

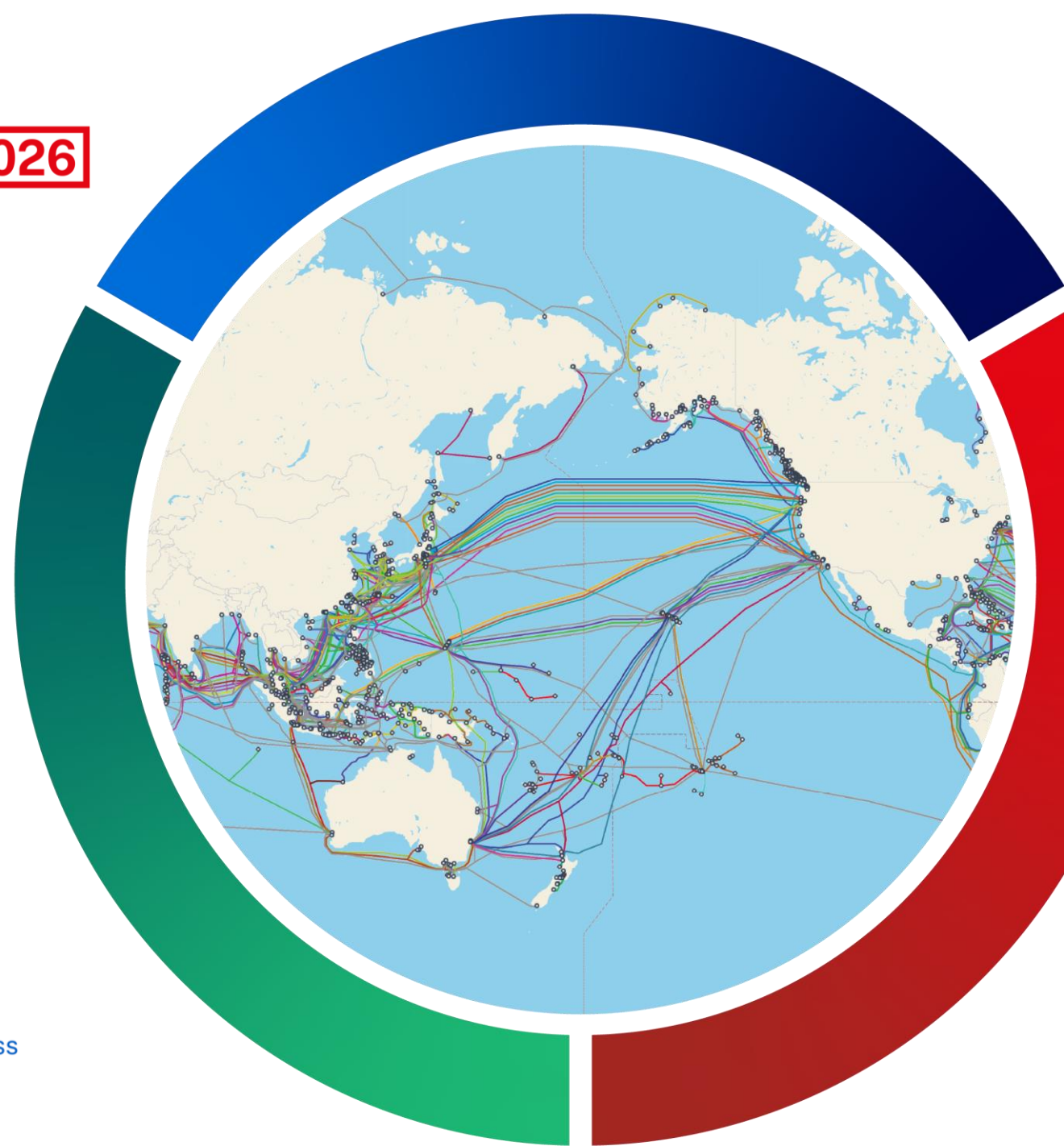
Sustainable Trade Index **2026**

THE HINRICH-IMD STI 2026 LAUNCH EVENT

**Are trade agreements a
building or stumbling block
for shared prosperity?**

hinrich foundation
advancing sustainable global trade

IMD / World Competitiveness
Center



Sustainable trade is built at home

STI 2026: the UK holds first place as Singapore climbs to 2nd; Taiwan and Cambodia are the year's biggest risers

