005, the top-100 companies from the Muslim World showed strong growth in their businesses. The total revenue of these companies was eight percent of the global top-100 companies. The source also revealed that the Islamic financial industry was growing and that financial cooperation between various Muslim countries was on the rise (14)

Challenges:

Intra ummah trade between Muslim countries are limited. They prefer their economic ties with industrialized and developing countries. The leading trade partners of Muslim countries are non-Muslim countries especially China, India, USA and European countries etc. The fact that non-Muslims trade with Muslims and attain economic benefits and then use these earnings against Muslim Ummah is agonizing.

Moreover whenever someone have tried to challenge the hold of global superpowers on the international trade they have faced a strong resistance from the superpowers in the shape of economic

trade sanctions, political aloneness of the certain country and direct or indirect use of force against the country we have seen that with the likes of Gaddafi in Libya , Saddam Hussein in Iraq and Iran. Other than these there are other issues such as economic,social and cultural challenges that plays a part in minimizing the Intra-Ummah trade

METHODS

This study employs a qualitative research design that involves secondary data analysis. The data were systematically gathered from published reports by the OIC, SESRIC, and the Islamic Development Bank, covering the period from 2000 to 2020. Trade data were assessed through descriptive comparative analysis, while textual sources were subjected to thematic content analysis. The theoretical framework combines Islamic economic principles with regional theories of economic cooperation. Limitations include dependence on publicly available data and the absence of primary empirical research.

RESULT AND DISCUSSION

Current state of intra ummah trade:

According to the annual report on Trade among the OIC members states executive members Covid-19 pandemic impacted intra- OIC trade between 2019 and 2020. A decrease of 21.2% ranging from USD 700.1 billion in 2019 to USD 552.8 billion in 2020 was caused by the significant drop in trade estimated at more than USD 1billion of the following countries: United Arab Emirates, Saudi Arabia, Sudan, Iran, Algeria, Nigeria, Malaysia, Oman, Indonesia and Qatar, due to the restrictions and supply chains' disruption adopted by several OIC countries. Besides, the concentration on domestic markets in order to satisfy the populations' needs. The major actors of intra-OIC trade are: the United Arab Emirates, Turkey, Saudi Arabia, Malaysia, Indonesia, Egypt, Iraq, Oman, Pakistan and Iran which recorded 70% of intra-OIC trade in 2020.Indeed, intra-OIC exports have felt by 17.4% reaching a volume of USD 373.3 billion in 2019 against 266.6 billion in 2020 due to the reduction of exports directed to the member States:

United Arab Emirates, Saudi Arabia, Sudan, Iran, Algeria, Nigeria, Malaysia, Oman, Indonesia and Qatar at least one billion US dollars.

The key exported products between OIC member States are: mineral fuels, pearls, plastic articles, animal and vegetal oils, iron and steel, mechanical machinery and electrical articles, aluminum, tourism cars and fruits.

Intra-OIC imports recorded a decrease of 12.6% during this period, decreasing from USD 327.6 billion in 2019 to USD 286.2 billion in 2020 due to the important decline of importing more than two billion from: Indonesia, Egypt, Pakistan, United Arab Emirates and Bangladesh.

The imported products among OIC countries are predominated by the same intra-OIC exported products in 2020.

To sum up, intra-OIC trade is concentrated in the following regions: the countries of Asian Countries GCC that have accumulated a market share of 33.3% followed by GCC countries with a total of 27.5%, Middle East countries (26%), Sub-Saharan African countries (7.7%), and the Arab

Maghreb Union countries (5.5%). Moreover, the share of intra-OIC trade have been affected heavily due to Covid-19, and it has declined by 5.4%from 18.95% in 2019 to 17.93% in 2020 because of the price fluctuation of energy products, medical and mining products, the dollar exchange rate, disturbance of international supply chains, as well as the drop of tourism revenue which is the source of currencies for several member States.

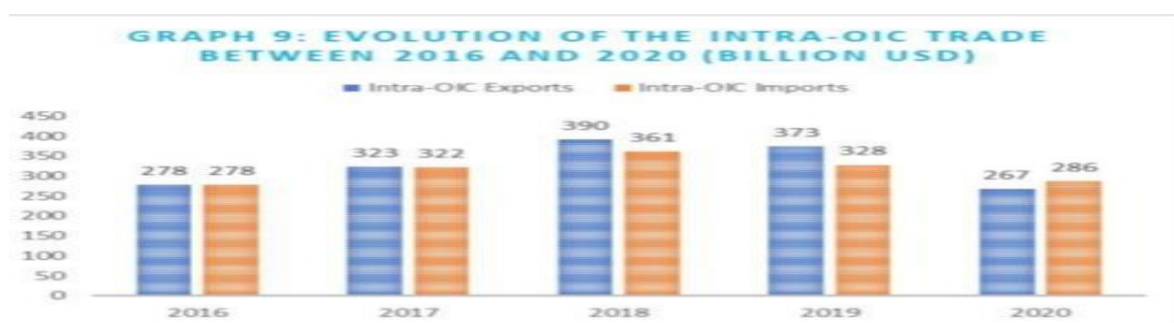


Figure 1

Tabel 1 Evolution of trade OIC Member States between 2016 and 2020Table1: Evolution of trade of OIC Member States between 2016 and 2020*
2020*: forecasts

	2016	2017	2018	2019	2020*	Evolution 2016-2020	Evolution 2019-2020
World Exports	1,391.73	1,607.37	1,741.59	1,869.31	1,544.47	10.97%	-17.38%
Intra-OIC Exports	278.38	322.81	390.46	373.31	266.6	-4.23%	-28.58%
Share	20.00%	20.08%	22.42%	19.97%	17.26%	-13.70%	-13.56%
World Imports	1,599.44	1,644.10	1,839.31	1,826.33	1,539	-3.78%	-15.73%
Intra-OIC Imports	277.94	321.52	361.04	327.56	286.23	2.98%	-12.62%
Share	17.38%	19.56%	19.63%	17.94%	18.60%	7.03%	3.70%
World trade	2,991.17	3,251.47	3,580.90	3,695.64	3,083.47	3.09%	-16.56%
Intra-OIC Trade	556.32	644.33	751.5	700.87	552.83	-0.63%	-21.12%
Intra-OIC Trade Share	18.69%	19.82%	21.02%	18.95%	17.93%	-4.07%	-5.40%

CONCLUSION

We can solemnly conclude from this paper that Intra-Ummah trade is eminent we can see the increase from the OIC report, this is also need of the day by the virtue that the global trade leaders oppress Muslims in there countries Presently, India is oppressing Muslims in Kashmir whereas Israel is doing the same in Palestine, China is also oppressing Uighyrs Muslims in western China. Thus, Muslims must strengthen each other financially by the promotion of intra-trade.

We have also established that the global Ummah will individually face many challenges but the whole Ummah if work together can rise beyond global pressure. Therefore the Muslims should unite and give a humble thought and practical application to Intra Ummah trade.

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