

Empowering Muslim Entrepreneurs through Economic Literacy: A Community-Based Discussion on Trade Tariffs and Islamic Values

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ABSTRACT

This community service activity aimed to enhance the economic awareness of Muslim entrepreneurs in Cilebut, Bojong Gede, and Citayam by addressing recent global trade developments, particularly the resurgence of U.S. protectionist policies under President Donald Trump. The session, held at *Majelis Ta'lim Al Mukhlisin*, focused on the economic and geopolitical impact of trade tariffs and their implications for Indonesia and other developing countries. Participants explored how Trump's trade war—both past (2017–2021) and present (2025)—disrupted global supply chains and posed new challenges and opportunities for countries like Indonesia. Beyond the geopolitical lens, the session also presented Islamic perspectives on trade, taxation, and international commerce. Key Islamic principles, supported by Qur'anic verses and Hadith, were discussed—emphasizing justice, consent, and the prohibition of unjust taxation (maks). The interactive format encouraged discussion and reflection, revealing strong interest from the audience in integrating Islamic economic values into real-world business decisions. As a result, this activity not only improved participants' understanding of global trade dynamics but also deepened their commitment to sharia-compliant entrepreneurship. The outcomes highlight the importance of combining economic literacy with Islamic teachings to guide resilient and ethical business practices.

Keywords: Trade war, tariff policy, Islamic economics, Donald Trump, Muslim entrepreneurs, sharia business, community empowerment.

Introduction.

As part of the monthly agenda of the Pengusaha Rindu Syariah community, a special session was held to provide insight into current global economic developments, focusing particularly on the resurgence of the U.S.–China trade war under President Donald J. Trump. This information-sharing session was conducted to help Muslim business owners in the regions of Cilebut, Bojong Gede, and Citayam understand the broader implications of global trade policies on local businesses and economic strategies.

The origin of the U.S. trade war can be traced back to Trump's first presidential term (2017–2021), which marked a significant departure from previous U.S. trade policy. Major actions during this period included the imposition of high tariffs on Chinese goods, the withdrawal from the Trans-

Pacific Partnership (TPP), and the adoption of the “America First” doctrine. These policies triggered retaliatory tariffs from China, disrupted global supply chains, and escalated geopolitical tensions. Sectors ranging from agriculture to electronics experienced volatility due to the unpredictable nature of these protectionist measures.

Now in 2025, President Trump has returned to office and reintroduced an even more aggressive trade stance, launching what many economists refer to as a “New Era of Protectionism.” One of the key components of this new policy is the implementation of a universal 10% base tariff on all imports into the United States, regardless of origin. Additionally, extra tariffs have been applied to countries that run a trade surplus with the U.S., including Indonesia. Though critical categories such as pharmaceuticals, semiconductors, and strategic minerals are exempt, the broad application of tariffs signals a deepening of nationalist economic strategies.

Central to Trump's policy is the narrative of restoring American industrial independence. This includes offering incentives to U.S.-based manufacturing, reducing reliance on foreign production, and enacting restrictions on Chinese companies operating in key sectors like technology and energy. These measures are designed not only to revive domestic industry but also to recalibrate the global balance of trade in favor of the U.S.—though not without global economic consequences.

Through this session, the community aimed to raise awareness among business owners of the far-reaching effects of such policies and to encourage adaptive thinking in response to global economic uncertainty.

Objectives

In the context of research and community service, the term Sugiyono refers to the qualitative research method explained by Prof. Sugiyono in his book (Sugiyono, 2013). This term usually appears when discussing research methodology, particularly related to qualitative research. According to Sugiyono, qualitative research is a research method used to study objects in their natural conditions, where the researcher is the key instrument, and data analysis is inductive in nature.

The primary objective of this community service initiative was to increase the awareness and understanding of global trade policy shifts—specifically the trade war and protectionist measures introduced by U.S. President Donald Trump—among Muslim entrepreneurs within the Pengusaha Rindu Syariah community. The session aimed to provide practical insights into how these international developments could affect local businesses in Indonesia, especially in terms of import-export dynamics, supply chain disruptions, and currency volatility. More specifically, the objectives were as follows:

1. To explain the historical and current context of U.S. trade war policies, including Trump’s first-term decisions (2017–2021) and his latest trade policy framework (2025), and how these policies shape global economic trends.