Rank	Economy	Δ vs 2025	Economic	Societal	Environmental
1	UK	=	4	4	2
2	Singapore	▲ 2	1	9	6
3	New Zealand	▼ 1	10	3	1
4	Hong Kong SAR	▲ 2	3	8	4
5	Australia	▼ 2	9	1	11
6	Taiwan	▲ 4	6	5	15
7	South Korea	▼ 2	5	6	17
8	Japan	▼ 1	12	7	7
9	Canada	▼ 1	11	2	21
10	United States	▼ 1	2	11	27

Key findings

Five years of data, 30 economies

- **Capacity beats membership**
Agreements open doors; institutions, skills and infrastructure decide who walks through.
- **Balance is rare**
Only the UK, Singapore, New Zealand and Hong Kong rank top-10 in all three pillars.
- **Environment is the swing pillar**
Cambodia jumps 17th → 3rd; the US drops 14th → 27th. Development need not precede green practice.
- **Sustainability as advantage**
Standards now gate market access, but fixed compliance costs favour large producers.

Overall STI 2026 Ranking

	Rank	Economy	Score	
—	01	United Kingdom	100	
▲	2	Singapore	97.7	
▼	1	New Zealand	95.1	
▲	2	Hong Kong, SAR	92.8	
▼	2	Australia	89.0	
▲	4	Taiwan	85.8	
▼	2	South Korea	84.3	
▼	1	Japan	84.0	
▼	1	Canada	78.0	
▼	1	United States	69.4	
▲	1	Malaysia	66.8	
▼	1	Chile	64.6	
▲	2	Thailand	61.6	
—	14	Vietnam	61.5	
▲	4	Cambodia	58.4	
▼	3	Philippines	58.0	
—	17	Indonesia	57.7	
—	18	Mexico	53.6	
▼	3	China	51.4	
▲	1	Peru	47.9	
▲	2	India	44.2	
▼	2	Sri Lanka	43.1	
▼	1	Ecuador	34.4	
▲	1	Laos	25.7	
▲	1	Bangladesh	22.2	
▲	1	Pakistan	16.7	
▼	3	Brunei	13.7	
▲	2	Myanmar	6.3	
—	29	Russia	4.7	
▼	2	Papua New Guinea	0	

Economic Pillar

Demonstrating the link between the trading system and economic growth:

- Quality of trade infrastructure
- Ease of conducting international trade
- Export diversification
- Technological infrastructure
- New indicator this year on Digital e-readiness

	Rank	Economy	Score	
▲ 1	01	Singapore	100	
▲ 2	02	United States	86.0	
▼ 2	03	Hong Kong, SAR	83.0	
▲ 2	04	United Kingdom	82.3	
▼ 2	05	South Korea	80.5	
▲ 4	06	Taiwan	80.2	
▼ 2	07	China	78.4	
▲ 1	08	Malaysia	71.8	
▼ 2	09	Australia	71.0	
▼ 2	10	New Zealand	69.2	
—	11	Canada	69.2	
▲ 1	12	Japan	67.1	
▲ 5	13	India	61.6	
—	14	Thailand	60.0	
▼ 3	15	Vietnam	58.9	
—	16	Chile	56.5	
▼ 2	17	Cambodia	53.5	
▲ 3	18	Peru	52.0	
—	19	Indonesia	50.3	
▼ 3	20	Philippines	49.8	
▲ 1	21	Mexico	37.3	
▼ 2	22	Brunei	35.4	
▲ 2	23	Ecuador	29.2	
▼ 1	24	Sri Lanka	22.6	
▼ 1	25	Bangladesh	15.8	
▲ 1	26	Russia	15.5	
▲ 3	27	Pakistan	9.1	
—	28	Papua New Guinea	8.2	
▼ 3	29	Laos	7.9	
▼ 1	30	Myanmar	0	

Societal Pillar

Social factors that enhance capacity to trade:

- Education
- Labor standards
- Healthcare (life expectancy)
- New indicator this year on Equal distribution of resources

