

Trade Policy in an Islamic Perspective

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Received: 17 September 2021; Revised: 5 October 2021;
Accepted 15 October 2021; Publication: 30 December 2021

Abstract: This paper discusses the trade policy and trade performance in the context of Muslim countries. Firstly it provides an Islamic approach to trade policy matters. Trade policy in Islam is explained in third world perspective. Secondly, the effect of trade policy regimes on trade performance in these economies is analysed. The study underlines the need for a fair and free international trading system. Similarly, the study draws the inference that liberal trade policies have resulted in high economic growth rates even in Muslim countries all over the world. Therefore, for the attainment of better economic development and welfare trade policies are to be free and fair.

Keywords: Trade Policy, Islamic Countries, Third World, Trade Performance.

Introduction

Trade policy is an important economic policy instrument particularly in the recent periods for attaining high economic growth and development. The difficulty with respect to Islamic trade policy is that the right approach even in a developing country perspective is yet to be decided. This paper discusses the trade policy matters in an Islamic perspective. The remaining of the paper gives Islamic trade policy discussion in two sections.

The main purposes of this article are to:

1. State the volume and structure of international trade of Muslim countries.
2. To deal specifically with the type of trade policies actually practiced by Muslim countries for economic development.
3. To deal specifically with the impact of trade policies adopted by various Muslim countries on their balance of payments and on the rate and structural pattern of their economic development.
4. To deal with the impact of WTO agreement and Globalisation on trade policies of the Muslim countries

I. Trade Policy: An Islamic Perspective

As an introduction now let us explain briefly some statements in modern

economical language so as to reveal what is meant by an Islamic perspective in the area of trade policy.

1. We know that Islamic civilization has occupied commanding heights of glory since sixth century A.D. Islam has ample solutions as to how to conduct trade, how to make payments, how to impose proper tariff, and how to relate to existing world trade system. After industrial revolution there was a persistent increase in the volume of trade in a big manner by the increasing requirements of the people. Large scale production necessitated to meet this increasing requirement. Naturally world trade in all countries especially in Islamic countries increased which has been treated as the formidable solution to get growth and development.
2. Islam believes in free flow of commodities and services. In other words, Islam prevents that no distortion should occur in trade because these distortions will result in big problems world over. Free flow of trade that Islam believes was originated from the basis of free trade policy as propounded by Mercantilist and Physiocrats very long back. They stated that gold should be imported without any restriction and that was stated as symptom of development. Trade should be undertaken not purely based on the operation of market mechanism. Free flow of commodities and services here means by reducing the restrictions or barriers of trade. Then it will be definitely benefited to developing countries by the free flow of resources internationally. The free flow of resources has benefits in both importation and exportation between countries.
3. Trade policy measures are not to be distorted for the benefit of a particular class of people. This is a serious crime against humanity. The tariff and non-tariff barriers have to be used judiciously for the fair conducting of trade and the gain from trade should be properly shared among all the trading partners. Here the argument is not that there should be distortions in international trade. But the contention of the statement is that there should be some liberal approach in the magnitude of restrictions imposed on international trade. World over now we can see that international trade is undertaken through liberalized approaches that can be very well evident from recent liberal experiments of foreign trade implemented all over the world.
4. Islamic principles clearly emphasise that individuals or countries should not be discriminated in the matter of economic activities. The conducting of economic activities should be based on fairness.

The distortion of worldly material affairs will lead only to the negation of Tawhid or Oneness of God. At present the international trade field, there is a decisive role played by Islamic nations. Actually international trade is a matter of welfare of the people all over the world and that should not, in any way, be looked upon on individual basis. Here there is no any possibility for individual or national discrimination.

