

SUSTAINABLE TRADE INDEX 2022



hinrich foundation
advancing sustainable global trade

IMD / Real learning
Real impact

Balancing trade outcomes

The substantial benefits of trade do not come without risks, eg:

- labor disruption
- environmental degradation
- worsening inequality

Harnessing trade benefits and mitigating risks requires:

- proactive and responsible government policy
- farsighted corporate decision-making

The **Sustainable Trade Index** stimulates this dialogue

The **Hinrich Foundation** and the **IMD World Competitiveness Center** have combined their expertise to build the Hinrich-IMD Sustainable Trade Index, to stimulate discussion among policy makers, business executives and civil society leaders striving to advance sustainable and mutually beneficial global trade.

Methodology

30 economies

APEC members

+

CPTPP members and applicants

+

RCEP members

+

Bangladesh, India, Pakistan, Sri Lanka

The Hinrich-IMD Sustainable Trade Index measures each economy's **readiness and capacity to participate in the global trading system** in a manner that supports the long-term goals of economic growth, environmental protection and societal development.

70 indicators over 3 pillars

Economic

Economic infrastructure necessary to support trade growth

Societal

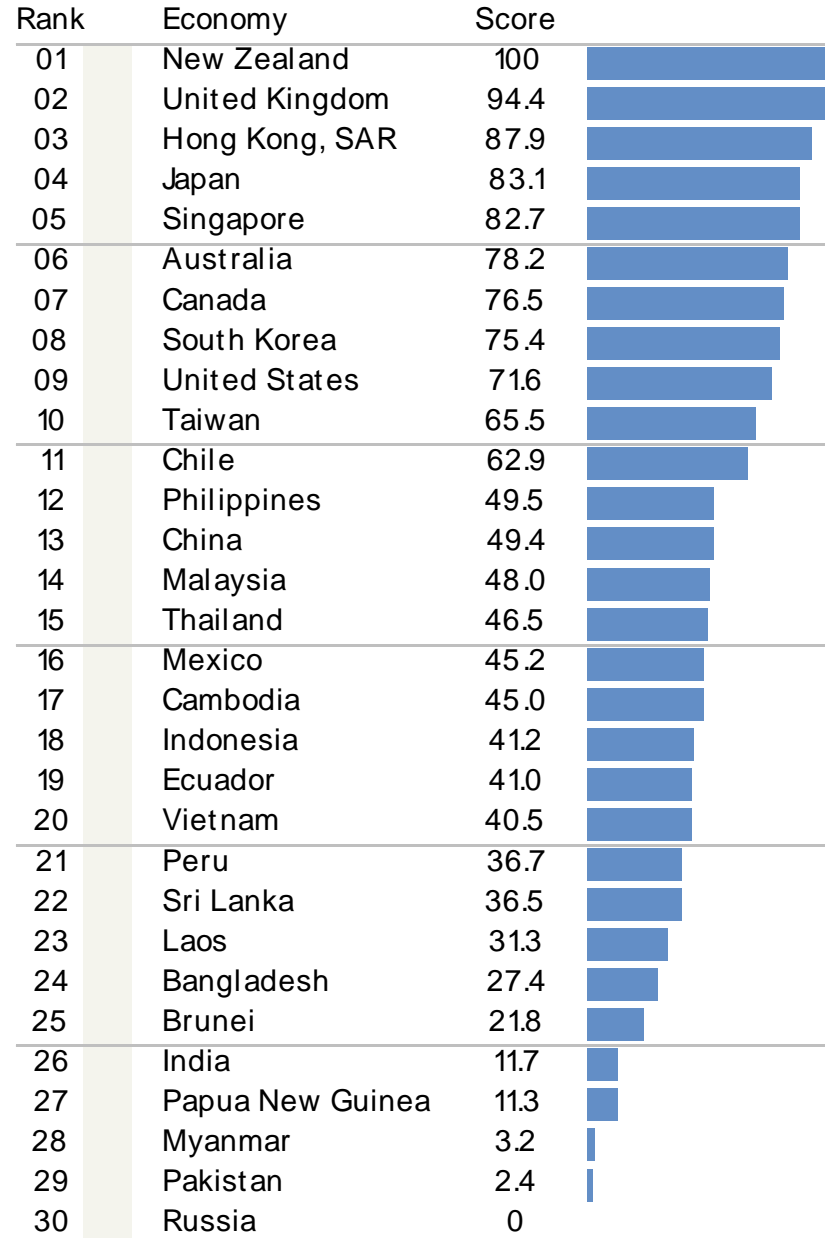
Factors that support human capital development and a population's support for trade expansion

Environmental

How an economy uses its natural resources and manages the externalities of trade

Overall

This is a new index, to be published annually, allowing us to evaluate the progress of economies from year to year.



