



State Intervention and Fuel Market Policy in Indonesia: Evaluating Justice and *Maṣlahah* through the Lens of *Maqāṣid al-Shari‘ah*

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Article History:	Abstract
<p>Submitted: August 11st, 2025</p> <p>Revised: November 21st, 2025</p> <p>Accepted: December 16th, 2025</p> <p>Published: December 31st, 2025</p> <p>By: International Journal of Islamic Economics (IJIE)</p> <p>Copyright: ©2025. Muhammad Firhan Alifarichsa, Ismatul Khayati</p>  <p>This article is licensed under the Creative Commons Attribution- Share Alike 4.0 International License. http://creativecommons.org/ licenses/by-sa/4.0/</p>	<p>Introduction: Fuel market governance plays a critical role in sustaining economic stability and social welfare in Indonesia. State intervention through fuel import restrictions has been framed as a strategy to strengthen national energy security. Nevertheless, such intervention has generated ethical concerns related to fuel quality, market transparency, and consumer protection when examined from the perspective of Islamic economics.</p> <p>Objective: This study aims to evaluate the extent to which Indonesia's fuel market policies conform to the principles of justice ('adl) and public welfare (<i>maṣlahah āmmah</i>) within the framework of <i>maqāṣid al-shari‘ah</i>.</p> <p>Method: The research adopts a qualitative, literature-based approach by integrating normative Islamic economic analysis with secondary data derived from policy documents, official energy reports, and previous academic studies. A comparative analysis of fuel market governance in Malaysia and Saudi Arabia is also employed.</p> <p>Results: The findings indicate that state intervention may undermine key <i>maqāṣid</i> objectives, particularly the protection of wealth (<i>hifz al-māl</i>) and life (<i>hifz al-nafs</i>). In contrast, transparent regulation, selective subsidies, and governance inspired by hisbah principles demonstrate stronger alignment with <i>maqāṣid al-shari‘ah</i>.</p> <p>Impact: This study provides ethical guidance for policymakers while enhancing public awareness, particularly among Muslim communities, regarding justice-oriented energy governance.</p> <p>Keywords: Energy policy; Fuel market governance; Islamic economics; Justice; <i>maqāṣid al-shari‘ah</i>; <i>Maṣlahah</i>; Monopoly.</p>

A. Introduction

Energy, particularly fuel, plays a vital role in sustaining Indonesia's national economic activity. The availability and affordability of fuel determine the efficiency of public mobility, production costs, and the distribution of goods and services, all of which directly influence economic growth and public welfare. Consequently, fuel market governance has become a strategic domain with far-reaching implications for energy security and socio-economic balance in Indonesia. In practice, the domestic fuel market exhibits a high level of concentration dominated by state-owned enterprises, notably Pertamina Patra Niaga, which maintains the largest retail market share and reported a significant increase in sales volume from 2024 to 2025 (Pertamina, 2025).

This dominance was reinforced by government intervention through the Ministry of Energy and Mineral Resources (ESDM) under Minister Bahlil Lahadalia, who introduced a single-gate fuel import policy intended to stabilize the trade balance and secure national energy reserves (ESDM, 2025). However, the policy has been criticized for restricting private participation by multinational companies such as Shell, BP, and Vivo, which traditionally provide higher-quality non-subsidized fuel and competitive services. The controversy deepened following the 2024 “*Pertamax oplosan*” case, which damaged public trust in Pertamina’s product quality (Tempo, 2024), while private competitors reportedly gained market share.

The Business Competition Supervisory Commission (KPPU) warned that this import-restriction policy risks creating monopolistic behavior and market distortion, as Pertamina’s non-subsidized fuel share reached over 90%, leaving private stations with only 2–3% (Azura Yumna Ramadani Purnama, 2025). From an Islamic economic perspective, such state-backed dominance raises ethical concerns about justice (*al-'adl*) and public welfare (*maṣlaḥah āmmah*), since monopolistic control that limits access to essential goods contradicts the Qur’anic prohibition of *iḥtikār*—the unjust hoarding or market manipulation of resources (Al Arif, 2016).