Economic growth is the crux of any developmental strategy. The planners and policy makers in a country look for appropriate trade policies in order to attain economic performance. The dominant role played by foreign trade in activating the developmental process in an economy has been well discussed in the economic literature. But the debate as to the judicious mix of inward looking protective trade policy and outward oriented open trade policy is not yet over. In the context of liberalisation of the global economy, the discussion has an added importance (Kareem 1997). More recent research (Krugman 1993) throw light on the inefficiency and high cost of the protective regime. These studies highlight the inefficient legacy which these protective policies left, and which run into loss of Billions of US dollars. Distortion of incentives, fragmentation of markets, monopoly power and rent seeking are the most frequent evidences shown against protective trade policy. The computation (Greenaway and Milner 1993) of Effective Rate of Protection (ERP) Domestic Resource Cost (DRC) and Computable General Equilibrium (CGE) method for many Asian, Latin American and African countries throw more light on the plight imposed on these economies with millions remaining in colossal poverty, unemployment, miseries and agonies. More recent experience shows that the shift of policy emphasis towards export-oriented liberal trade has resulted in higher growth than in the protective trade structure. Individual countries are resorting to rigorous export promotion measures and the degree of trade openness is increasing globally.

However, there is a note of caution that the terms of trade of developing countries is moving unfavorably and the primary commodity exports are unstable and inelastic in these developing countries and there is recurring balance of payment problems in such countries. Furthermore, in discussing the open-economy trade strategy theme, the issue of trend towards trade liberalization arises time and again. However, there are many factors hindering the movements towards liberal trade and the related advocacies. The major problem is with regard to "New Protectionism" (Grilli and Sassoon 1990). In order to protect the developed countries trading interest they erect various protective walls which in effect retards liberal trade experiments of developing countries. Strictly speaking whatever the

arguments for and against New Protectionism, the mainstream thinking is that the might of industrialized countries hamper the economic prosperity of poor developing countries. The poor ones in the developing countries adopt various safe methods like formation of trade blocks, intra-regional trade, etc. In effect, a distortive world trading system coupled with efforts of peace - meal domestic liberalization has resulted in ineffective and inefficient economy in developing countries (Kareem 1996).

It is only a truism that majority of the Muslim countries in the world belong to the category of developing countries. The structure and pattern of development experience of these Muslim countries are similar to that of other developing countries. The development history is also same between these countries. Majority of these developing countries became politically independent from the foreign colonial powers. The structure and sectoral contribution to macro economy of these Muslim countries is similar to other developing countries. The nature and type of economic policies pursued since independence are also more or less similar between these Muslim countries and other Non-Muslim developing countries. So, we can very well argue that the third world developing country perspective with regard to economic matters can be adopted for explaining the Islamic perspective of economic matters. In the following discussion we present the third world perspective as the Islamic perspective.

We know that when tariff is imposed production increases and consumption decreases. But when tariff is imposed production may not increase. The important point is that this depends on the shape of demand curve and shape of supply curve. In other words, effects of tariff depend on the elasticity of demand and elasticity of supply. Particularly this depends on the type of commodity traded. In the case of agricultural commodities the elasticity of demand is very low and in the case of industrial goods the elasticity of demand is very high. But the developed countries generally practice tariff distortion. In addition to this, the developed countries give heavy subsidy to their agriculturists. This is so even after WTO. When tariff is high for agricultural imports from LDCs, the agricultural exports from LDCs will not emerge. Then that will not affect agricultural sector of DCs. This is an important area where the plight of LDCs originates. The agricultural sector in LDCs is badly affected by this tariff distortion on the part of DCs. The LDCs are reduced to penury and the citizens in LDCs are lived in agony and misery. Because, the real tillers of the soil are not rewarded adequately and the poverty is rampant throughout in the case of LDCs. While the industrial countries exhibited luxury and wellness and industrial goods exports fetched big earnings for the developed countries. Industrial commodities such as machinery,

transport equipment, and other manufactures earned prosperity for the developed countries. These numerous industrial goods found markets throughout the world and the consumption culture ended nowhere. Commodity fetishism dominated the market and people became slaves of the commodities. The tariff and trade protection actually did not prevent the economic prosperity of developed countries. Here, it is important to note that the tariff is related to the type of commodity traded. Tariff protection is very heavy in the case of labour intensive commodities. Tariff distortion is there in the case of agricultural goods. Here the developed countries resort to protecting their agricultural sector by imposing high tariff. Therefore, the tariff is related to labour. So, the labourers from LDCs will have to work more and these labourers will get only cheap wage. And the workers of manufacturing industry in developed countries earn high wages and lead a very high standard of living. This is the clear dichotomy between rich and poor countries. The hegemony of financial capital lead to further widening the gap between rich and poor. It is only a truism that here trade is a vehicle of economic element which makes divisions and aggressions. The economic oppressions and suppressions of current modern world can find their roots in distortive trade practices (Kareem 1996). So, we have clearly explained the capitalist nature of existing trade policy practices. Therefore a distortion-free trade environment is necessary. Trade policy practices have to be made more and more distortion-free. It is highly imperative that the capitalist philosophy has to embrace the humane elements of exporting and importing of goods and services. The world trading system should find its edifice on proper tariff rates and judicious non-tariff mixtures. The capitalist trade agenda should not again take long time of exploitation and oppression and viable alternative is a must. The question of Wealth of Nations was preached and propagated by Adam Smith only very recently. And it was totally neglected by succeeding so-called refined economic theorists (Giddens 1971).