2. To identify the potential impact of tariff-based trade restrictions on Indonesian businesses, particularly small and medium-sized enterprises (SMEs) engaged in international trade or dependent on imported goods.
3. To empower Muslim entrepreneurs with knowledge and critical awareness that can support adaptive decision-making, strategic sourcing, and business resilience amid global economic uncertainty.
4. To strengthen economic literacy among participants, so they can understand the broader macroeconomic landscape and proactively anticipate the effects of protectionist policies on pricing, business planning, and competitiveness.

Discussion

While the trade war was initially framed as a bilateral dispute between the United States and China, its ripple effects have extended globally, significantly affecting emerging economies, including Indonesia. The escalation of tariffs, along with the re-shaping of global trade routes and investment flows, has created both opportunities and risks for developing countries.

In the case of Indonesia, one of the most notable effects has been the opportunity to substitute exports previously dominated by Chinese producers. The imposition of high tariffs by the U.S. on Chinese goods has opened up new export potential for Indonesian industries, particularly in sectors such as textiles and garments, light electronics, rubber products, and furniture. As the World Bank East Asia Update (2025) highlights: “The trade war creates opportunities for supply chain relocation from China to Southeast Asian countries.” This shift positions Indonesia as an attractive alternative manufacturing hub for U.S.-oriented exports(FU, 2025).

However, the potential for gain is coupled with significant risks. If Indonesia is perceived as aligning too closely with China or adopts retaliatory trade practices—such as anti-dumping policies—it could become a secondary target for U.S. tariffs. A precedent for this risk was seen during Trump’s previous term (2018–2020), when Indonesian exports of steel and aluminum were subjected to punitive tariffs under U.S. trade restrictions, despite Indonesia not being a direct participant in the U.S.–China dispute.

Additionally, the resurgence of global trade uncertainty has led to broader macroeconomic consequences. Global investors tend to adopt a wait-and-see approach during periods of trade instability, resulting in capital outflows from developing markets. For Indonesia, this trend has contributed to the depreciation of the Rupiah, an increase in bond yields (SBN), and dampened investor confidence in long-term infrastructure and manufacturing projects. These macro-level impacts pose a threat to economic stability, particularly for export-dependent small and medium-sized enterprises (SMEs) operating in volatile environments.

Thus, while Indonesia and similar economies may benefit in the short term through export substitution, they also face vulnerabilities tied to geopolitical alignment, policy unpredictability, and global investor sentiment—all of which demand strategic awareness and adaptive business planning.

In addition to exploring the geopolitical and economic implications of President Trump's trade policies, the session sparked lively discussion when the topic shifted toward Islamic perspectives on international trade and tariffs. Participants expressed strong interest in understanding how Islamic economics views trade restrictions, particularly in light of modern protectionist policies.

According to Islamic economic principles, trade and commercial activity are inseparable from *hukum syara'*—divine law governing human behavior. In this framework, what is judged is not merely the object of trade (commodities), but the actions of the traders themselves, based on their status under Islamic law. The foundational principle in Islamic foreign trade is that the legal status of the trader—including nationality and treaty relations—is prioritized over the nature of the goods. While modern trade wars such as Trump's tariff regime focus on commodities as the direct target, Islam focuses first on who is conducting the trade. Only in cases where the goods are harmful or prohibited (*haram*) does the commodity itself become the center of regulation.

This concept was thoroughly discussed in the session. Participants were introduced to the Islamic classification of foreign traders: (1) Muslims and *Ahl al-Dhimmah* (non-Muslim citizens under Islamic rule), (2) *Kafir Mu'ahid* (non-Muslims under a peace treaty), and (3) *Kafir Harbi* (non-Muslims who are in a state of hostility with the Islamic state). Each of these categories is treated differently in Islamic trade policy, with implications for taxation, tariffs, and permission to trade.

Participants found this approach highly insightful, particularly in contrasting it with the Trump-era tariff policies that target goods from any country with a trade surplus, regardless of ethical considerations or diplomatic status. The discussion highlighted the uniqueness of Islamic trade principles, which emphasize justice, ethical conduct, and sovereignty in economic dealings. Many attendees expressed a desire for more sessions on *fiqh muamalah* and how Islamic teachings can provide alternatives to modern economic systems that often prioritize power over fairness.

Islamic Perspective on Customs Duties and Taxation

The discussion on global trade policies naturally led participants to explore the Islamic legal position on tariffs and customs duties, especially as they relate to cross-border trade and taxation. A key point emphasized in the session was that, according to classical Islamic jurisprudence, it is forbidden (*haram*) for an Islamic state to impose customs duties or import tariffs on Muslim citizens, *Ahl al-Dhimmah* (non-Muslim citizens under Islamic protection), or traders from *Kafir Mu'ahid* (non-Muslims who have peace treaties with the Islamic state) (an-Nabhani, n.d.). Such levies are only permitted as retaliatory measures, i.e., if the other country first imposes tariffs on Muslim traders. This principle is rooted in justice and reciprocity, not economic gain.

