Indonesia's Carbon Trade Odyssey: An Analysis of Maqashid Sharia in Balancing Environmental and Economic Compromises

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Abstract: This research is prompted by the emergence of carbon trading, involving the buying and selling carbon credits driven by climate change and greenhouse gas emissions impacting global stability. Indonesia's tropical forests, which can absorb 25.18 billion tons of carbon emissions, position the country for carbon trading transactions with developed nations. The study aims to assess Indonesia's efforts in reducing greenhouse gas emissions by harnessing the economic value of carbon. The research employs a descriptive qualitative approach with a normative juridical focus, and the research draws on primary sources such as laws, OJK regulations, DSN-MUI fatwas, ministerial regulations, and Islamic law about carbon trading and the green economy. Secondary data from literature, including books, journals, articles, and online news, complements the primary sources. Key findings include Indonesia’s commitment to emissions reduction through forest and land-use empowerment, aligning with Maqashid Sharia principles. The economic value of carbon proves instrumental in implementing efficient, effective, and equitable mitigation and adaptation measures, fostering environmental sustainability, economic opportunities, improved welfare, reduced emissions, and green project promotion. By integrating Maqashid Sharia, carbon trading reflects low-carbon principles for preserving life and intellect, while resource efficiency aligns with offspring and wealth preservation. This Sharia-based green economy approach addresses inequality issues stemming from the uneven distribution of green production factors, guided by principles of justice, public interest, and equality.
Keyword: Carbon Trading, Green Economy, Maqashid Syaria


Kata Kunci: Carbon Trading, Green Economy, Maqashid Syariah

Introduction

The environmental crisis has captured the global community's attention, along with the related topics of climate crisis, global warming, and massive deforestation. The world community is beginning to realize that industrialization toward economic and technological prosperity threatens the earth's future. The continued large-scale environmental damage requires the world community to work together...
to address it using various scientific methods and principles. Cooperation among countries to mitigate and adapt to climate change has been the subject of widespread discussion for more than two decades, beginning when member states of the United Nations (UN) signed the Kyoto Protocol in 1997, which emphasized the strong and severe negative impacts of greenhouse gas (GHG) emissions on climate anomalies, rising water levels, and global warming, affecting the ecological stability of humanity.

Carbon trading has become an environmentally friendly commercial activity with a broad scope. With the Clean Development Mechanism (CDM) and Renewable Energy Certificate (REC), developed countries can invest with developing countries in clean development projects that earn emission credits to reduce dirty emissions such as municipal waste disposal, agricultural waste, forestry companies, plantations, and renewable energy. In principle, carbon trading covers all efforts to reduce carbon dioxide (CO₂) emissions, including emissions from burning oil, gas, and coal. Carbon trading provides sustainable economic progressivity and hopes to reduce the effects of climate change in the years to come. Carbon trading is a breakthrough all countries can use to reduce greenhouse gas emissions by fulfilling their commitments under the Paris Agreement through NDCs.

Indonesia seeks to reduce greenhouse gas (GHG) emissions by 29% - 41%. This effort is in empowering forests and land use, which contributes 24.1% or the equivalent of 692 tons (CO₂) of carbon dioxide, and the energy sector, which contributes 15.5% or the equivalent of 446 tons CO₂. Therefore, Indonesia issued Presidential

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2 Greenhouse gas is a gas contained in the atmosphere, both natural and anthropogenic, which absorbs and re-emits infrared radiation. See Presidential Regulation No. 98 of 2021 on the Implementation of Carbon Economic Value. Article 1 point 3.


4 Indonesia Carbon Trading Handbook, Katadata Insight Center, 2022, hlm. 55
Regulation No. 98 of 2021 on the Application of Carbon Economic Valuation to achieve national-scale contribution targets and GHG management in developed countries. The Presidential Regulation led Indonesia to reach a consensus with the Nationally Determined Contribution (NDC) in 2021 by creating a framework to intensify the reduction of greenhouse gas emissions. The Presidential Regulation emphasizes the importance of collaboration between all stakeholders in implementing NDC commitments in the carbon trading sector, which developed countries have implemented.\(^5\)

Indonesia benefits from having one of the most extensive tropical forests in the world that can absorb 25.18 billion tons of carbon emissions. Meanwhile, mangrove forests can absorb 33 billion tons of carbon emissions, and peatlands can absorb 55 billion tons. The Ministry of Environment and Forestry predicts that carbon trading will have an economic growth impact of 8000 trillion tons in the next five years.\(^6\)