Overall



Top five

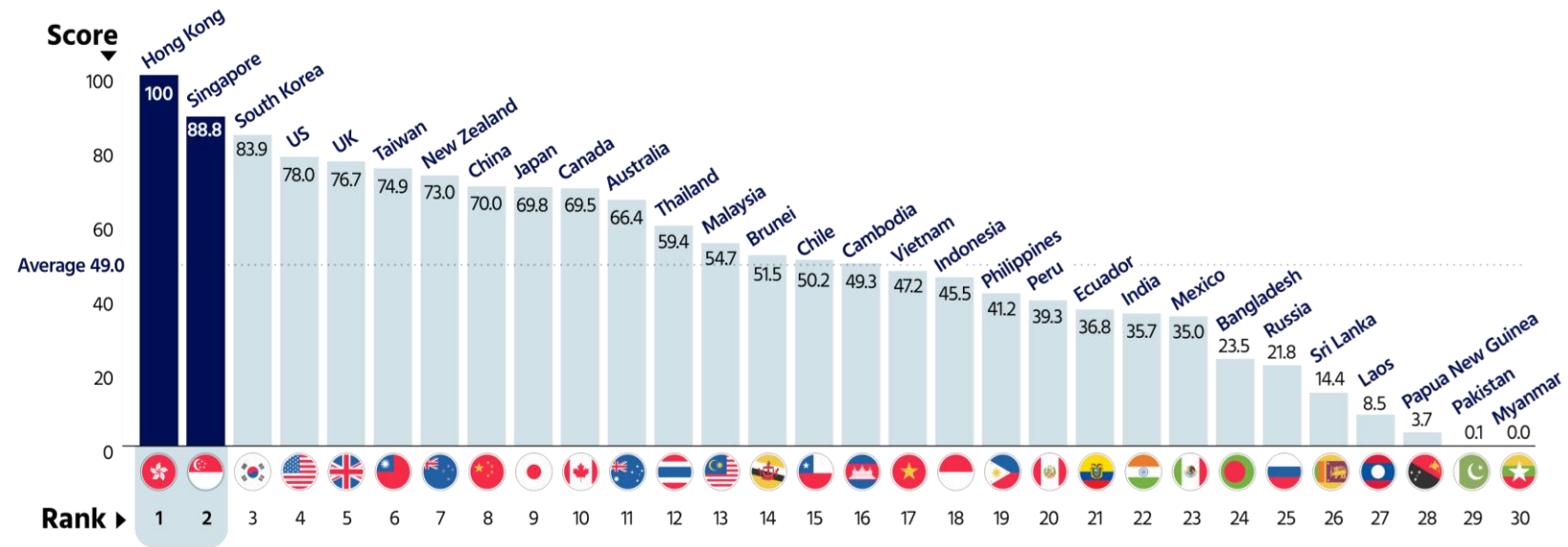


- 1 New Zealand comes first in societal & environmental pillars
- 2 The United Kingdom shows strong performances in all pillars
- 3 Hong Kong is in the top position in the economic pillar
- 4 Japan performs least well in the economic pillar
- 5 Singapore's highest position is the economic pillar

Economic pillar

INDICATORS

- Consumer price inflation
- Real GDP Growth per capita
- Growth in labor force
- Foreign direct investment
- Gross fixed capital formation
- Tariff & non-tariff barriers
- Trade liberalization
- Exchange rate stability
- Domestic credit to private sector
- Foreign trade and payments risk
- Trade costs
- Monetary policy intervention
- Export concentration
- Exports of goods and services
- Technological innovation
- Technological infrastructure



