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## Economic unilateralism is rising as new trade-offs add complexity to trade policy and geopolitics

*Hinrich-IMD Sustainable Trade Index 2025 shows higher performance among economies that reduce reliance on natural resource exports*

The **United Kingdom (UK)** has edged its way to first place among 30 global economies in the 2025 Hinrich-IMD Sustainable Trade Index (STI), themed “Navigating sustainable trade: From benchmarking to trade-offs”.

**New Zealand** was second and **Australia** third.

The **STI**, a joint project between the [Hinrich Foundation](#) and the [IMD World Competitiveness Center](#) (WCC), assesses the sustainable trade performance of global trading economies on an annual basis.

There is no single model for **achieving sustainable trade**, the researchers say. But the concept can be understood as reaping the social, environmental, and economic benefits of international trade while minimizing potential downsides. Leaders must, in particular, look beyond short-term economic gains.

The higher-ranking economies’ performances reflect more than just open trade policies; they are the result of balanced and resilient models that integrate economic openness with social progress and environmental responsibility. They share robust governance mechanisms, world-class education systems, and strong environmental standards, the authors of the Index’s accompanying report say.

### Global shared practices are drying up

This year’s analysis reveals that economies are operating in increasingly divergent ways, with **fewer shared best practices and more unilateral choices**.

The **UK’s** ascent to first place is underpinned by a significant reduction in its reliance on natural resource exports – something the **US**, in ninth, also achieves – and a lowering of per capita carbon emissions. The **UK** is approaching a successful transition to higher-value, less resource-intensive trade. **Emerging economies**, by contrast, are navigating “selective modernization”, targeting select environmental improvements without abandoning their carbon and resource-intensive development trajectories.

**China** (16<sup>th</sup>) demonstrates this approach most clearly, dramatically reducing its natural resource trade dependence from 13.3% to 5.6% and improving wastewater treatment, yet continuing to grapple with the broader environmental implications of its manufacturing-heavy export economy.

**New Zealand** came **second** in the 2025 STI. After topping the Index in 2024, in 2025 it continues to embrace trade as a growth strategy via high liberalization and low tariffs. It makes use of low barriers and robust institutions to optimize its integration into global value chains.

**Australia**, which came **third** both this year and last, makes the podium by building on the solid economic foundations of a mature economy rather than pursuing dramatic structural shifts. It sets the benchmark for human capital, labor standards, and public trust in trade.

Within the top 10, South Korea, Hong Kong SAR, and the US each advanced, while New Zealand, Japan, and Taiwan each fell slightly. Sri Lanka, 20<sup>th</sup>, was the ranking's greatest improver, up six places since last year.

The **STI measures** economies that are members and applicants of major trade alliances such as the Asia-Pacific Economic Cooperation (APEC), the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the Regional Comprehensive Economic Partnership (RCEP).

"This year's STI reflects how policy makers and business leaders in today's fragmented world need to find a balance between efficiency and strategic autonomy, short-term profitability and long-term social cohesion, and climate ambition and development sovereignty," says **Arturo Bris**, WCC Director.

Between 2022 and 2024, resilience emerged as the dominant strategy in global trade. The COVID-19 pandemic exposed critical vulnerabilities in supply chains. In response, governments launched industrial policies aimed at reducing external dependencies, reshoring critical inputs, and reasserting national control over production. This period marked the rise of friendshoring, reshoring, and selective openness.

By mid-2025, however, the consensus has moved beyond resilience. Trade liberalization has been eroded and is being replaced by a wave of unilateral trade actions – especially tariff escalations – between longstanding partners.

These shifts mark the beginning of a broader realignment — a strategic restructuring of global trade relationships and policy priorities in response to evolving geopolitical dynamics, emerging technologies, and shifting national security doctrines. What used to be a consensus around liberalization and multilateralism has been replaced by a more fragmented and transactional trade environment, the report authors say, noting three global trade-offs underway.

- **Efficiency** vs. **strategic autonomy**
- **Short-term profitability** vs. **long-term social cohesion**
- **Climate ambition** vs. **development sovereignty**

"Economies need strategies that enable their societies to bridge existing disparities in income, to manage environmental outcomes proactively, and to pursue new economic growth opportunities," says **Kathryn Dioth**, CEO of the Hinrich Foundation.