The Asia Development Bank (ADB) has stated that by 2021, carbon trading will represent a green economy and net zero emissions in the long term.\(^7\) Green economy and carbon trading are interrelated, meaning carbon trading is used to achieve green economy goals. The green economy aims to support human welfare, environment, and ecosystem sustainability following maqashid sharia.\(^8\) Implementing a green economy can be seen through several activities, such as reducing the utilization of energy or resources per unit of production, reducing pollution (CO\(^2\)), and reducing production that produces waste.\(^9\) This effort aims to create an excellent opportunity to use the concept of

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\(^{6}\) Indonesia Carbon Trading Handbook, Katadata Insight Center, 2022, hlm. 43


green economy to support the implementation of environmentally and ecologically sound development. The benefits of carbon trading can be used to encourage sustainable investment to change people's attitudes to be more environmentally friendly, as well as facilitate environmentally friendly community skills and waste management.

The Indonesian government has long been trying to introduce the green economy in various media as a concept in raising public awareness of maintaining and paying attention to the consequences on the environment so that there is always an equilibrium in the ecosystem (balance). Modernization that is increasingly outward and focused on industrial aspects can create gaps and negatively impact the environment. These alternative economic approaches clearly show that paying attention to environmental aspects is essential for sustainable economic development. This goal and orientation align with the Islamic economic development strategy, emphasizing environmental aspects in economic and development activities. In addition, environmental protection is closely related to the basic foundation of setting the goals of Islamic economic development. In Islam, the goal of religion is to make humans responsible for the environment. Environmental jurisprudence is associated with Maqashid Sharia because environmental protection has an element of benefit for human life. From there, the environment is one of the objectives of Sharia law and, therefore, must be preserved for the survival of other living things.

The essence of a green economy lies in carbon trading, resource efficiency, and social inclusion, which implies a sustainable economy, energy management, and green business. This essence aligns with Islamic economics' objectives, especially when viewed from the maqashid al-syariah perspective. Therefore, this research question is about the importance of carbon trading in a green economy on economic growth in Indonesia from a Maqashid Sharia perspective. In

11 *Indonesia Carbon Trading Handbook*, Katadata Insight Center, 2022, hlm. 56
12 Eni Haryani Bahri, *Green Economy dalam Perspektif Maqbasid Syariah*, hlm. 4
this article, we will explain carbon trading and its impact on the green economy as an effort to grow the economy by protecting religion, soul, offspring, property, and the environment.

This research uses a normative juridical method with a library research approach. This method analyzes data regarding legal norms contained in legislation regarding carbon trading and the green economy. The data sources in this research are primary data related to carbon trading and the green economy, including laws, OJK regulations, DSN-MUI fatwas, Ministerial Regulations, and Islamic law (shari'a). At the same time, secondary data supports literature, including books, journals, articles, and online news, that discuss carbon trading in developing a green economy from the perspective of Maqashid Sharia.

To review and analyze this research, we used the description method to describe the research results comprehensively. This approach explains and validates carbon trading in the context of green economy development from the maqashid syariah perspective. We then look for concrete examples of carbon trading practices, which have previously been adapted through understanding the green economy and the concept of Maqashid Sharia as the primary analytical tool.

Results and Discussion

Challenges and Sustainability: Assessing the Green Economy Concept

The Consensus of the Kyoto Protocol and the Paris Agreement makes carbon trading an economic activity that gives certain countries the right to buy and sell carbon TER (Tradable Emission Rights). The NEK regulation explains carbon trading as a method based on GHG emission reductions by buying and selling carbon units. What is meant by carbon is that this gas is traded on the carbon market in the

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14 Armia, Muhammad Siddiq, *Penentuan Metode dan pendekatan Penelitian Hukum*, Aceh: Lembaga Kajian Konstitusi Indonesia (LKKI) 2022, hlm. 58
16 Indonesia Carbon Trading Handbook, Katadata Insight Center, 2022, hlm. 15
17 Peraturan Presiden No. 98 Tahun 2021 tentang Penyelenggaraan Nilai Ekonomi Karbon
form of emission rights measured in tons of CO$^2$ equivalent. Carbon trading, sometimes called emissions trading, is a market-based tool where the market trades emissions under a cap and trade scheme or with credits to offset GHG reductions. A country enacts a policy to regulate, sets a maximum cap, and then distributes or auctions emission allowances or stores them in a bank for future use; other companies in need purchase these credits. Cap-and-trade schemes are mandatory and can be voluntary.18