There are many research work in the Islamic trade policy area which explain the main outline of a trade policy in an Islamic perspective. Also many studies are there which analyse the nature and type of trade policies in Islamic countries. According to Khan and Thaut (2008) the principles of Islam are not silent on issues of fair trade and trade justice. Indeed, there is a rich heritage in Islam of high moral standards, ethics, values and norms of behavior which govern personal, professional and business life. In the area of business and commerce Islam obliges buyers, sellers and consumers to act honestly, fairly and with integrity in their daily business practices-for business is not something that can be treated separately from all other aspects of social life. Islam also obliges workers to be treated fairly, and

with dignity and respect. Since the fair trade movement is primarily concerned with fairness, equity and justice it seems that the principles of fair trade and the teachings of Islam are entirely congruent. With references from the Quran and Ahadith Khan and Thaut demonstrates that from an Islamic perspective, there are indeed strong and clear faith-based reasons for supporting fair trade initiatives. Through supporting fair trade, Muslims can ensure that producers receive a fair price that guarantees a living income and decent working conditions with longer-term contracts that provide greater security and ensure more sustainable development. Indeed in many respects, Islamic thinking goes much further than contemporary fair trade advocacy efforts, as Islam forbids speculation and the hoarding of merchandise in order to increase prices, it Prohibits interest as a mechanism of exploitation that reinforces poverty, and prohibits trade in goods that compromises the hearts and minds of consumers, such as alcohol and gambling.

Iqbal and Ahmed (2009) argue that the integration of economies and societies due to globalization brings forth opportunities of overall economic development in general and poverty alleviation in particular. Given the pervasiveness of poverty in Muslim countries, there is a need to address how these economies can ensure growth with equity from Islamic perspectives. The Islamic worldview of economics encompasses both material and moral dimensions. Development policies in many poor countries fail as these are based on models that are not consistent with the culture and values of the people. The result is the existence of immoral practices such as corruption, which retard growth and increase poverty. They argue that the way in which the New International Economic Order will affect various economies will largely depend on how countries design their strategies and frame their policies in the face of a rapidly changing world environment. As globalisation seems to be irreversible, it is necessary to discuss how the issues of growth and poverty can be addressed from an Islamic viewpoint in the process of integrating into the 'global village'.

Jensen and Tarr (2002) have studied the trade, foreign exchange and energy policies in the Islamic Republic of Iran. Iran began reform process in 2000 from a highly distorted trade and exchange rate regime. The principal distortions are: non-tariff barriers; the dual exchange rate system and highly subsidized petroleum product prices. While applied tariffs were low, non-tariff barriers (in the form of import licenses) restrained imports of all goods. While tariffication of non-tariff barriers and lowering of tariffs are important steps in the Iranian efforts to join the WTO in 2000. Jensen and Tarr here assessed the consequence of these actions on Iranian development and on the poor. In Iran many of the existing interventions

before 2000 are justified as helping the poor. Jensen and Tarr developed a multi-sector computable general equilibrium model with 10 rural and 10 urban households to analyze the various trade and foreign exchange reforms, separately and together. Reflecting the large initial distortions (for example, energy subsidies are about 18 percent of GDP and Iranians pay about 10 percent of world market prices for energy), they found that the combined reforms could generate large welfare gains equal to about 50 percent of aggregate consumer income. The gains to the reforms separately are about 5 percent of income from trade reform, 7 percent from exchange rate reform and 33 percent of income from energy pricing reform. If these combined reforms are implemented, the poorest rural household is estimated to gain about 290 percent of its income, while the poorest urban household is estimated to gain about 140 percent of its income.