The *maqāṣid al-shari‘ah* further mandates that all economic policies safeguard wealth, life, intellect, lineage, and faith. If an energy policy such as import restriction harms societal welfare or equity, it requires reassessment through the lens of Islamic ethics. Prior studies have examined the economic impact of energy monopolies, noting decreased price efficiency and social welfare (Hidayat & Rahmawati, 2022), widening regional disparities (Nasution, 2021), and government favoritism toward state energy firms at the expense of distributive justice (Al-Khudri, 2020). Yet, little research has addressed these dynamics from the perspective of Islamic ethical principles. Therefore, this study seeks to evaluate Indonesia’s state intervention in the fuel market within the framework of *maqāṣid al-shari‘ah*, aiming to determine whether the policy upholds or undermines justice and *maṣlaḥah* in Islamic economic thought.

B. Literature Review

The restriction of fuel imports in Indonesia has generated ethical and economic debates concerning the proper role of the state in regulating the energy market. The government justifies this policy as part of a broader effort to strengthen national energy independence, reduce import dependency, and promote environmental sustainability through the use of biofuels such as ethanol (Ministry of Energy and Mineral Resources (Pertamina, 2025)).

However, in practice, the policy has led to public discontent due to the declining quality of domestically produced fuels and the emergence of issues such as alleged “*Pertamax adulteration*,” which reportedly causes engine damage (Tempo, 2024). This raises an ethical question: does such a restrictive energy policy—one that limits the participation of foreign firms while compelling consumers to use lower-quality local products—truly reflect the principles of justice (*'adl*) and public welfare (*maṣlaḥah*) as envisioned in Islamic economics?

State Intervention and Energy Market Regulation

In Islamic economic thought, *tadākhul al-dawlah* (state intervention) is considered a legitimate mechanism, provided it seeks to uphold justice, prevent exploitation, and protect

public welfare (Asutay, 2012; Chapra, 2016). Ibn Taymiyyah, in *Al-Ḥisbah fī al-Islām*, emphasized the moral responsibility of the state to monitor markets and correct distortions that harm society. Accordingly, state monopoly can be justified when it functions to maintain social balance and prevent environmental degradation (Ibn Taymiyyah, 2004).

In modern economic governance, however, the theory of state intervention calls for a delicate balance between economic efficiency and social equity (Mirakhor & Askari, 2020). When government policies restrict market access without improving product quality or ensuring transparency, such intervention risks violating distributive justice the foundation of *maqāṣid al-shari‘ah*. (As Siddiqi,. 2019) argues, Islamic market ethics do not reject the role of the state but demand that public policies prioritize collective welfare and fairness.

Justice ('Adl) and Ethical Governance

The concept of 'adl (justice) in Islamic economics embodies equilibrium between the rights of the state and the rights of its citizens (Asutay, 2012). Within the context of energy policy, justice entails providing equitable access to safe, high-quality, and affordable energy products. When import restrictions compel citizens to use substandard domestic fuels, the ethical balance between state interests and public welfare becomes distorted. (Hidayat & Rahmawati, 2022) note that energy policies overly protective of domestic producers tend to reduce efficiency and compromise consumer welfare. Consequently, state interventions that disregard this balance may constitute a form of structural injustice or *zulm al-iqtisādī* (Chapra, 2016)

Maṣlahah and the Sustainability of Energy Policy

The principle of *maṣlahah* requires that public policies yield tangible benefits for society and prevent *harm* (*mafsadah*) (Al-Ghazali, Al-Mustashfa). In the energy sector, *maṣlahah* encompasses not only fair access and affordability but also product quality and environmental sustainability (Wong, 2024). Restrictive fuel import policies that reduce consumer choice or compromise product standards contradict the principle of *maṣlahah* 'āmmah (public welfare). (Al-Jarhi, 2017) emphasizes that energy governance in Islamic economics must go beyond fiscal efficiency, ensuring social benefits and the ethical use of natural resources. Moreover, sustainable *maṣlahah-based* policymaking should account for *istidāmah* (sustainability) as a moral imperative. While the state may justifiably limit imports or promote domestic production, such measures must preserve product quality and maintain transparency (El-Gamal, 2018). When state control undermines public trust and harms end-users, the policy loses its ethical legitimacy within the framework of *maqāṣid al-shari‘ah*.

Overall, the literature indicates that state intervention in the energy sector is not inherently contradictory to Islamic economics. However, it must be guided by the principles of justice, transparency, and public welfare. When state-driven market control disregards social impact and product integrity, it risks contravening the *maqāṣid al-shari‘ah* and creating moral imbalances in the governance of national energy markets.