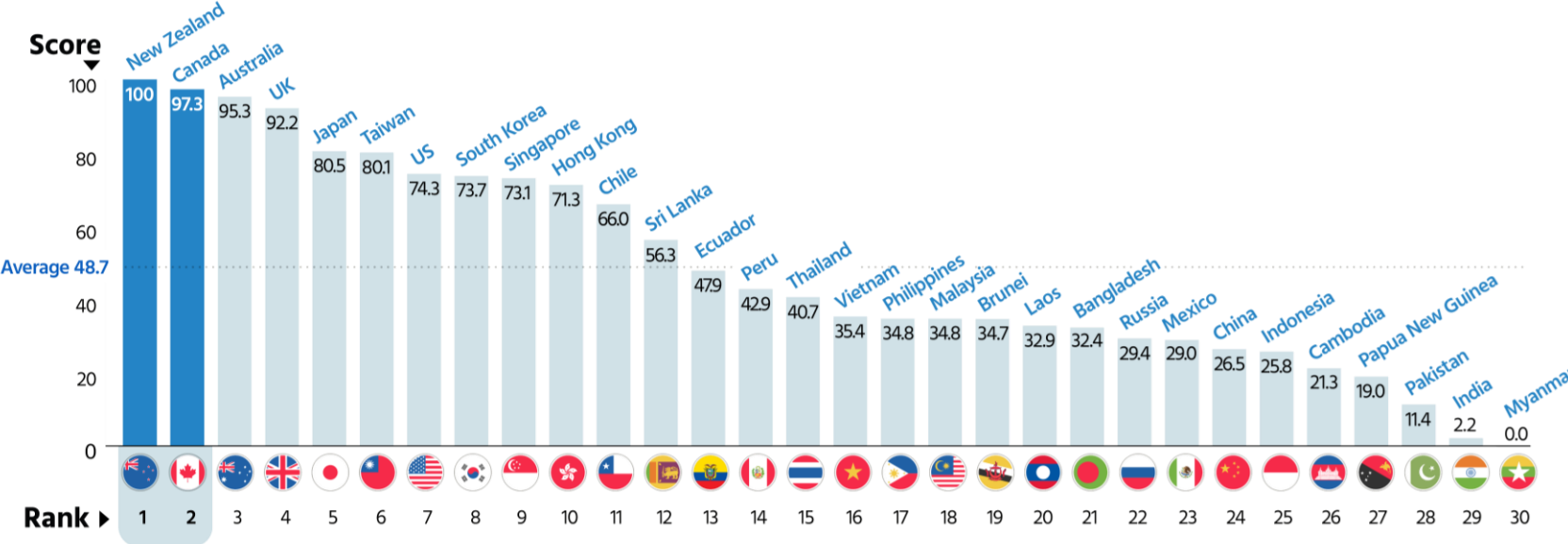
Hong Kong and Singapore sit at the top of the Economic pillar. Both economies act as key financial hubs for the Asia-Pacific (APAC) region.

At the indicator level, Hong Kong and Singapore excel in attracting capital from foreign investors (indicator 1.04) and have well-developed technological infrastructure (indicator 1.16).

Societal pillar

INDICATORS

- Inequality (Gini coefficient)
- Educational attainment
- Labor standards
- Political stability and absence of violence
- Government response to human trafficking
- Trade in goods at risk of modern slavery
- Social mobility
- Life expectancy at birth



The top two spots are taken by New Zealand and Canada, which are both advanced economies with relatively small populations.

At the indicator level, New Zealand and Canada perform strongly in labor standards (indicator 2.03) and human trafficking response (indicator 2.06).

Imports at risk of slavery



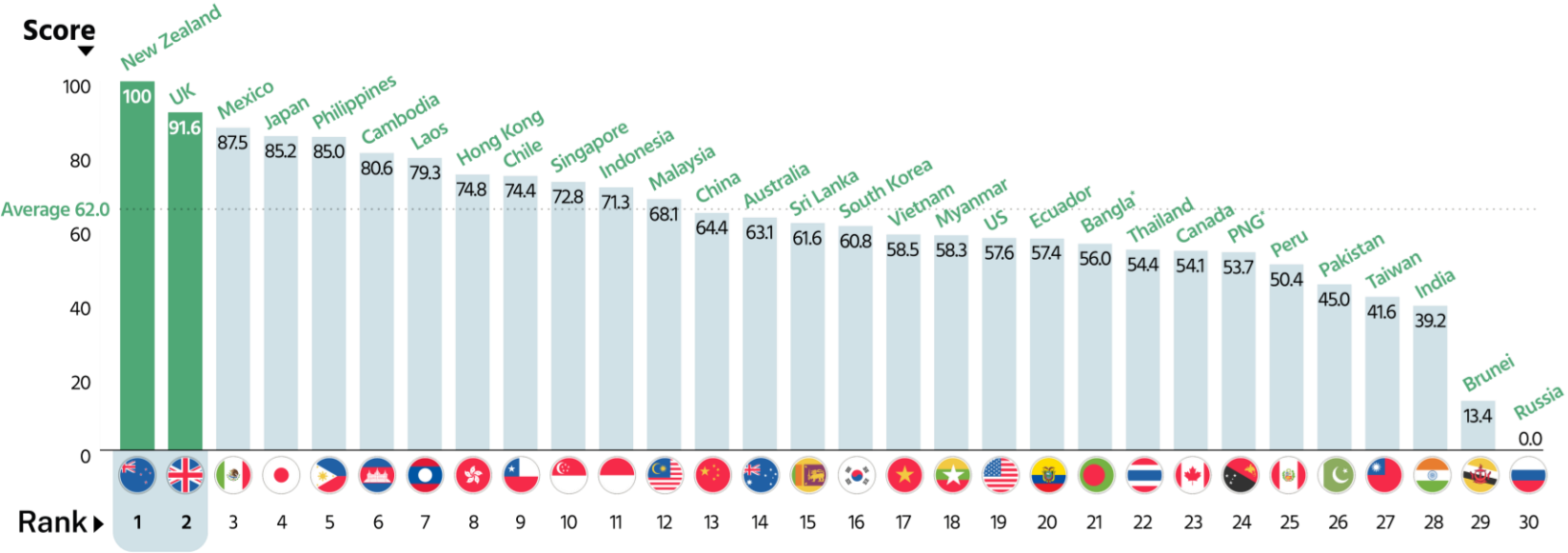
There is a strong inverse correlation (-0.651) where the top-performing economies in the overall STI display a relatively weak performance in the import of trade in goods at risk of modern slavery.