Shafaeddin (2007) has examined the potential impact of oil revenues on the economy of Sudan and the challenges facing the Government in policy making, particularly trade policy and allocation of oil revenues for long-run development and diversification of the production and export structure of the economy. The exploitation of oil resources has been accompanied by impressive liberalization of the economy by the Government of Sudan. Since then the country has been integrating into the world economy rapidly based on oil revenues. Yet, little has been achieved so far in integrating various sectors of the domestic economy despite relatively rapid GDP growth based on oil revenues. Rapid economic growth and diversification of the economy are among the main objectives of the Government. Therefore, the challenge facing the Government is to design and implement a long-term development strategy in order to build up a solid industrial and agricultural sector for sustainable development and expansion of non-oil exports. In such a strategy the design, and implementation, of trade and industrial policies and the way oil revenues are allocated, takes, interalia, importance.

By developing a conceptual framework of analysis, Shafaeddin argues that while export of petroleum provides financial resources for the acceleration of investment and growth, prospects for sustained growth and diversification will be still limited by some physical and institutional bottlenecks which cannot be easily overcome by ample oil revenues. Trade in oil itself may have some detrimental socio-economic effects, including the attitude and policies of the Government, on the prospects for development and diversification of the economy in the long-run. Therefore, the Government policies, particularly trade policies, and the way oil revenues are allocated may not be necessarily conducive to long-run development and diversification of production and export structure.

Proposing an alternative long-run trade and industrial policy for the country, the author outlines the practical problems of its implementation under current international trade rules.

Bendjilali (2000) attempts a cross-country analysis of an intra-trade econometric model for OIC (Organisation of Islamic Countries) member Countries. The empirical findings indicate the factors affecting the inter-OIC member countries' trade. The study draws some important conclusions for trade policy makers. Bendjilali (2001) investigates the issue of co-operation policies to enhance trade and production of the engineering goods industry in OIC member countries. Lekorchi and Ilkin (1995) studies Fertilizer industry and trade in OIC member countries. The study serves as a useful and up-to-date guide to fertilizer industry, technology and trade in OIC member countries.

We know that Islamic civilization has occupied commanding heights of glory since sixth century A.D. Islam has ample solutions as to how to conduct trade, how to make payments, how to impose proper tariff, and how to relate to existing world trade system (Maududi1991).Maududi has emphatically argued that Islam again and again stimulates economic activity. Economic prosperity is the key word in Islam. Maududi has well argued for the need to wage a war against poverty. The richness in life and a prosperous economic system will be the fruits of moral persuasions. Maududi has again and again categorically contented that the success in this worldly life and success in Hereafter requires wonderful balance between spirituality and materialism. Islam strikes a balance between life in this material world and life in the spiritual life after death. Islam believes in free flow of commodities and services. In other words, Islam prevents that no distortion should occur in trade because these distortions will result in big problems world over. Islam promulgates that the whole universe has been made in such a way that human life is smooth and easy. Here what is the question of aggression and snatching away? This question comes only when the labourer feels that he is comfortable enough even without putting labour. The idle capital also definitely earns interest. In Islam, the approach is simple. This is a worldwide approach where economic activities are again and again stimulated for prosperity and pleasure. Islam does not promote prosperity of a man or nation at the cost of another man or another nation. Islam perceives that the entire mankind has to enjoy all the fruits on this earth equally well. Islam does not divide the nations into developed or under developed (Khan 1997). So, the questions raised by trade policy debates are totally irrelevant. Trade policy measures are not to be distorted for the benefit of a particular class of people. This is a serious crime against humanity. The tariff and non-tariff barriers have to be used judiciously for

the fair conducting of trade and the gain from trade should be the properly shared among all the trading partners.