	Rank	Economy	Score	
—	01	Australia	100	
—	02	Canada	99.9	
—	03	New Zealand	97.3	
—	04	United Kingdom	95.3	
▲ 2	05	Taiwan	93.7	
—	06	South Korea	90.7	
▲ 1	07	Japan	87.2	
▲ 3	08	Hong Kong, SAR	85.5	
▼ 4	09	Singapore	83.9	
—	10	Chile	76.8	
▼ 2	11	United States	75.3	
—	12	Thailand	60.5	
—	13	Malaysia	55.8	
—	14	Brunei	52.6	
▲ 1	15	Peru	50.2	
▼ 1	16	Ecuador	50.0	
▲ 1	17	Sri Lanka	49.8	
▲ 2	18	Mexico	49.1	
▲ 2	19	Philippines	49.0	
▼ 3	20	Indonesia	48.3	
▼ 2	21	Vietnam	47.4	
—	22	Russia	44.8	
▲ 1	23	China	40.7	
▼ 1	24	Laos	40.4	
▲ 1	25	Bangladesh	34.6	
▼ 1	26	Cambodia	34.1	
—	27	India	33.6	
—	28	Pakistan	26.5	
—	29	Papua New Guinea	12.2	
—	30	Myanmar	0	

Environmental Pillar

Engaging in trade in a way that is environmentally sustainable and manages the externalities of trade growth:

- Air and water pollution
- Carbon emissions
- Share of natural resources in exports
- Participating in international environmental agreements

	Rank	Economy	Score	
▲ 1	01	New Zealand	100	
▼ 1	02	United Kingdom	99.7	
▲ 14	03	Cambodia	98.4	
▲ 4	04	Hong Kong, SAR	93.0	
▼ 1	05	Mexico	89.2	
▲ 9	06	Singapore	88.3	
▼ 4	07	Japan	87.9	
▲ 5	08	Vietnam	86.6	
▼ 4	09	Philippines	86.4	
▼ 3	10	Indonesia	85.9	
▼ 5	11	Australia	82.3	
▼ 3	12	Sri Lanka	80.2	
▼ 3	13	Malaysia	76.9	
▲ 9	14	Thailand	72.7	
▼ 3	15	Taiwan	72.3	
▲ 11	16	Myanmar	71.8	
▼ 1	17	South Korea	71.7	
▼ 7	18	Chile	66.5	
▼ 1	19	Laos	66.2	
▲ 5	20	Peru	60.9	
▼ 2	21	Canada	59.9	
▲ 6	22	India	59.7	
▼ 2	23	Pakistan	59.1	
—	24	Bangladesh	56.4	
▼ 5	25	Ecuador	54.2	
▼ 4	26	China	51.7	
▼ 13	27	United States	49.0	
▼ 2	28	Papua New Guinea	37.7	
▲ 1	29	Russia	8.1	
▼ 1	30	Brunei	0	

How Domino Regionalism Rescues the World Trade System & What Could Go Wrong



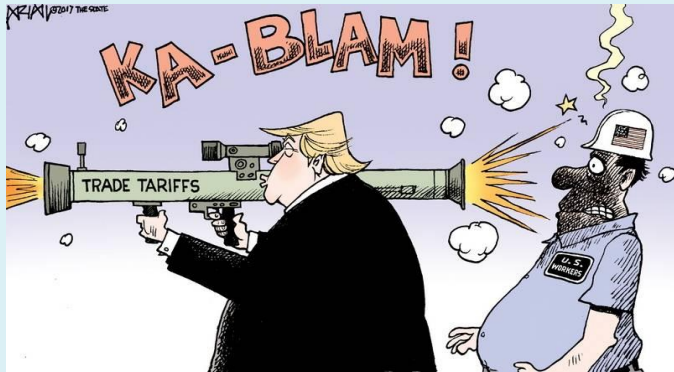
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How did we get to this raging regionalism? The Spark:

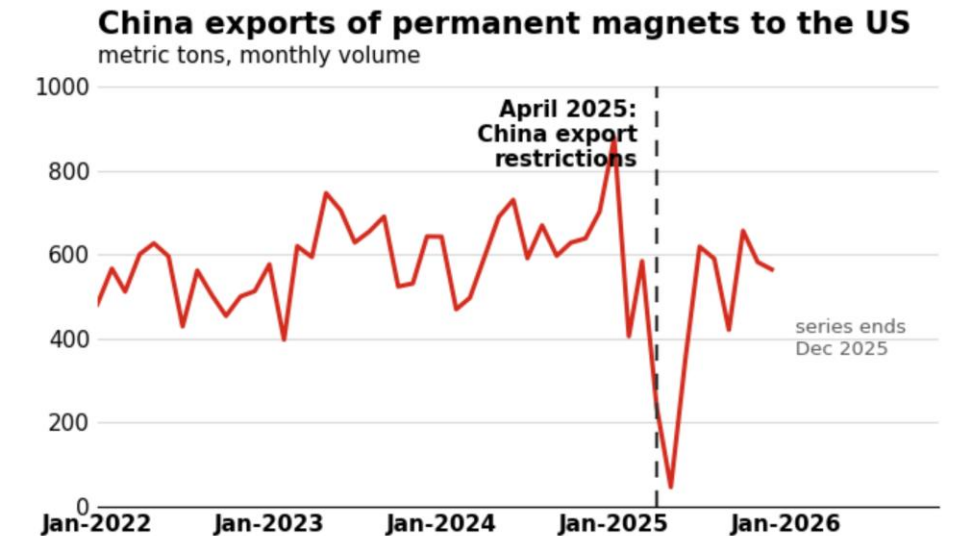
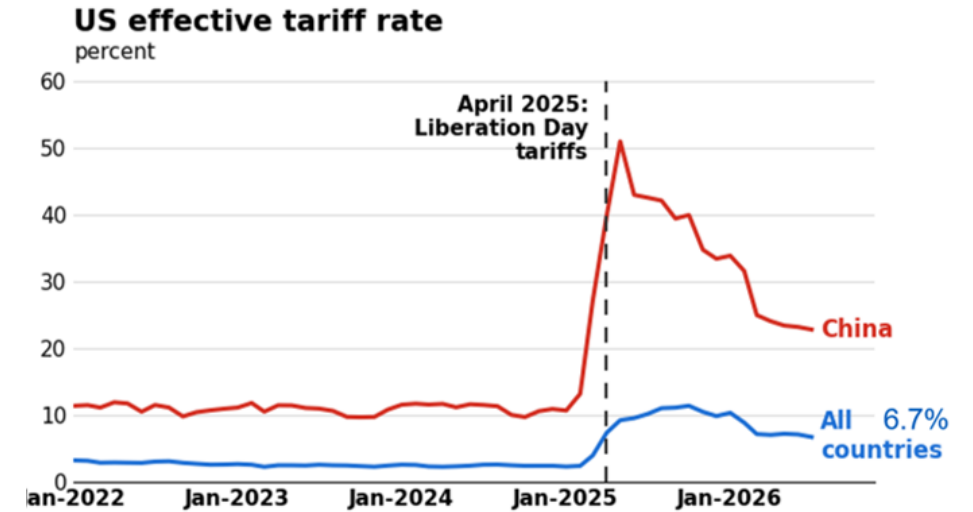
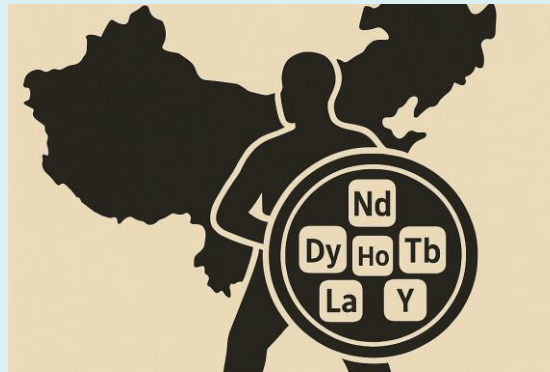
World War Trade started April 2025

The world's largest importer put tariffs on everybody.
The world's largest exporter put export controls on everybody.
World trade weaponised as never before in peacetime.

