

IKN: West Kalimantan's Golden Bridge of Sharia Economy Towards The International Market

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ABSTRACT

This study explores the potential of the development of the National Capital City (IKN) in East Kalimantan as a catalyst for the development of the sharia economy in West Kalimantan (Kalbar) in order to expand access to the international market. As a country with the largest Muslim population in the world, Indonesia has a great opportunity to optimize the sharia economy, which continues to grow significantly at the global and national levels. West Kalimantan, with its rich natural resources and strategic geographical position, has strong potential to become a regional center for the sharia economy. However, challenges such as low sharia financial literacy and limited connecting infrastructure still hinder the optimization of this potential. This study uses a descriptive qualitative method with a phenomenological approach to understand the perspectives of key stakeholders, including local governments, sharia entrepreneurs, and sharia finance practitioners in West Kalimantan, regarding the impact of the development of the IKN on the sharia economy. Data were collected through in-depth interviews, participant observation, and analysis of related documents. The results of the study show that the development of the IKN opens wider access for West Kalimantan's sharia products and services to enter the international market, especially through increasing infrastructure connectivity and synergy with neighboring countries that have a strong sharia economic base, such as Malaysia and Brunei Darussalam. This study makes an important contribution in filling the knowledge gap regarding the relationship between infrastructure development and the internationalization of the sharia economy. In addition, the results of this study can be a reference for policy makers in designing effective strategies to make West Kalimantan a leading center for the sharia economy in Southeast Asia, utilizing the momentum of the IKN development to open up new opportunities in the global market

Keywords: Sharia Economy, IKN, West Kalimantan, Infrastructure, International Market

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INTRODUCTION

Indonesia, as the country with the largest Muslim population in the world, has great potential in developing the sharia economy. In the last few decades, the sharia economy has grown rapidly, both globally and in Indonesia. This is reflected in the growing global sharia financial industry, especially in terms of sharia banking, sharia capital markets, and sharia insurance, as well as its impact on economic growth in leading Muslim countries such as the UAE, Bahrain, Indonesia, Malaysia, and Saudi Arabia. (Febby Rhamadhani & Fanani, 2023). Along with this changing economic trend, the government's major project, namely the new National Capital City (IKN) in Kalimantan, is considered a strategic opportunity to strengthen the sharia economy in Indonesia, especially in the West Kalimantan (Kalbar) region. In a regional context, West Kalimantan has extraordinary potential in terms of natural resources, as well as a strategic



geographical location for international trade. However, this potential has not been fully optimized, especially in the development of the sharia economy. According to The Last Knight (2022), although West Kalimantan has great economic potential, the penetration of sharia economy is still below maximum potential.

In addition, the development of the sharia economic sector in West Kalimantan is faced with various challenges, including the lack of sharia financial literacy in society, as well as limited supporting infrastructure that hinders the entry of sharia-based investments.(Asrarhaghighi et al., 2015). Talking about these challenges, the development of the IKN in Kalimantan is seen as a golden bridge that can overcome these limitations. This development not only offers better infrastructure, but also opportunities for West Kalimantan to become the center of the sharia economy in Indonesia.(Rini et al.,2021), which is not only domestically oriented, but also opens access to the international market. However, although this opportunity looks promising, there is still a theoretical and practical gap regarding how the IKN can connect the West Kalimantan sharia economy with the global market. The existing literature mostly focuses on the development of the IKN as an economic center in general, but there has been no in-depth study of the specific impacts on the sharia economy and opportunities for market internationalization(Judge & Nurhasanah, 2020).

There is a methodological gap that also needs to be bridged, namely the lack of an analysis model that clearly measures the impact of IKN development on the development of the sharia economy, especially in West Kalimantan. The analysis models used in previous studies tend to be general and do not consider specific variables related to the sharia economy.(Latif et al.,2021)Therefore, this study attempts to fill the gap by providing empirical contributions through a more comprehensive analysis of the impact of IKN development on sharia economic growth in West Kalimantan and opportunities for access to international markets. Through this approach, this study is expected to provide strategic guidance for stakeholders to take advantage of the opportunities for developing the National Capital as a golden bridge for sharia economics to the global market.

The importance of this study is further strengthened by the changing global dynamics, where the sharia economy is increasingly gaining recognition in the international market. According to the Global report(Batorshyna et al.,2023), sharia economic transactions in the world are expected to continue to grow to reach USD 3 trillion in 2025. West Kalimantan, with its strategic geographical location, can play an important role in international trade that focuses on sharia-based products and services, especially with neighboring countries such as Malaysia and Brunei Darussalam, which have a strong sharia economic base.(Nasruddin et al., 2022). However, to achieve this, there needs to be a strong synergy between the government, financial institutions, and the community in creating an ecosystem that supports the growth of the sharia economy.