Presidential Regulation No. 46 of 2008 confirms that carbon trading is an activity of buying and selling certificates to reduce greenhouse gas emissions. Furthermore, Regulation No. 30 of the Minister of Forestry in 2009 states that carbon trading is a commercial activity that is a service to reduce GHGs and can be in the form of carbon credit trading. As one of the countries that agreed to the Kyoto Protocol, Indonesia aims to reduce emissions and establish a clean development mechanism: a clean development mechanism, bilateral credit mechanism and verified carbon standard. 19 The clean development mechanism is the first global carbon credit tool. This mechanism can be implemented by Annex and non-Annex countries using offset principles that include international emissions trading. Offsets are the exchange of emissions for efforts to avoid or sequester emissions when the buyer of a cleanup project receives credits called Certified Emission Reductions (CERs).20

The Kyoto Protocol and the Paris Agreement include carbon trading, which is a significant step towards achieving the goal of sustainable green growth. The idea of a market approach has the potential to help governments achieve national targets to reduce carbon emissions. Through international carbon emission credit transactions, market strategies are needed to support the secondary sector in contributing to reducing greenhouse gas emissions.

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20 Indonesia Carbon Trading Handbook, Katadata Insight Center, 2022, hlm. 17
The term green economy describes a fundamental shift towards a new, more balanced economic perspective that aims to prevent climate change while considering the economic dimension. Experts attribute the growth of the green economy to the economic development potential of industries, such as the transition from downstream environmental safety technologies to energy-efficient resource-efficient technologies based on innovation and competitive markets.21

The Green Economy is an economic concept that aims to mitigate climate change using a combination of substantive, institutional, and financial policies. Efforts include improving environmental quality, disaster resistance, climate change, and low carbon. Implementing green economics in the economic and industrial sectors can be integrated to manage natural resources responsibly prevent and reduce pollution, and there are opportunities to improve social welfare by building a sustainable green economy.22

The embryo of the green economy dates back to the global financial crisis of 2008-2009. International consensus on the green economy stems from concerns about economic recession, inequality, and climate change. The embryo of this concept was introduced by Pearce et al. (1989), and in 2012 in Rio, Brazil, at the United Nations Conference on Sustainable Development (UNCSD) conference, the green economy developed into a broader regulatory framework. This conference became the focus of green economy studies internationally. The conference recognized that countries face climate-related risks and increased competition for environmental assets. Socio-cultural, economic, and environmental movements recognize the shift from a brown economy to a green economy to support sustainable development.23

The main goal of the green economy is to encourage countries to engage all levels of government and the private sector to support the escalation of green investment. In the concept of a green economy, two achievements must be implemented. First, the green economy tries to create an economic concept that considers macroeconomic problems,
especially investment in producing environmentally friendly products and commodities (green investment), and focuses on how to invest. These green activities contribute to the escalation of employment related to respect for the environment (green jobs). Second, the green economy seeks to set up guidelines for green investments that can promote poverty alleviation.  

During the transition to a green economy, the green economy focuses on ten sectors: agriculture, forestry, construction, cities, fisheries, tourism, energy production, waste and water, and traffic. From this development perspective, a sound structure that aligns with the green economy's goal of improving human well-being is needed. Nevertheless, of course, some areas can only be fully applied to some conditions, which will challenge the sustainability of economic development with the current green economy concept.

Interpreting Maqashid Sharia: Unraveling the Purpose of Islamic Law

Maqashid Sharia consists of two words: maqashid and sharia. Maqashid is the plural form of maqashid, which means purpose and intention, and sharia means divine laws established for humans to achieve the goal of a happy life in this world and the hereafter. Thus, maqashid sharia indicates the values on which the law is based. Therefore, Maqasid Sharia is the goal that the law seeks to achieve.

The definition of Maqashid al-Sharia is the determination of the meaning and purpose of Allah's law. Meanwhile, according to Wahbah Az-Zuhaili, Maqashid Sharia is a set of meanings or goals that Shara' wants to achieve from one or several legal issues and is also the target of Sharia law. Its planning is kept secret by every Shara' who has full

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authority over Sharia law, namely the Messenger and Allah SWT. 28 Meanwhile, Maqashid al-Sharia, according to Imam Ibn Qayyim, is a collection of wisdom and benefits that Allah SWT revealed to humans through sharia law, based on comprehensive justice and general and perfect compassion. The wisdom and benefits are for the good and benefit of humans in this world and the hereafter. Ibn Qayyim tends to think that all sharia laws have ta'il ash-shar'i, be it muamalah, customs, and worship, even though our intellect cannot understand some of the maslahat and wisdom. 29