US tariffs self-retaliatory



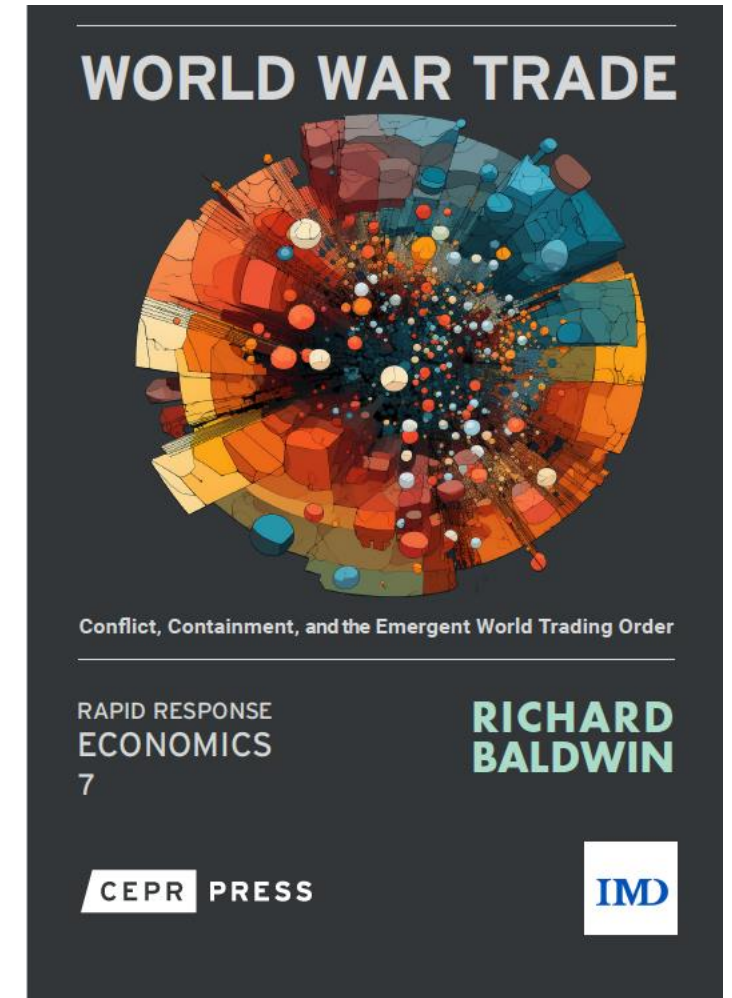
China export controls worked



Charts: Fitch ETR Monitor and BMI (effective tariff by partner);
China Customs HS 85051110 via Bown (2026) (magnets).

The 75% didn't fight; it adapted.

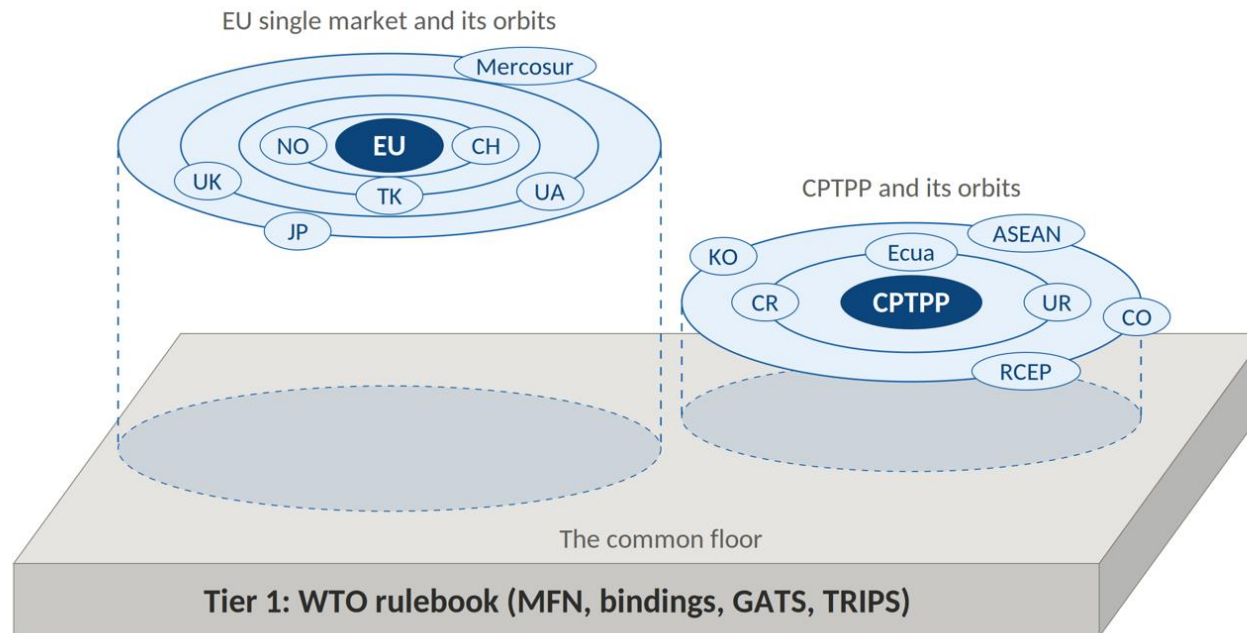
- 1 **Restraint**: Are not retaliating.
- 2 **Bunkers**: Building defenses against coercion.
- 3 **Bridges**: Signing new free trade agreements.