In addition, this study also highlights the empirical gap related to the lack of research that discusses the relationship between the development of the National Capital's infrastructure and the development of the sharia sector specifically. Previous studies have focused more on the macro aspects of development and economic growth, without highlighting the sharia economic sector which has the potential to make a significant contribution to sustainable and inclusive economic development.(Suhana & Hidayat, 2021). Therefore, this study offers novelty with a more specific focus, namely viewing the National Capital as a strategic opportunity for the development of sharia economy in West Kalimantan towards the international market.

This study aims to provide new insights and practical solutions for policy makers and sharia economic actors in West Kalimantan to design the right strategy in utilizing

the opportunities for IKN development. It is also expected to fill the knowledge gap related to the relationship between infrastructure development and sharia economy, as well as pave the way for further research in the future. In conclusion, this study fills the existing theoretical, empirical, and methodological gaps by offering a comprehensive analysis of the role of IKN as a golden bridge for West Kalimantan's sharia economy to enter a wider international market.

METHOD

This research method uses a descriptive qualitative approach to analyze how the development of the National Capital City (IKN) can be a strategic link for the development of the sharia economy in West Kalimantan (Kalbar) towards the international market. Through a phenomenological approach, this study explores the perceptions and experiences of key stakeholders, such as local governments, sharia economic actors, and financial practitioners. Data were collected from in-depth interviews, participant observation, and documentation, then analyzed using thematic analysis techniques to identify patterns and themes related to the impact of IKN development (Ati et al., 2018). Data validity is strengthened by source triangulation and member checking. This research was conducted in West Kalimantan, especially in areas with significant sharia economic activity, to provide a comprehensive understanding of the opportunities and challenges of sharia economics in this region.

RESULT AND DISSCUSSION

In this study, key stakeholders such as West Kalimantan (Kalbar) regional government officials, sharia market players, and sharia financial practitioners have provided in-depth insights regarding the impact of the development of the National Capital City (IKN) in East Kalimantan on the development of the sharia economy in West Kalimantan. The results of interviews and data analysis indicate that there are great opportunities open to West Kalimantan, although there are also several challenges that must be overcome.

The Impact of the IKN on the Islamic Economy in West Kalimantan

The West Kalimantan regional government stated that the development of the IKN in East Kalimantan has begun to provide a positive effect on the West Kalimantan region, although it has not been fully realized significantly. The development of the IKN is believed to be able to encourage better infrastructure growth throughout Kalimantan, including West Kalimantan. One of the most obvious positive impacts is the increase in access to infrastructure such as the road network connecting West Kalimantan with other regions in Kalimantan, even to neighboring countries such as Malaysia and Brunei Darussalam (Jasmine, 2014). The discourse on the construction of an inter-regional railway line in Kalimantan is currently in the planning stage, which aims to improve connectivity between West Kalimantan and the IKN, as well as expand transportation routes to Malaysia and Brunei. This railway line will be a strategic economic route that will facilitate the flow of goods and services, including sharia products such as halal food and other sharia industrial products. If this project is successfully realized, West Kalimantan will have a great opportunity to access international markets more efficiently, especially for halal products that have great potential in neighboring Muslim countries. With this easy access, many West Kalimantan residents are interested in taking advantage of the opportunity to work or open a business in the IKN, especially in sharia-based sectors such as sharia banking and the halal industry. In addition, President Jokowi's policy of prioritizing the involvement of native sons and daughters of

Kalimantan as State Civil Apparatus (ASN) in 2024 in the Capital City of the Archipelago (IKN) in East Kalimantan (Kaltim) reflects the government's efforts to improve regional welfare, reduce unemployment, and create economic equality. This program is in line with the vision of the IKN to become a center of government and a driver of sustainable economic growth. West Kalimantan, as one of the provinces that has the potential to benefit from this policy, faces the challenge of unemployment that can be overcome through the involvement of its citizens in the IKN. This is a positive step in expanding population mobility and creating new economic opportunities and shows that the development of the IKN can be a significant driver of economic mobility for the people of West Kalimantan.(Hanafi et al., 2023).