The true purpose of Islamic law is to benefit people, both in this world and the Hereafter. Those who deny this fact are wrong, and their claims are automatically refuted. Imam Ibn Qayyim also believes that whatever Allah commands is good because God cannot command something that causes damage and destruction. 30

The State is the most important among all the stakeholders responsible for ensuring society's interests and conforming to Maqashid Sharia. The State has the right to promulgate policies and enforce their implementation. Therefore, through its regulations, the State must ensure the implementation of Sharia law and its maqashid. Imam al-Juwaini said that Sharia law is applied for the benefit of religion with the principles of justice to create a civilized society, promote human values, and protect citizens from arbitrary actions. 31

Indonesia's Carbon Economy: A Commitment to Green Mitigation

People are worried about the earth's condition caused by climate change, so they are trying to improve the state of the earth. In 1983, the United Nations formed the World Commission on Environment and Development group led by Gro Harlem Brundtland. They discussed three crucial things to consider: First, Economic development seeks to maximize profits by preserving or increasing

28 Muhajirin, Gagasan Maqashid Syariah dan Ekonomi Syariah dalam Pandangan Imam Ibnu taimiyah dan Ubnu Qayyim Al-Jauziyah, Jurnal Taraadin, Vol. 2, No. 2 2022, hlm. 68 DOI: 10.24853/trd.2.2.65-86
29 Ibid, hlm. 75
30 Muhajirin, Gagasan Maqashid Syariah dan Ekonomi Syariah dalam Pandangan Imam Ibnu taimiyah dan Ubnu Qayyim Al-Jauziyah, hlm. 80
31 Eni Haryani Bahri, Green Economy dalam Perspektif Maqhasid Syariah, hlm. 9
capital reserves. Second, ecological development must be considered as sustainable ecological conservation development. This means that development activities must be able to maintain ecological functions, maintain and maintain physical and biological systems. Third, socio-cultural development means keeping our society and culture solid and stable. The regulation of Law No. 32 of 2009 does not explain the ecological-based economy in detail but only provides a means to achieve a vague goal. Therefore, in this case, the government must make efforts in various fields to support the Indonesian economy, such as promoting the green economy.

Indonesia stated that the value of the carbon economy will realize the government's commitment to reducing GHG emissions by selecting the most efficient, effective, and equitable mitigation and adaptation measures. This mitigation aligns with international commitments (LTS-LCCR 2050), which target developed countries to become carbon neutral by 2050. Equitable mitigation aims for Carbon neutrality of CO\textsuperscript{2} emissions generated directly or indirectly through carbon sequestration, storage, or reduction. Carbon sequestration and reduction can be done through green projects that generate carbon credits in developed and developing countries. For example, the Reducing Emissions from Deforestation and Forest Degradation project from the forestry sector amplifies global CO\textsuperscript{2} trading, especially for developing countries. Carbon stored in forest ecosystems can be financially valuable, with developed countries buying from developing countries to offset the carbon in their forests, which helps reduce GHG emissions.

Carbon trading is no different from any other transaction. The basis of this trade is CO\textsuperscript{2} emissions; developed countries and large

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32 Nurlita Pertiwi, Implementasi Sustainable Development di Indonesia, Bandung: Pustaka Ramadhan, 2017, hlm. 2
industries become buyers of CO\(^2\) emissions, while the sellers are developing countries with vast forests as carbon sinks. Indonesia, which has protected forests stretching from Sabang to Merauke, is one of the countries that actively trades carbon emissions and is the 10th-ranked carbon emitter in the world. Tradable carbon emissions include Carbon Dioxide (CO\(^2\)), Methane (CH\(_4\)), Nitrogen Oxides (N\(_2\)O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), and Sulfur Hexafluoride (SF\(_6\)). This carbon causes climate change, and one unit of carbon credit is equivalent to reducing one ton of carbon dioxide emissions.\(^{37}\)

Figure 1: Graph of Carbon Producing Countries (Source: Global Carbon Project)

The Indonesian police have introduced a regulation through the Presidential Decree NEK to legitimize the adoption of carbon trading in Indonesia. This decree articulates matters, particularly those related to CO\(^2\) trading, in a transparent, uniform, accessible, and accurate manner, ensuring legal accountability.\(^{38}\) Indonesia is still trying to

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improve the carbon market as a solution to climate change by issuing policies that regulate the complex and binding ecosystem of the carbon market. However, Indonesia has adopted some regulations that lead to carbon trading, such as Law No. 32 of 2009 on Environmental Protection and Management as an update of Law No. 23 of 1997 on Environmental Management. This regulation requires the government to implement environmental measures, including development plans and economic activities, environmental financing, incentives, and disincentives. In addition, the Indonesian government has issued Regulation No. 7 of the Minister of Environment and Forestry of the Republic of Indonesia for 2023 on Carbon Trading Procedures in the Forestry Sector. This regulation was created to help meet nationally determined contribution targets. This regulation is necessary to realize the economic value of carbon in the form of carbon trading in the forestry sector.