Participants found this topic particularly engaging, as it contrasted sharply with modern taxation regimes. The Qur'an and Hadith provide strong guidance on this matter. Allah SWT commands in Surah Al-Baqarah (2:188) and Surah An-Nisa (4:29) not to unjustly consume the wealth of others:

“Do not consume one another's wealth unjustly or send it [in bribery] to the rulers in order that [they might aid] you [to] consume a portion of the wealth of others while you know [it is unlawful].” (QS. Al-Baqarah 2:188) (Qur'an Kemenag, 2022).

“O you who have believed, do not consume one another’s wealth unjustly but only [in lawful] business by mutual consent.” (QS. An-Nisa 4:29)(Qur’an Kemenag, 2022).

The Prophet Muhammad ﷺ also gave stern warnings regarding unjust taxation. Several authentic Hadith mention:

“Indeed, the collector of al-Maks (unlawful tax) is in the Hellfire.” (HR. Ahmad 4/109)

“The one who collects al-Maks will not enter Paradise.” (HR. Abu Dawud II/147 No. 2937)

“There is no due on wealth except zakat.” (HR. Ibn Majah I/570 No. 1789)

“By the One in Whose Hand my soul is, she has truly repented—a repentance that, if a collector of al-Maks had repented with it, he would have been forgiven.” (HR. Muslim III/1321 No.1695)

“Do not oppress one another. Indeed, the wealth of a Muslim is not lawful unless [given] with the owner's full consent.” (HR. Imam Ahmad V/72 No.20714)

The term “Shahibul Maks” is generally understood by classical scholars to mean a tax or customs collector—particularly one who collects unjust levies beyond what Allah has prescribed, such as zakat.

This scriptural foundation strongly resonated with participants, many of whom expressed concern about the widespread application of tariffs and indirect taxes in modern trade systems. The Islamic position, rooted in economic justice, consent, and protection of property rights, offers a powerful counter-narrative to contemporary systems that often burden small businesses with taxes regardless of their financial capacity or moral basis.

Through this lens, the discussion concluded that the Islamic economic system not only upholds fairness in taxation but also promotes ethical governance and state accountability, principles that are increasingly relevant in today’s era of economic uncertainty and global trade disputes.

Results

The information-sharing session held at Majelis Ta’lim Al Mukhlisin successfully achieved its educational and community development objectives. Attended by Muslim entrepreneurs from the Pengusaha Rindu Syariah network across Cilebut, Bojong Gede, and Citayam, the event fostered an atmosphere of active engagement and critical reflection.

Participants responded positively to the material, especially the comparative analysis between U.S. trade policies under President Donald Trump and Islamic economic principles on trade and taxation. The session revealed several important outcomes:

Increased economic awareness: Participants gained a clearer understanding of how international trade policies—especially tariff impositions and protectionism—can directly or indirectly affect local business environments.

Spiritual-economic reflection: Many attendees expressed appreciation for the Islamic perspective on taxation, fairness in trade, and the role of the state in protecting business rights. The inclusion of Qur'anic verses and Hadith elevated the relevance of the discussion to both professional and spiritual dimensions.

Interest in continued education: Numerous participants requested follow-up sessions on fiqh muamalah and Islamic macroeconomic policy, highlighting the community's eagerness to align their entrepreneurial practices with sharia-compliant principles.

Overall, the session provided not only intellectual enrichment but also inspired participants to evaluate their business practices through the lens of Islamic values and global economic awareness.

Conclusion

This PKM initiative demonstrated that contemporary economic issues—such as the U.S. trade war under Donald Trump—can and should be contextualized within Islamic teachings to provide relevant and ethical guidance for Muslim entrepreneurs. By exploring the tensions between modern trade policies and the Islamic framework of justice and reciprocity, the session helped participants develop both strategic insight and spiritual clarity in approaching economic challenges.

The enthusiastic engagement and critical responses from attendees reaffirm the importance of such community-based education. In a world where global trade dynamics are increasingly volatile and often morally ambiguous, grounding business decision-making in Islamic economic values ensures not only resilience but also barakah (blessing) in one's livelihood. It is recommended that future programs continue to integrate global issues with Islamic thought, offering comprehensive guidance for ethical and adaptive entrepreneurship.

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