Islamic Market Players' Views on IKN

Sharia market players in West Kalimantan view the IKN as a golden opportunity to expand the reach of their sharia products and services to a wider market, both domestically and internationally. In interviews, several local sharia entrepreneurs stated that they were optimistic about the development of the IKN because better infrastructure would facilitate the distribution of halal products from West Kalimantan to all regions of Kalimantan and even to neighboring countries. Several sharia market players also said that one of the biggest challenges they currently face is limited market access, especially in terms of halal product distribution. However, with the improvement of infrastructure related to the development of the IKN, including more efficient transportation routes, this challenge is expected to be overcome in the next few years. In addition, they also emphasized the importance of government support in terms of halal regulations and certification that are more integrated with international standards. This is important so that sharia products from West Kalimantan can compete in the global market, especially in neighboring countries such as Malaysia and Brunei which have strong halal markets.

Sharia market players also highlighted the sharia investment opportunities that may emerge along with the development of the IKN. Sharia investment, especially through the sukuk scheme, can be used to fund infrastructure projects that support the halal industry in West Kalimantan. They see great potential to develop a halal industrial area that is integrated with the IKN infrastructure, so that it can become a production and distribution center for halal products for the Southeast Asian market.

Islamic Finance Practitioner's Perspective

Islamic finance practitioners in West Kalimantan have an optimistic view of the impact of the IKN on the Islamic finance sector. They believe that the IKN will become a new economic center that can strengthen the Islamic finance ecosystem in Kalimantan, including West Kalimantan. One of the practitioners interviewed said that with the increasing development of financial infrastructure in the IKN, this will create a domino effect on other regions in Kalimantan, including West Kalimantan, which will benefit from the improvement of Islamic financial services. Islamic financial practitioners also see opportunities to increase Islamic financial literacy in West Kalimantan through the development of the IKN. They stated that Islamic financial literacy in West Kalimantan is still relatively low, especially among rural communities. However, with the IKN project that has attracted public attention, various Islamic financial literacy programs can be more easily accessed by the people of West Kalimantan, both through collaboration with national Islamic financial institutions and with economic actors in the IKN.

In addition, the existence of the IKN also provides opportunities for increasing sharia investment through sukuk instruments.(Azijah, 2010). Islamic finance practitioners said that the sovereign sukuk used to finance IKN infrastructure projects

will open up wider Islamic investment opportunities in West Kalimantan. Thus, the growth of the Islamic economy in this region will be more integrated with the ongoing infrastructure development in the IKN, thus creating a positive synergy between the Islamic finance sector and regional economic development.

Challenges and Obstacles

Although the opportunities offered by the development of the IKN are very promising, local government officials, sharia market players, and sharia financial practitioners also mentioned several challenges that must be faced. One of the main challenges is the lack of coordination between regions in integrating the development of the IKN infrastructure with the West Kalimantan region.(Achmad, 2016). Although there are plans to build a railway line connecting various regions in Kalimantan, its implementation still requires time and better coordination between local and central governments.

In addition, consistent regulatory and policy support is also needed to ensure that sharia products from West Kalimantan can compete in the international market. Several sharia market players said that they still face obstacles in terms of the halal certification process which takes a long time and is expensive. Therefore, stronger synergy is needed between the central government, local governments, and halal certification institutions to create more efficient regulations and support the internationalization of halal products from West Kalimantan.

Islamic Economic Theory

Sharia economic theory is rooted in principles derived from the Qur'an and Sunnah, which aim to achieve the welfare of society as a whole.(dedi mardianto, 2022). According to this theory, fair distribution of wealth and socio-economic sustainability are the main foundations.(Ahmad, 2000)states that Islamic economics is not only based on profit maximization, but also on ethical maximization, where economic activities must be in line with the objectives of sharia (maqasid al-shariah), namely achieving justice, prosperity, and sustainability.

The basic principles underlying this theory are:

- a. Justice in the distribution of wealth: Income and wealth are not only concentrated in the hands of a few people, but must be distributed fairly to the whole of society.
- b. Prohibition of usury and gharar: Sharia economics prohibits practices that are considered detrimental to society, such as usury (interest) and gharar (uncertainty), both of which often result in injustice.economy.
- c. Zakat and wealth redistribution: In Islamic economics, zakat is a significant instrument of wealth redistribution, aimed at helping the less fortunate and reducing social inequality.

Islamic-Based Economic Development Theory

The theory of Islamic economic development emphasizes that development must consider moral and ethical aspects, which not only pursue economic growth alone but also the spiritual welfare of society.(Chapra, (2008)), one of the important approaches in sharia-based economic development is to ensure that all levels of society benefit from development, especially through instruments such as zakat, waqf, and infaq. Chapra emphasized that a development model that only focuses on economic growth without considering aspects of social justice tends to create greater inequality and injustice.