This suggests that developed economies must do more to ensure that foreign manufacturing practices for their imports conform to domestic ethical standards.

Environmental pillar

INDICATORS

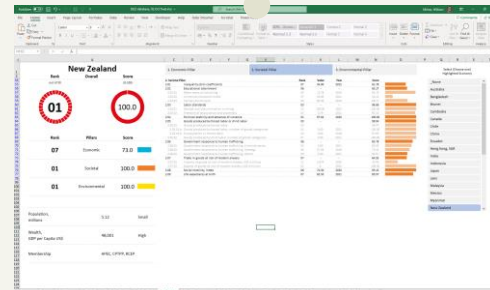
- Air pollution
- Deforestation
- % of wastewater treated
- Energy intensity
- Ecological footprint
- Renewable energy
- Environmental standards in trade
- Transfer emissions
- Share of natural resources in trade
- Carbon



New Zealand is once again ranked first, but this time joined by the UK.

At the indicator level, both of these economies received top marks in energy intensity (indicator 3.04) and carbon emissions (indicator 3.10)

Find out more...



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	GDP per capita	Income Rank	Overall Rank	Income Rank - Index Rank
Cambodia	1,637	28	17	+11
Philippines	3,522	23	12	+11
Japan	39,445	09	04	+5
New Zealand	48,001	06	01	+5
United Kingdom	46,985	07	02	+5
Bangladesh	2,127	27	24	+3
Hong Kong, SAR	49,668	05	03	+2
Indonesia	4,315	20	18	+2
Laos	2,480	25	23	+2
Myanmar	1,209	30	28	+2
South Korea	34,875	10	08	+2
Thailand	7,323	17	15	+2
Vietnam	3,691	22	20	+2
Chile	15,904	12	11	+1
Malaysia	11,257	15	14	+1
Taiwan	33,835	11	10	+1
China	12,359	13	13	-
Ecuador	5,896	19	19	-
India	2,165	26	26	-
Mexico	9,951	16	16	-
Pakistan	1,532	29	29	-
Sri Lanka	3,723	21	22	-1
Australia	63,025	03	06	-3
Canada	51,450	04	07	-3
Papua New Guinea	2,944	24	27	-3
Peru	6,577	18	21	-3
Singapore	74,427	01	05	-4
United States	68,980	02	09	-7
Russia	12,207	14	30	-16
Brunei	44,753	08	25	-17

The overall STI rank and GDP per capita

High income economies are generally those also ranked high in the Sustainable Trade Index

This data also highlights four major outliers. Cambodia and the Philippines perform better in the STI than their GDP per capita while Russia and Brunei perform less well

Policy implications

1

Deteriorating macroeconomic environment

2

High levels of dysfunction in global trade system

3

Developed economies and modern slavery

- Inflation
- Prospects for recession
- Rising trade barriers

- Rules-based system under utmost pressure since inception
- Can't have sustainable trade without a stable system
- Need to restore trust/confidence, but prospects are dim
- Moving towards “the law of the jungle”, trade wars and breakdowns
- Impediment to greater trade sustainability

- Imports stoke demand

4 Pandemic and war have brought a silver lining

5 Avoid backsliding into unsustainable practices once storm passes

6 Key underperformers and overperformers

- Reminded us that trade many trade relationships have grown unbalanced
- Economies are now recalibrating, seeking better balance

- Move towards greater sustainability driven by urgent externalities
- Need to embed concept of sustainable trade

- What can we learn from the performance of the US and the Philippines?

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