The above are concrete steps the Government of Indonesia took to develop a green economy through carbon trading. Carbon trading is one of the transition strategies towards a green economy and sustainable development. Indonesia's commitment to reducing carbon emissions is stipulated in Law No. 71 of 2021 and Presidential Regulation No. 98 of 2021, which set a target of reducing Indonesia's greenhouse gas emissions by around 29% by 2030 through domestic efforts and around 41% through international assistance.

**Islamic Economics: Aligning with Maqashid Sharia for Sustainable Development**

Green economic growth is economic growth that plays a role in the responsible management of natural resources that aims to inhibit and reduce pollution, open up opportunities to improve overall social welfare by developing a green economy, and ultimately achieve sustainable development goals. Thus, these three are inseparable: green economic progress, green economy, and sustainable development. 39

Referring to Ibn Qayyim's concept of Maqashid Sharia, as long as it does not contradict Islamic law, the Sustainable Development Goals

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(SDGs) are part of Maqashid Sharia. The definition of Maqashid Sharia given by Ibn Qayyim may be broader than the 17 points of the SDGs. As long as the goal can bring social benefits, it can be included in maqashid sharia. Ultimately, Islamic economic activities will support the implementation of the green economy as part of efforts to achieve green economic growth by achieving the SDGs targets while maintaining maqashid sharia.40

Maqashid Sharia refers to the ultimate ethical goals or principles of Islam. Maqashid Sharia aims to protect and promote human happiness. Maqashid principles include protection of religion (hifdzu ad-diin), security of life (hifdzu an-nafs), safeguarding the intellect (hifdzu ‘aql), safeguarding offspring or generations (hifdzu an-nafṣ), and safeguarding property (hifdzu mall). In this context, environmental issues and climate change affect some of these principles, especially regarding protecting life (health) and property (natural resources). Islamic economics has validity with maqashid sharia as a sustainable economic concept. Therefore, it is clear that carbon trading as sustainable green growth is indeed reflected in Islamic economics. Green economy and Maqashid Sharia have significant similarities in emphasizing profit, which refers to preserving the five primary objectives (al-dharuriyya).41

1. Carbon Trading as Environmental Conservation

Muslims must protect and preserve the ecosystems of land and sea, which are water, clean air, and clean soil, and even protect the atmosphere from air pollution.42 This protection is a fundamental objective of Sharia law, namely hifzhul hayyat or preserving life, the goal of which can be achieved through nature conservation and preserving the environment. In addition, natural damage and environmental pollution also affect the quality and carrying capacity of the environment in which humans live. Natural damage caused by environmental pollution will reduce or destroy the quality of food,

40 Laporan ekonomi dan keuangan syariah 2021, Bangkit dan Optimis, Bank Indonesia, hlm. 24
41 Azwar Iskandar, Khairul Akbar, Green Economy Indonesia dalam Perspektif Maqashid Syar’ah, hlm. 89
42 Ali Yafie, Merintis Fiqih Lingkungan Hidup, (Jakarta: Ufuk Press, 2006), hlm. 37
water, and air, which are the basic needs of humans as living beings (dharur).

Maqashid Sharia is a religious goal. Religion is the first pillar that must be prioritized when laws are passed. Islam is a religion of rahmatan lil alamin that allows living beings to be taken from the earth without any damage. Islam and carbon trading, which is part of the green economy, have a harmonious relationship, where religion encourages humans always to protect the environment and not do damage that threatens the population of other living things.

Islamic teachings require humanity to protect the environment and preserve the green environment, humans become khalifah fil ardh as protectors in protecting the earth as a gift from Allah SWT. This is reflected in the al-Baqarah[2]: 30.