In the context of West Kalimantan, the development of sharia economy can be facilitated by better infrastructure through the development of the IKN. This development can

encourage the creation of halal industries and strengthen sharia finance in the region, so that the potential of West Kalimantan to become a competitive center of sharia economy in the international market is increasingly open.

Theory of Economic Infrastructure and Growth

The theory of economic infrastructure explains that adequate infrastructure development can increase productivity, economic efficiency, and market access, which will ultimately drive economic growth. A study conducted by (Aschauer, 1998.) shows that investment in public infrastructure significantly contributes to increased economic output. Adequate infrastructure, such as ports, roads, and communication technology, can also increase a region's competitiveness in international trade.

In the context of IKN and West Kalimantan, this theory is relevant to explain how infrastructure built through the IKN project can encourage the development of the sharia economy in West Kalimantan. With better infrastructure, West Kalimantan's access to the international market for sharia products and services can increase, allowing the region to become a center for exporting halal products and sharia financial services to neighboring countries such as Malaysia and Brunei Darussalam. (Abdul Rashid et al., 2021).

Theory of Internationalization of Islamic Economics

The internationalization of Islamic economics refers to the process by which Islamic products and services can compete in the global market. According to this theory, there are several factors that influence the success of the internationalization of Islamic products, including internationally recognized halal certification standards, product quality that meets global market demand, and government policy support. (Khan & Sumin, 2020) emphasized that the internationalization of the Islamic economy requires a strong regulatory framework, investment in halal certification that is recognized in the global market, and logistics infrastructure that supports exports.

In the context of West Kalimantan, internationally recognized halal certification and the development of a halal industrial area integrated with the IKN infrastructure can be an important step in increasing the competitiveness of sharia products in the global market. Improving logistics infrastructure and connectivity through the development of the IKN can accelerate the internationalization of West Kalimantan's sharia products, opening up export opportunities to countries with large Muslim populations in Southeast Asia and the Middle East. (Syaban & Appiah-Opoku, 2022.)

Theory of the Relationship between the Islamic Financial Sector and Infrastructure Development

The relationship between the Islamic financial sector and infrastructure development has been discussed in various literatures, where the Islamic financial sector, especially through sukuk (Islamic bonds), can play a role in financing infrastructure projects. According to (Rosid & Febriyanti, 2020), financing through sukuk is increasingly popular as a source of funds for infrastructure projects, especially in countries with large Muslim populations. In Indonesia, sovereign sukuk has been used to fund various infrastructure projects, including the construction of toll roads, ports, and airports.

CONCLUSION

The results of this study indicate that the development of the IKN has a significant impact on West Kalimantan, especially in terms of the development of the sharia economy. With the planned infrastructure improvements, including inter-regional railways and wider market access, West Kalimantan has a great opportunity to become a competitive center for the sharia economy at the international level. In addition, the

central government policy that has opened a special selection path for the sons and daughters of Kalimantan to become ASN in the IKN aims to prioritize local workers and reduce unemployment in the region. This program is projected to create thousands of job opportunities, not only in the ASN sector, but also in supporting sectors such as infrastructure, education, and health. However, challenges such as the lack of coordination between regions and adequate regulatory support need to be addressed immediately so that the full potential of the IKN development can be utilized by West Kalimantan. The need for appropriate support so that West Kalimantan can take advantage of the momentum of the IKN development to strengthen the sharia economic sector and increase competitiveness in the international market. The integration between government policies, IKN infrastructure development, and the development of the sharia economy creates an ecosystem that supports the sustainable economic growth of West Kalimantan. Several strategic steps are needed to maximize the benefits of this policy. First, strengthening local Human Resources (HR) is a priority, through training and education that prepares the people of West Kalimantan to compete in various sectors, including government, logistics, and sharia-based MSMEs. Sharia-based economic education also needs to be improved to support the global trend of halal trade. Second, the government needs to accelerate the development of sharia economic infrastructure, such as halal trade centers, logistics facilities, and warehouses with halal standards, to facilitate the export of superior West Kalimantan products. Collaboration with international institutions and participation in world halal trade exhibitions are also needed to increase the visibility of local products in the global market. Third, incentives for halal MSME actors, easy access to sharia financing, and more flexible licensing support are the keys to encouraging the growth of the sharia economic sector in West Kalimantan. Periodic monitoring and evaluation are also important to ensure that this policy is effective and has a real impact on the community. Through these steps, West Kalimantan can take advantage of the momentum of the development of the capital city to become a globally competitive center for the sharia economy, while making the capital city a golden bridge to connect local potential with the international market.

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