C. Research Methodology

This study adopts a qualitative research design using a literature-based (library research) method to analyze Indonesia's fuel market policies through the ethical framework of Islamic economics. A qualitative approach is appropriate because the research focuses on

normative principles such as ‘*adl* (justice), *maṣlaḥah* (public welfare), and state intervention—that require interpretive, conceptual evaluation rather than statistical measurement (Asutay, 2012; Chapra, 2016).

The data consist of primary and secondary qualitative sources. Primary sources include classical Islamic texts, such as al-Ghazālī’s *Iḥyā’ ‘Ulūm al-Dīn* and Ibn Taymiyyah’s *Al-Ḥisbah fī al-Islām*. Secondary sources include peer-reviewed journal articles on Islamic economic governance (Khan & Ali, 2020; Mirakh & Askari, 2020), national energy policy documents from the Ministry of Energy and Mineral Resources (ESDM), international institutional reports, and credible media investigations related to fuel quality issues (Tempo, 2024). Sources were selected purposively based on relevance and academic credibility.

Data collection was conducted through systematic searching of scholarly databases and government archives. All materials were coded and organized using thematic categorization. The study employs thematic content analysis to identify recurring ethical constructs and evaluate the alignment between Indonesia’s fuel policies and Islamic economic principles. The analysis proceeds through data reduction, theme identification, and interpretive synthesis.

Although no numerical variables are measured, key conceptual variables are operationalized using definitional criteria from Islamic economics. The variable justice is assessed through fairness and consumer protection, *maṣlaḥah* through benefit and harm-prevention indicators, and state intervention through the extent and rationale of regulatory control. This framework enables a normative evaluation of policy outcomes within the context of *maqāṣid al-shari‘ah*. This methodological approach is suitable because fuel-market intervention in Indonesia involves moral, social, and economic dimensions, which are best explored through qualitative, literature-driven analysis.

D. Results and Discussion Results

The findings of this study reveal that Indonesia’s recent intervention in the fuel market particularly through the restriction of fuel imports and the reinforcement of state-controlled distribution has produced ethical and economic implications that warrant critical reflection from the standpoint of Islamic economics. Although the policy is officially justified as an effort to strengthen domestic energy industries, reduce reliance on imported fuels, and maintain fiscal stability (Syakirun & Ramadhan, 2025) the implementation of these measures has not been accompanied by sufficient transparency regarding their underlying motives. This lack of clarity is problematic, especially as the practical consequences of the policy increasingly affect market fairness and product quality.

Secondary data analysis indicates that although the nominal volume of fuel imports has declined, imported fuel continues to dominate national consumption. This pattern reflects an unresolved structural dependence on foreign supplies and suggests that the government’s intervention has not fully achieved its stated objective of reducing external reliance. In parallel, recent investigative reports highlight a decline in the quality of domestically produced fuel, including allegations of “First Mix” (Pertamax oplosan) adulteration that has reportedly caused engine damage (Syakirun & Ramadhan, 2025). Such issues intensify public concern over whether the policy genuinely promotes *maṣlaḥah* (public

welfare) or instead imposes disproportionate costs on consumers while consolidating domestic monopolistic control.

Table No 1
Komposisi Pasokan BBM Indonesia 2020-2024

Tahun	Produksi Domestik (juta Barel)	Impor Juta Barel	Pangsa Impor (%)
2020	210,0	400,0	65,6%
2021	200,0	410,0	67,2%
2022	190,0	420,0	68,9%
2023	185,0	430,0	69,9%
2024	180,0	425,0	70,2%

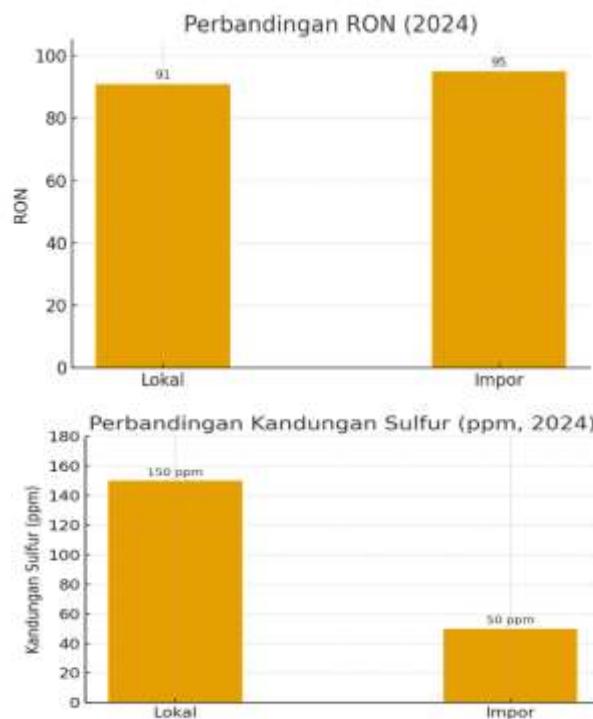
Source: Kementerian ESDM (2024); BP Statistical Review (2023).