(*)&*(Remember) when your Lord said to the angels, I want to make a caliph on the earth, and they said, do you want to make therein a man of corruption and bloodshed, while we praise you and sanctify your name? He said, I know what you do not know. (QS. Al-Baqarah: 30)

In the context of maqashid sharia perspective, carbon trading is valid by categorizing carbon trading as a form of transaction between two parties, namely between carbon-producing companies and debt owners who absorb carbon. The status of the carbon producer is mufsid (destroyer), while the status of the carbon sink is mushlih (restorer). In line with the rule of:

مَثَّلَ أَحَدُهُمَا سَبْبًا عَلِيْهِمَا وَلَدَى الْأَرْضِ نَمَسَّهُمَا حَيًَّا وَبِشَّرُوهَا بِرَحْمَةِ رَبِّكُمُ وَتَعَلَّمُوهَا (Q. al-Ma’idah: 30)

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43 Wawasan Al-Qur’an tentang Kewajiban Menjaga Lingkungan | NU Online Jatim, diakses pada Minggu 8 Oktober 2023, pukul 13.00 WIB
44 Ahmad Erwaidy, Pardiman, Syahril, Implementing Halal Industry Management and Environment Conservation Based on Maqashid Sharia, Al Falah: Journal of Islamic Economics, Vol. 6, No. 2 2021, hlm. 263 DOI: 10.29240/alfalah.v6i2.3504
45 Afifuddin Muhajir: Perdagangan Karbon Sah secara Fiqh, https://www.nu.or.id/nasional/kiai-afifuddin-muhajir-perdagangan-karbon-sah-secara-fiqh-yOjCc, diakses pada Jum’at, 8 Desember 2023 pukul 14.00 wib
Any wrongdoing that results in harm causes the perpetrator to pay compensation and damages.

The above rule emphasizes that there is a form of compensation that must be paid by the carbon emitter to the country or individual who absorbs the carbon. The presence of carbon trading can be a solution to green economy efforts that allow people to fulfill their daily needs without causing environmental damage. Therefore, carbon trading can be seen as in line with Islamic principles of environmental preservation. Reducing carbon emissions contributes to protecting the environment, which is considered a trust in Islam.

2. Carbon Trading in Safeguarding Community Welfare

Humans are obliged to protect themselves and safeguard their well-being because environmental degradation and the endangerment of human life and health are at stake. Carbon trading provides excellent benefits not only for the environment but also for society’s social survival. There is a reciprocity between humans and the environment; for example, environmental damage can endanger human life due to industrial waste disposed of inappropriately. Industries that implement a green economy will not only rely on greenwashing to remove their guilt in society, but they will also take preventive measures to mitigate the damage caused by themselves and take responsibility for their actions.

Carbon trading can be seen as a mechanism to help protect life (nafs) by promoting a low-carbon economy and mitigating the negative impacts of climate change. In the context of Maqashid Sharia, the principle of low carbon emissions falls within the framework of safeguarding the soul and spirit, as it aims to maintain the welfare and quality of life of individuals and society. By lowering GHG emissions, carbon trading contributes to a healthier and more sustainable environment, thus benefiting humans and preserving life.

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46 Eni Haryani Bahri, Green Economy dalam Perspektif Maqhasid Syariah, hlm. 12
47 Azwar Iskandar, Khairul Akbar, Green Economy Indonesia dalam Perspektif Maqashid Syar‘ab, hlm. 90
48 Rusli Siri, Analysis Of Green Economy Application In Indonesia In The Perspective Of Sharia Maqashid, Jurnal Scientia, Vol. 12, No. 2 2023, hlm. 1617. DOI: 10.58471/scientia.v12i02.1427
In Indonesia, carbon trading has the potential for social welfare by reducing carbon emissions and promoting sustainable development. Waqf forests can also be a premium carbon credit category, highlighting the potential of carbon trading to contribute to social and environmental welfare.49 Implementing a green economy and carbon trading can help address the inequality caused by unequal green production and ensure that all members of society can benefit from the advantages of a low-carbon economy.50 Reducing carbon emissions through carbon trading programs can reduce air pollution and climate change impacts that can harm human health. This Reduction helps protect human life from the risk of diseases caused by air pollution.