So, it is crystal clear that the existing world trade system is distortive in character. The developed countries try to dictate terms with the less developed countries and they try to relate trade with environmental and health standards (Grilli and Sassoan 1990). This is particularly so also in the case of developing Muslim countries. Even the rich oil exporting Arab countries are subjected to this protectionism by the developed countries. Therefore, there is an amount of consensus that the world trade structure is distortive and the conducting the world trade is a foul play. While Islamic principles clearly emphasise that individuals or countries should not be discriminated in the matter of economic activities. The conducting of economic activities should be based on fairness. The distortion of worldly material affairs will lead only to the negation of Tawhid or Oneness of God. Holy Quran has again and again addresses the mankind as one union.

Mankind were one community, and Allah sent (unto them) Prophets as bearers of good tidings and as warners, and revealed therewith the Scripture with the truth that it might judge between mankind concerning that wherein they differed. And only those unto whom (the Scripture) was given differed concerning it, after clear proofs had come unto them, through hatred one of another. And Allah by His will guided those who believe unto the truth of that concerning which they differed. Allah guideth whom He will unto a straight path (II. 213).

The greed for worldly riches by the mankind leads only to aggressions and deprivations. This is the clear message provided by the contemporary economic systems. Many Islamic countries became politically independent from the colonial rule until recently. As in the case of many developing countries, Muslim developing countries also wanted to develop their economies. These Muslim economies also heavily closed their economies. For the purpose of a clear discussion we select the countries such as Pakistan and Bangladesh. Pakistan and Bangladesh clearly implemented protective import substituting closed trade policy in their initial stages of development. However, this protective trade policy has resulted in the widening of industrial base in these countries. The basic and heavy industries such as iron and steel, cement, electricity etc., developed fantastically under the umbrella of protection. Importing of consumer non-durables was heavily substituted with domestic production. In due course of time, these countries became self sufficient in consumer durables sector and capital goods sector. Then, there was a shift of emphasis towards export-promotion. In 1970s and 1980s the actual trade policies of these countries emphasised the role of exports and development. Export promotion and export incentives

measures were implemented in a big way. The 1990s and after 2000s these countries witnessed opening up and globalisation of their economies. The trade sector became heavily opened up and foreign investment started flowing heavily into these countries. Now these economies are fastly developing in line with other non-Islamic developing countries. These countries have not resorted to protectionism or distortions with respect to trade sector. Also it is clear these Islamic countries are also not practicing dumping or other non-tariff distortions such as quota restrictions. The judicious trade policy mixtures implemented in these countries have resulted in high trade openness and higher economic growth rates. These Islamic countries are held in high esteem in the Islamic world for their mature economic policies. Therefore, the Islamic principles of distortion-free and fairness have helped these Muslim countries to initiate and implement reasonably good trade policies. However, time and again the developed capitalist countries still play the role of world police to subjugate and suppress the emergence of modern Islamic states such as Pakistan and Bangladesh. In this context, Islamic principles such as fairness and distortion-free are very relevant in the contemporary transforming world economy.

II. Effect of Trade Policy Regimes on Trade Performance in Muslim Countries

The important trade policy issue in the context of Muslim countries in the contemporary world is that whether one country should go for protective closed trade policy or a country should go for liberal open trade policy (Krugman 1993). Much of the Muslim countries have implemented protective trade policy in their early stages of economic development. The important agenda of this protective trade policy is import substitution. Here import substitution means replacing of imports with domestic production. Now there is an amount of consensus that this protective import substituting policy has resulted in building up of better industrial base in the initial stages in these Muslim countries. Then in due course of time these Muslim countries were able to transform their industrial base towards exporting and development. One best example of such a Muslim country is Pakistan. During 1950-63 in Pakistan the contribution of import substitution to industrial development is very significant (Khan 1970).

However, the zeal and enthusiasm of these protective trade policy generally lasted only up to late 1960s in many of the Muslim countries. But later calculations using effective rate of protection technique and domestic resource cost technique showed that the continued protection has resulted in inefficiency in these countries (Greenway and Milner 1993). Since then

the Muslim countries have emphasized export promotion measures. Export promotion measures were followed with enthusiasm in 1970s and 1980s. Then they have liberalized their trade regimes. The degree of trade openness defined as export+import/GDP is increasing very heavily in most of the Muslim countries, especially for the recent decades. Trade openness and economic growth rates are the ongoing current debates in these countries.