Table No 2.
Komposisi Pasokan BBM Indonesia 2020-2024

Parameter	BBM Domestik	BBM Impor	Standar Internasional	Dampak
RON	90-92	95	>=95	Efisiensi rendah, konsumsi tinggi
Sulfur_ppm	150-500	<50	<50	Polusi dan kerusakan mesin
Stabilitas_Oktan	Rendah	Tinggi	Tinggi	Mesin cepat aus

Source: Kementerian ESDM (2024); World Fuel Data Report (2023).

Figure 1.
Perbandingan RON dan Sulfur BBM Lokal & Impor



Source: IESR (2024) dan ICCT (2024). Diolah oleh penulis (2025).

This difference shows that import restriction policies are not accompanied by improvements in the quality of domestic production. Within the framework of maqasid al-shariah, this condition has the potential to violate the principles of distributive justice and protection of property (hifz al-mal) and life (hifz al-nafs). A literature review shows that fuel import restriction policies are not fully in line with the principles of maqasid al-shariah.

Table No 3.
Interpretasi Berdasarkan Maqasid al-Shariah

Prinsip Maqashid	Implikasi Kebijakan BBM
<i>Hifz al-nafs</i> (perlindungan jiwa)	Penggunaan BBM berkualitas rendah meningkatkan risiko keselamatan dan pencemaran udara.
<i>Hifz al-mal</i> (perlindungan harta)	Kerusakan mesin akibat bahan bakar tidak sesuai standar menimbulkan kerugian finansial bagi masyarakat.
<i>Hifz al-'aql</i> (perlindungan akal)	Kurangnya transparansi kebijakan menurunkan kepercayaan publik dan rasionalitas pasar.
<i>Hifz al-din wa al-nas</i>	Nilai keadilan dan tanggung jawab sosial terabaikan.

From an Islamic ethical standpoint, the policy reflects a disproportionate form of monopoly, as it appears to prioritize fiscal interests over the welfare of society. This condition illustrates an imbalance between economic efficiency and the state's moral responsibility. In examining what constitutes an ethical form of monopoly within the Islamic tradition, comparative analysis with other Muslim-majority countries becomes relevant. Such comparative studies reveal that several Muslim countries have developed energy governance frameworks aligned with the principles of social justice (*al-'adl*) and public welfare (*maṣlaḥah āmmah*).

Malaysia, for example, implements a targeted subsidy system directed only toward low-income groups. This policy is designed to reduce the national fiscal burden while maintaining fuel quality in accordance with Euro 5 standards (Ahmad & Rahman, 2021; Bank Negara Malaysia, 2023). Research by (Ismail & Mahyuddin, 2022) demonstrates that Malaysia's approach has succeeded in improving fiscal efficiency without compromising energy quality, thereby remaining consistent with the principles of *hifz al-mal* (protection of wealth) and *hifz al-nafs* (protection of life).

Similarly, Saudi Arabia adopts a semi-liberal energy market model coupled with strict Shari'ah-based oversight conducted by institutions such as the Sharia Supervisory Board under the Saudi Energy Efficiency Center (SEEC). This approach emphasizes transparency and contractual justice, which align with the broader objectives of *maṣlaḥah āmmah*. Al-Otaibi and Al-Salem (2023) also show that the involvement of Shari'ah oversight bodies in Saudi energy policy helps mitigate monopoly risks and enhances public accountability in the management of natural resources.

The United Arab Emirates (UAE) provides another example, where energy market liberalization is balanced with the Green Energy Transition initiative, which explicitly refers

to principles of social responsibility and sustainability (*istiqdāmah*). According to the International Energy Agency (Pathways for the Energy Mix – World Energy Outlook 2024 – Analysis - IEA, n.d.), the UAE's model demonstrates success in maintaining price stability and energy efficiency without restricting public access to clean energy.