3. Carbon Trading as Social Justice

Social justice in the concept of maqashid Sharia is related to implementing a green economy, especially humans who can use their minds properly to manage natural resources wisely and not cause environmental damage.51 Religion aims to protect various aspects of human life, including social justice. Implementing carbon trading can contribute to safeguarding the environment and reducing GHG emissions, which is crucial for the welfare of future generations and the protection of natural resources. In Islamic economics, the concept of a green economy includes low-carbon growth, resource efficiency, and social inclusion.52

The Islamic view in the context of reducing greenhouse gas emissions that cause climate change is all related to man's duty as Khalifah on earth because, in addition to being charged with the mandate to manage nature, he must also participate in preserving the

50 Ahmad Erwaidy, Pardiman, Syahril, Implementing Halal Industry Management and Environment Conservation Based on Maqashid Sharia, Al Falah: Journal of Islamic Economics, Vol. 6, No. 2 2021, hlm. 269 DOI: 10.29240/alfalah.v6i2.3504
51 Islam dan Green Economics: Diskursus Konsep Islam tentang Ekonomi Hijau serta Pembangunan Berkelanjutan di Indonesia, hlm. 132
52 Ika Yunia Fauzia, Urgensi Implementasi Green Economy Perspektif Pendekatan Dharuriyah dalam Maqashid Al-Shariah, hlm. 97
environment that can absorb carbon. Therefore, the concept of carbon trading aligns with Sharia's purpose.\textsuperscript{53} Implementing carbon trading policies must ensure justice for future generations, enhance indigenous peoples' role, and be managed fairly and equitably in a way that does not harm low-income communities.\textsuperscript{54}

Therefore, Islam recommends permanently preserving and protecting nature without destroying it. Ibnu Qayyim invites Muslims to protect the environment and provide understanding to others to increase attention to ecological education literacy.\textsuperscript{55}

4. Carbon Trading as Harm Avoidance for Generations

The rational and balanced use of resources is closely related to the concept of maqashid sharia, namely preserving offspring (\textit{hifdzu an-nas}). God has provided unlimited natural resources for future generations by protecting the environment. The \textit{green economy} is a concept that aims to encourage better economic development and pays great attention to environmental conditions. Undeniably, the birth of the green economy originated from human actions in managing the economy that paid little attention to the environment.\textsuperscript{56}

Environmental damage from various causal factors will threaten the next generation and lead to damage and destruction of generations. Environmental damage caused by the current generation will be passed on to future generations due to natural imbalances. The spirit of environmental protection must also be integrated with the pattern of child education (\textit{tarbiyyatul aulad}) by instilling awareness and a sense of responsibility for the condition of the natural environment.\textsuperscript{57}

\textsuperscript{53} Rusli Siri, \textit{Analysis Of Green Economy Application In Indonesia In The Perspective Of Sharia Maqashid}, hlm 1619
\textsuperscript{55} Imam Syafi'I, \textit{Konsep Maslahah Ibnu Qayyim Al-Jauziyyah}, Artikel kesislaman Universitas Islam Indonesia, 2017, hlm. 80
\textsuperscript{56} Islam dan Green Economics: \textit{Diskursus Konsep Islam tentang Ekonomi Hijau serta Pembangunan Berkelanjutan di Indonesia}, hlm. 133
\textsuperscript{57} Rusli Siri, \textit{Analysis Of Green Economy Application In Indonesia In The Perspective Of Sharia Maqashid}, hlm 1619
Environmental damage can weaken future generations in terms of health and economy. As explained in An-Nisa [4] 9:

ولَيْحَشِّنَ الْذَّيْنَ لُوْ تَرْكُوا مِنْ خَلْفِهِمْ دُرْرَةً ضَعِيفًا حَافُوا عَلَيْهِمْ فَلْتَبْغُوا اللَّهُ وَلَيْتَفْوَلُوا

Fear those who should leave after them weak offspring (whom) they fear for. So, fear Allah and speak with truthful speech (in terms of safeguarding the rights of their offspring). (Q.S. An-Nisa:9)

Carbon trading as an application of the Maqasid Sharia-based green economy with the principle of efficient use of resources in harmony with the preservation of offspring and wealth can help overcome the problem of inequality caused by the unequal distribution of green production factors based on the principles of justice, public interest, and class equity. Thus, the presence of a green economy is a solution to encourage clean and sustainable economic growth and positively impact the environment.

5. Carbon Trading as an Ethical Business Transaction

The last concept of Maqasid Sharia is the preservation of wealth. Wealth (maal) means money, gold, and silver, as most people think, and everything that can support human life. So, land, plants, animals, water, shelter, clothing, tools, minerals, and oil are all called wealth. Taking care of the environment requires us to take care of all kinds of treasures. Managing natural resources is a legacy of the people and society that cannot be done randomly and haphazardly.\(^{58}\)

Humans living on Earth are responsible for managing and using natural resources properly to fulfill all human needs. Allah says in al Qasas [28]: 77