Table 1 gives the characteristics of trade regimes in selected Muslim countries. Countries like Nigeria, Pakistan, Sudan, Ethiopia, Tunisia, etc., have adopted extensive use of import controls during the period while export incentives were negligible. These countries are grouped in B2 category of strongly inward oriented. The countries such as Malaysia and Indonesia have followed limited use of import controls and implemented positive incentives of export promotion. These countries are grouped in A2 category of moderately outward oriented countries during the period.

Table 1: Characteristics of Trade regimes in Muslims Countries, 1965-73

<i>Country</i>	<i>Use of Direct controls</i>	<i>Export Incentives</i>	<i>Group</i>
Malaysia	Limited use of import controls	Limited Positive incentives and EPZ arrangements	A2
Indonesia	Moderate use of import controls and Industrial licensing	Limited Positive incentives	A2
Nigeria	Extensive use of import controls and industrial licensing	Negligible	B2
Pakistan	Extensive use of import controls and industrial licensing	Negligible	B2
Sudan	Extensive use of import controls	---	B2
Ethiopia	Extensive use of import controls	---	B2
Tunisia	Extensive use of import controls	---	B2

Notes: A1 - Strongly Outward oriented strategy

A2 - Moderately Outward oriented

B1 - Moderately Inward oriented

B2 - Strongly Inward oriented

Source: Greenaway and Milner (1993).

Table 2 shows the characteristics of trade regime in Muslim countries. The countries such as Nigeria and Bangladesh still practised extensive use of import controls and negligible export incentives. While countries such as Pakistan, Turkey, Indonesia, etc., implemented limited export promotion

measures. This clearly shows that from 1970s onwards export and grow was the key word in many Muslim countries. Therefore strongly inward oriented nature of trade policy lasted only upto middle of 1960s in the developing Muslim countries and then export promotion measures were followed with rigour. The export sector witnessed diversification both commodity-wise and country-wise. Then there was the trade agreements concluded amongst Muslim countries or between them and other countries to enhance trade and economic co-operation or to establish customs unions or free trade areas or to enter into other forms of economic integration.

Table 2: Characteristics of Trade regimes in Muslims Countries, 1973-84

<i>Country</i>	<i>Use of Largest controls</i>	<i>Export Incentives</i>	<i>Group</i>
Malaysia	Limited use of import controls	Extensive incentives through arrangements	A2
Indonesia	Extensive use of direct controls and industrial licensing	Limited	B I
Pakistan	Moderate use of Import Controls and licensing	---	B1
Turkey	Moderate use of Import controls	---	B I
Nigeria	Extensive use of import controls and Industrial licensing	Negligible	B2
Bangladesh	Extensive use of import controls	---	B2

Source: Same as Table 1.

Many Muslims developing countries witnessed import liberalization and industrial development. The industrial sector witnessed high growth and particularly imports of manufactures were flowing into these economies. The electronic goods and motor vehicles started flowing heavily into the domestic economy of these developing Muslim countries. The beginning of 1990s witnessed globalisation and liberalisation particularly in developing countries. Many developing countries implemented globalisation policies according to the dictum of World Bank and IMF. This is generally known as economic reform policies. These economic reform policies are mainly based on the trade policy reforms and foreign investment policy reforms. Therefore, the main agenda of globalisation and liberalisation is the opening up of the domestic economy. And opening up mainly means opening up of trade sector and liberal foreign investments (Martin and Mari 2003).

Table 3 shows the volume of trade in Muslim countries during the period 1980-2004. It is very clear from the table that the trade performance was very

heavy especially after 1990. We have taken here 29 Muslim countries due to the availability of all the data on a comparable basis. In most of these countries trade sector performed very heavily. For getting a clear idea about the trade performance before and after the liberalisation period we have given the data during 1980-2004. Liberalisation policies were implemented since early 1990s. Before early 1990s there was protective trade policies. The table reveals that after 1990 the trade sector performed in a very big way. In 2004 the volume of merchandise exports increased many times in many of the Muslim countries under study. The import sector also registered quantum jump. In many countries under study in countries like Saudi Arabia, Malaysia, Indonesia, Iran, Kuwait, Nigeria, Oman, Sudan, Tunisia, Turkey, UAE, Yemen, Pakistan, Morocco, Libya, Jordan, Chad, Egypt, Bangladesh,