These national policies collectively reflect the integration of *Shari'ah* values—justice, transparency, and social responsibility—into energy governance structures. In comparison, Indonesia's monopoly on fuel distribution has yet to reflect a balance between fiscal priorities and public welfare. This observation is consistent with (Yusof & Hassan, 2022), who argue that energy policy disparities in Muslim countries often arise from inadequate incorporation of *maqāṣid*-based principles in macroeconomic planning.

From the perspective of Islamic economics, a state monopoly over the fuel market that lacks transparency and fails to improve public product quality can be categorized as *zulm al-iqtisādī* (economic injustice), as it neglects the public's right to accessible and high-quality goods (Chapra, 2016). Ideally, the state should act as *khādim al-ummah* (servant of the people), rather than as a market actor driven primarily by fiscal considerations. (Siddiqi, 2019) argues, Islamic market ethics require the state to guarantee distributive justice and avoid any form of economic exploitation that harms society (El-Gamal, 2018).

Research by Hassan and Lewis (2020) finds that energy policies grounded in social justice and market transparency contribute to long-term economic welfare in member states of the Organization of Islamic Cooperation (OIC). This principle is further emphasized in the United Nations Development Programme (United Nations Development Programme (UNDP), 2023) report on Energy Governance and Social Equity in Muslim Countries, which underscores the need to balance market efficiency with social equity to achieve sustainable development goals aligned with the values of the *maqāṣid*.

In the Indonesian context, the monopolization of fuel supply without corresponding improvements in product quality risks creating economic disparities and eroding public trust in state institutions. This implies a departure from core *maqāṣid al-shari'ah* objectives, particularly *hifz al-māl*, *hifz al-nafs*, and *hifz al-'aql* (protection of rationality and market integrity). (Kuran, 2022) notes, unjust market structures undermine the moral foundations of Islamic economic systems, as markets lose the value of *iḥsān* (social benevolence) in the relationship between the state and society (Mirakhori & Askari, 2020)

E. Conclusion

This study examined Indonesia's fuel market policy through the lens of Islamic economic principles, focusing on state intervention, distributive justice, and *maṣlahah 'āmmah* (public welfare). The analysis demonstrates that the policy of restricting fuel imports, while justified as a measure to enhance national energy independence, has not fully aligned with the ethical foundations of Islamic economics. Despite the government's stated objectives, secondary data indicate that structural dependence on foreign fuel supplies persists, and concerns about declining domestic fuel quality have become increasingly evident. These outcomes suggest that the policy's practical effects have not delivered the intended public benefit.

From an Islamic ethical perspective, the concentration of market power in the hands of the state without corresponding transparency or quality improvements raises concerns regarding *zulm al-iqtisādī* (economic injustice). Such conditions contradict the *maqāṣid al-shari'ah* objectives of protecting wealth (*hifz al-māl*), safeguarding life (*hifz al-nafs*), and

preserving rational public trust (*hifz al-‘aql*). Instead of functioning as *khādim al-ummah* (a servant of the people), the state risks appearing to prioritize fiscal and industrial interests over the welfare of consumers.

Comparative insights from Malaysia, Saudi Arabia, and the United Arab Emirates further reinforce this conclusion. These countries demonstrate that energy policies grounded in social justice, syariah-based oversight, and transparent governance can sustain both efficiency and fairness. Their adoption of targeted subsidies, syariah supervisory boards, and green energy initiatives reflects a governance model that integrates Islamic principles into practical energy management. These findings support prior scholarly work indicating that energy sector distortions in Muslim-majority economies often stem from insufficient application of *maqāṣid*-based policy frameworks.

Based on these conclusions, the study underscores the need for reform within Indonesia's energy governance. Enhancing transparency, strengthening regulatory supervision (in line with the Islamic concept of *hisbah*), and improving the quality of domestic fuel production are essential steps to realign national policy with the values of justice and *maṣlahah*. Integrating *maqāṣid al-shari‘ah* into policymaking would help prevent structural injustice, rebuild public trust, and ensure equitable distribution of strategic national resources.

For future research, a mixed-method approach combining qualitative normative analysis with quantitative welfare assessment is recommended to measure the socio-economic impacts of fuel market monopolization more precisely. Empirical studies on consumer experiences, public perceptions of market ethics, and cross-country comparisons would also deepen understanding of how Islamic economic principles can be effectively applied in contemporary energy governance. Further investigation into renewable energy policy would additionally enrich the discourse, particularly.

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