“Structural readiness and strategic positioning have today become essential for creating resilient and inclusive trading relationships in our rapidly evolving global economy. Sustainable trade is not a destination but a process of adaptation,” says **Christos Cabolis**, WCC Chief Economist.

The STI evaluates 72 data points across three pillars – economic, societal, and environmental:

The economic pillar reveals three distinct strategic pathways that reflect different stages of development and the market positioning of various actors. Advanced economies are seen in this year’s Index to be pursuing consolidation strategies, using their existing institutional strengths to weather global uncertainties while maintaining competitive advantages.

The **societal pillar** focuses on how economies navigate selective social upgrading, making targeted improvements in specific areas while managing the social tensions that accompany rapid economic transformation. Resource-dependent economies often face **constrained social modernization** as economic gains may be concentrated within certain sectors.

The **environmental pillar** captures economies at vastly different stages of reconciling trade-driven growth with environmental stewardship. A country’s development stage is found to **strongly condition its approach to environmental sustainability**, which determines both its priorities and capacity for action.

The **2025 STI** serves as a strategic compass for policymakers, business leaders, and researchers **navigating uncertainty** at a time when **policy volatility is outpacing traditional analysis**.

The **WCC** and the **Hinrich Foundation** share a vision of trade as a means to achieve shared prosperity. The 2025 edition of the STI examines the structural strengths, institutional qualities, and strategic choices that determine how economies are responding to an increasingly **fragmented trade environment**.

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## Profiles

### About the Hinrich Foundation

The Hinrich Foundation is an Asia-based philanthropic organization dedicated to advancing mutually beneficial and sustainable global trade. We believe that global trade – when mutually beneficial and sustainable – is a powerful force for shared prosperity, technological progress, sustainability, and peaceful international cooperation. Our work is grounded in independent, fact-based research and the development of innovative trade education programs.

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## RESULTS TABLE

1-year rank +/-	STI 2025 rank	Economy	Overall STI score	1. Economic pillar	2. Societal pillar	3. Environmental pillar
▲ 1	1	 United Kingdom	100.00	86.45	89.42	100.00
▼ 1	2	 New Zealand	97.01	77.26	92.72	98.95
— 0	3	 Australia	93.26	80.26	100	79.97
— 0	4	 Singapore	90.01	99.51	86.63	66.56
▲ 1	5	 South Korea	87.22	95.84	84.47	65.93
▲ 1	6	 Hong Kong, SAR	83.79	100.00	65.49	72.78
▼ 2	7	 Japan	83.48	67.81	78.54	91.21
— 0	8	 Canada	80.45	74.40	96.75	59.38
▲ 1	9	 United States	79.54	94.07	67.71	66.64
▼ 1	10	 Taiwan	77.90	75.23	80.55	68.84
— 0	11	 Chile	67.66	65.08	66.90	68.91
▲ 3	12	 Malaysia	64.25	75.75	47.53	69.70
— 0	13	 Philippines	61.68	62.68	37.34	86.99
— 0	14	 Vietnam	58.43	74.24	38.49	66.74
▼ 3	15	 Thailand	58.17	66.65	56.99	55.23
— 0	16	 China	57.51	90.95	30.82	55.57
▲ 1	17	 Indonesia	56.32	57.09	40.52	76.97
▼ 1	18	 Mexico	52.90	40.62	38.13	87.90
— 0	19	 Cambodia	50.75	66.65	29.29	65.74
▲ 6	20	 Sri Lanka	41.09	29.64	39.25	70.37
▼ 1	21	 Peru	39.65	45.20	42.63	48.09
▼ 1	22	 Ecuador	34.80	22.89	44.33	57.45
— 0	23	 India	33.15	60.04	23.44	37.38
— 0	24	 Brunei	31.65	51.69	47.08	18.61
▼ 3	25	 Laos	29.61	17.22	32.91	62.50
▼ 1	26	 Bangladesh	23.85	23.44	25.21	50.64
▲ 1	27	 Pakistan	12.53	0.00	15.71	57.33
▲ 1	28	 Papua New Guinea	8.50	12.00	5.64	46.04
▲ 1	29	 Russia	1.61	12.19	35.53	0.00
▼ 3	30	 Myanmar	0.00	1.49	0.00	42.49