Table 3: Volume of Trade in Muslim Countries, 1980-2004 (US\$ Million)

Country	1980		1990		2004	
	Export	Import	Export	Import	Export	Import
Algeria	15624	10524	12930	9780	32298	18199
Azerbaijan	-	-	-	-	3615	3516
Bangladesh	740	1980	1671	3618	8150	12026
Chad	72	37	188	285	2200	770
Egypt	3046	4860	3477	12412	7682	12831
Ethiopia	424	721	298	1081	639	3080
Indonesia	21909	10834	25675	21837	72330	54895
Iran	13804	9330	19305	20322	44446	34705
Jordan	402	2394	1064	2600	3887	8189
Kazakhstan	-	-	-	-	20093	12781
Kuwait	20435	6554	7042	3972	28729	12005
Lebanon	930	3132	494	2529	1747	9397
Libya	21910	6776	13225	5336	20884	5650
Malaysia	12939	10735	29452	29258	126503	105287
Morocco	2403	4182	4265	6922	9739	17625
Nigeria	25057	13408	13596	5627	23657	11096
Oman	3748	1732	5508	2681	13342	8865
Pakistan	2588	5350	5615	7411	13379	17949
Saudi Arabia	109113	29957	44417	24069	126230	44576
Sudan	584	1499	374	618	3778	4075
Syria	2108	4124	4212	2400	4930	6287
Tajikistan	-	-	-	-	915	1375
Tunisia	2234	3509	3526	5513	9685	12738
Turkey	2910	7573	12959	22302	63121	97540
Turkmenistan	-	-	-	-	3870	3320
UAE	21618	8098	23544	11199	82750	47640
Uzbekistan	-	-	-	-	4280	3392
West Bank and Gaza	-	-	-	-	—	-
Yemen	23	1853	692	1571	4150	4190

Source: Various Issues of World Development Indicators, World Bank, Washington DC.

Algeria, etc., the export sector and import sector performed in a wonderful manner. In almost all the Muslim countries under study the trade sector emerged very fantastically. This emergence of trade sector can also be explained with the help of Table 4. Trade openness explains the contribution of trade sector to Gross Domestic product (GDP) of a country. Table 4 gives the trade openness of selected 29 countries. Here trade openness means $\text{export+import}/\text{GDP}$. The table shows that in almost all the Muslim countries under study trade openness increased very heavily. In countries like Bangladesh, Chad, Egypt, Ethiopia, Morocco, Nigeria, Syria, Turkey and Yemen the degree of openness increased in a big way. In 1990 the openness was very low in these countries and in 2004 the openness increased very heavily. This is particularly due to the globalisation policies implemented in these countries. In other oil rich countries such as Saudi

Table 4: Degree of Trade Openness in Muslim Countries 1980-2004 (in %)

<i>Country</i>	<i>1980</i>	<i>1990</i>	<i>2004</i>
Algeria	64	48	66
Azerbaijan			124
Bangladesh	24	20	37
Chad	65	42	88
Egypt	74	53	58
Ethiopia	28	20	59
Indonesia	54	49	58
Iran	29	46	62
Jordan	124	155	128
Kazakhstan	-	149	101
Kuwait	112	103	93
Lebanon	-	118	62
Libya	97	-	83
Malaysia	113	147	122
Morocco	45	58	72
Nigeria	48	72	92
Oman	101	84	100
Pakistan	36	39	31
Saudi Arabia	101	82	78
Sudan	36	-	39
Syria	53	55	69
Tajikistan	-	-	111
Tunisia	86	95	93
Turkey	17	31	64
Turkemenistan	-	-	123
UAE	112	105	147
Uzbekistan	-	77	73
West Bank and Gaza	-	-	59
Yemen	-	43	59

Source: Same as Table 3.

Arabia, Oman, UAE, Iran, Kuwait, etc. the degree of openness was very high even in 1980 (Metawally and Thamashke 1980). Malaysia and Indonesia are Newly Industrialised countries and the trade openness is high even during 1980s.

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for citation :

P. Abdul Kareem (2021). Trade Policy in an Islamic Perspective. *Indo-Asian Journal of Finance and Accounting*, Vol. 2, No. 2, pp. 275-290.