Emergent system: Two-tier world trade system on auto-pilot.

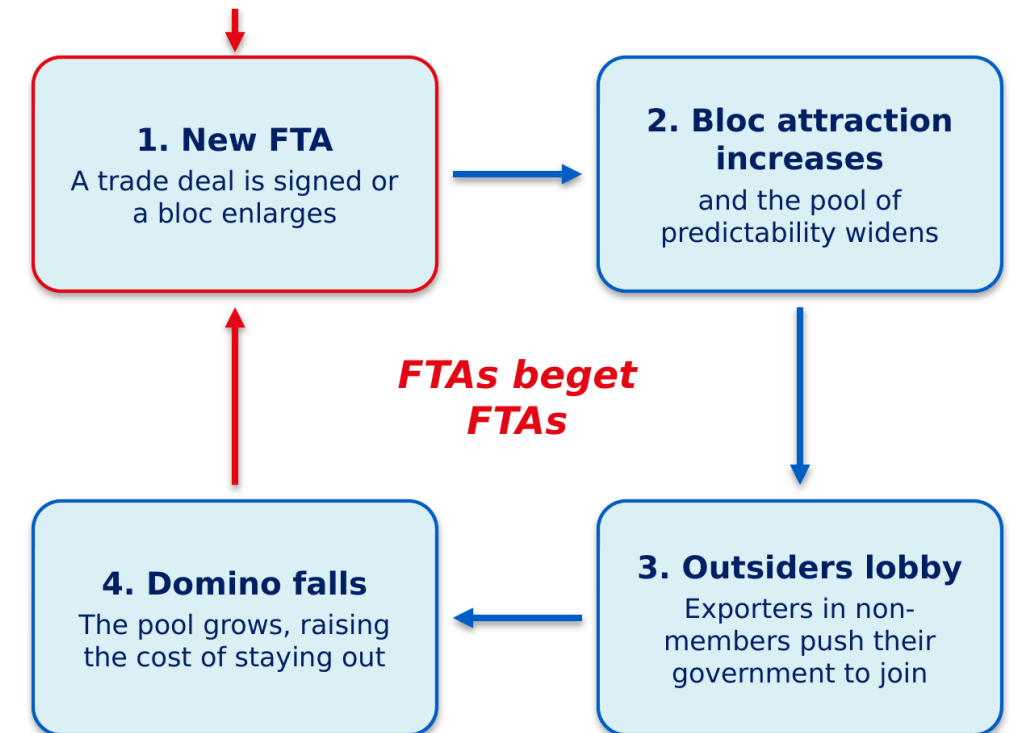
Tier 2: deep integration clubs

Services, investment, IP, capital flows, data, state aid



Auto-pilot = Domino Theory of Regionalism:

Shock: World War Trade



Building blocks or stumbling blocks?

Optimistic: System builds itself

- Domino regionalism keeps pulling economies into the two pools of predictability.
- US doesn't take offense & try to stop it (as it has done so far and in Trump I)
- USA becomes a more closed economy; rest of the world moves on.

Pessimistic: China Shock 2.0 breaks it

- Subsidised Chinese EVs, batteries, solar, chips and machinery flood every market; importers respond one by one, badly.
- An advanced-economy coalition forms to counter
- Beijing retaliates on critical inputs.
- A security dilemma: each side's anti-coercion measures look like coercion to the other.
- World trade fragments into 2 or 3 fighting blocs.

Policy buffers: the shock absorbers that keep the blocks building

Shock absorber for surges: surge control.
Managed Trade for the 21st century.

Shock absorber for subsidies: SALT.
Subsidy Arms Limitation Talks.

Building blocks, if we keep the doors open and absorb the shocks

The blocs are a reaction to coercion and the loss of predictability.

They are pools of predictability that get more attractive as they grow. The system builds itself.

Deep integration is mostly non-discriminatory, so the outsiders gain too.

Beware China Shock 2.0 turn building blocks into stumbling blocks.

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