وَأَنْبِذُ فِي مَا أَتَىَ اللَّهُ الْدُّنْيَا الْأُخَرَ وَلَا تَتَّبَعُ اللَّهَ مَنْ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنْ كَمَا أَحْسِنَ اللهُ إِلَيْكَ وَلَا تَبْغُوا الْغَنَّةَ فِي الْأَرْضِ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ

And, seek in what Allah has bestowed upon you (the reward) of the Hereafter, but do not forget your share in the world. And do unto others as Allah has done unto you, and do not cause corruption in the earth, for Allah loves not those who cause corruption.. (Q.S. Al-Qasas:77)

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\(^{58}\) Eni Haryani Bahri, *Green Economy dalam Perspektif Maqbasid Syariah*, hlm. 17
From the aforementioned verse, we can deduce that humans are not solely pursuing profit but also taking responsibility for the environment, safeguarding it from the harm inflicted by human actions—an inherent obligation of humanity. The notion of a green economy, where individuals prioritize environmental care while fulfilling their daily needs, harmonizes significantly with the principles encapsulated in Maqashid Sharia. These include safeguarding wealth (hifdzul maal) encompassing environmental indicators and contributions. The success of any undertaken activity is contingent upon the environment's ability to sustain that endeavor.

In Indonesia, the government has implemented a carbon trading mechanism to achieve Nationally Determined Contribution (NDC) targets and control greenhouse gas emissions in national development. Carbon trading is an ethical business practice as it incentivizes companies to reduce carbon emissions and invest in environmentally friendly technologies. The principle of equity is vital in carbon trading to balance ecological, social, and economic aspects. There is growing interest in exploring the potential of Shariah-compliant carbon trading. Whether products sold digitally harm the environment. Nonetheless, carbon trading is permissible from the perspective of Islamic law, especially from the perspective of environmental protection.

From the explanation of kulliyyatul khamsah above, we can conclude that carbon trading is the growth of a green economy. Social integration is contained in the five principles of the Maqashid Sharia concept. Indeed, preserving the environment is the same as preserving the five primary objectives of Islam. In the context of Maqashid Sharia, the principle of low carbon is in line with the preservation of soul and mind, while the principle of resource efficiency is in line with


60 Edo Segara Gustanto, Digital Marketing dalam Perspektif Hukum Islam: Pendekatan Maqashid Shariah Index, Tamaddun Journal of Islamic Studies, Vol. 1, No. 1 2022, DOI: https://doi.org/10.55657/tajis.v1i1.27

61 Ahmad Erwaidy, Pardiman, Syahril, Implementing Halal Industry Management and Environment Conservation Based on Maqashid Sharia, hlm. 264
the preservation of offspring and wealth. The socially inclusive principle is found in the five aspects of maintenance in the Maqashid Sharia concept. Implementing Maqashid Sharia-based green economy can help address the problem of inequality caused by the unequal distribution of green production factors based on the principles of justice, public interest, and equality.\textsuperscript{62}

Conclusion

In developing a green economy in Indonesia, the concrete implementation of carbon trading is a strategic step in realizing the government's commitment to reducing greenhouse gas (GHG) emissions. Through efficient, effective, and equitable mitigation and adaptation efforts, Indonesia acknowledges the economic value of carbon as a concrete step toward achieving carbon neutrality by 2050, in line with international commitments. Carbon trading in Indonesia not only proves to be an effective solution for reducing industrial emissions but also serves as a transaction mechanism expected to drive national economic growth with green economy principles in conjunction with the enactment of Law No. 71 of 2021 and Presidential Regulation No. 98 of 2021.

From the perspective of Maqashid Sharia, carbon trading reflects the harmony between a green economy and Sharia principles in preserving the environment, ensuring community welfare, promoting social justice, avoiding harm to future generations, and conducting ethical business transactions. Furthermore, carbon trading aligns with Islamic teachings emphasizing the importance of environmental preservation and human resource conservation for sustainable economic growth and improved quality of life. Therefore, carbon trading is a crucial foundation in building a sustainable and sustainability-oriented economy expected to impact all stakeholders positively.

\textsuperscript{62} Azwar Iskandar, Khairul Akbar, \textit{Green Economy Indonesia dalam Perspektif Maqashid Syar'ah}, hlm. 89
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Afifuddin Muhajir: Perdagangan Karbon Sah secara Fiqh, [https://www.nu.or.id/nasional/kiai-afifuddin-muhajir-](https://www.nu.or.id/nasional/kiai-afifuddin-muhajir-)
perdagangan-karbon-sah-secara-fiqih-yOjCc, diakses pada Jum’at, 8 Desember 2023 pukul 14.00 wib