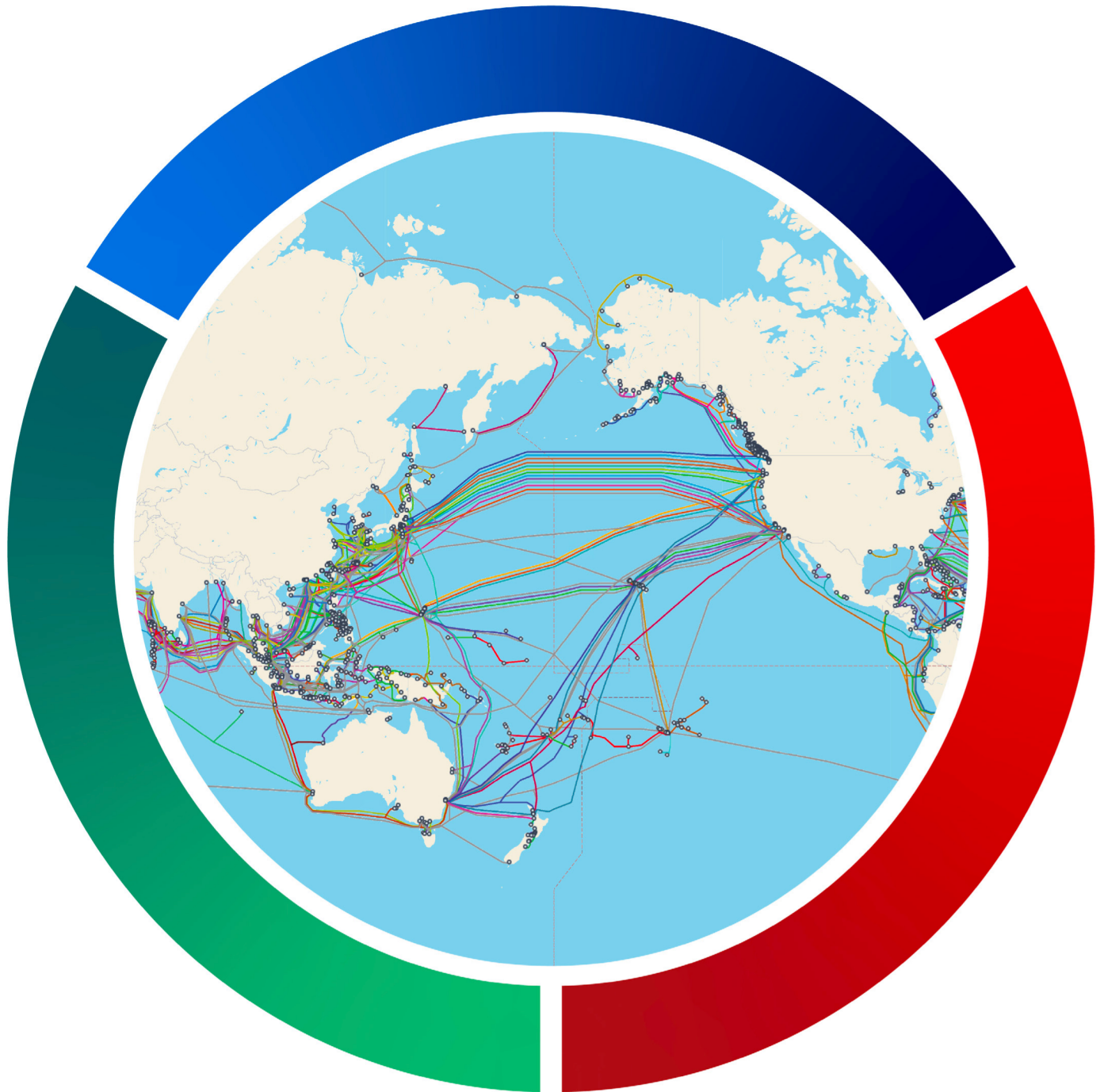


Sustainable Trade Index **2026**

Pathways to Resilience:

Lessons from CPTPP, RCEP,
APEC, and DEPA



Foreword



At the Hinrich Foundation, we believe that trade, when conducted sustainably, can raise living standards, strengthen ties between nations and support peaceful international cooperation. Yet in today's deeply fragmented world, sustaining these benefits demands resilience, trust and the capacity to adapt to evolving economic, social and environmental challenges.

The Sustainable Trade Index (STI) brings together the economic, societal and environmental foundations of sustainable trade, helping decision-makers identify strengths and areas where improvements are needed to support inclusive and durable growth. It examines how 30 Asia-Pacific economies participating in major regional frameworks, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), Regional Comprehensive Economic Partnership (RCEP) and Asia-Pacific Economic Cooperation (APEC), are each progressing on their sustainable pathways.

This year's findings underscore that no single agreement or forum can deliver sustainability on its own. Deep agreements such as CPTPP can create meaningful disciplines and encourage reform. Broader arrangements such as RCEP can diversify markets and strengthen production networks. Nonbinding forums such as APEC can preserve dialogue and cooperation when consensus is difficult. Together, these frameworks can support progress, but their impact ultimately rests on how well economies implement commitments and manage trade-offs at home.

Sustainable trade is built not only through international and regional engagement, but also through strong domestic foundations. Effective regulatory frameworks and capable public administrations are crucial to implementing and sustaining reforms that can translate the benefits of trade into long-term prosperity.

ARTURO BRIS



Director
IMD World Competitiveness Center

Sustainable trade is not a fixed achievement but an ongoing process of adaptation, and five years of the Hinrich-IMD Sustainable Trade Index (STI) now show why. This fifth edition moves beyond any single year's headline ranking to ask a tougher set of questions, looking beyond how far economies have come to understand how they have adapted across economic, societal and environmental dimensions as the conditions surrounding trade have changed.

At the IMD World Competitiveness Center, we study how economies build and sustain competitiveness over time. Our partnership with the Hinrich Foundation extends this perspective to trade, recognizing that economic performance alone cannot capture whether trade gains can be sustained. The STI therefore assesses thirty economies across economic, societal and environmental pillars, with this year's edition further refining its indicators to capture digital readiness and the equal distribution of resources.

The trade environment described by this year's Index is complex. Trade rules are increasingly shaped through narrower agreements, with unilateral measures and other forms of cooperation now taking place outside the growingly challenged multilateral system. At the same time, sustainability has moved closer to the center of trade policy, from environmental standards embedded in supply chains to measures such as the European Union's Carbon Border Adjustment Mechanism. These developments are changing not only the rules governing trade, but also the capabilities economies need to remain competitive within it.

Five years of data show that economies can improve their overall sustainable trade performance through very different paths, while the constraints that matter most can change as they develop. A stronger economic base may create the resources for social and environmental improvements, but it does not guarantee them. Likewise, progress in these areas can coexist with a more difficult trading environment. The value of the Index is therefore not simply in showing which economies perform best, but in revealing where progress is coming from and how the balance between its different dimensions changes over time.

We hope this year's Index provides policymakers, business leaders and researchers with more than a ranking to consult. We hope it provides a framework for asking better questions about their own economies: where is progress coming from, which pressures are becoming more important, and what will it take to sustain those gains as the conditions surrounding trade continue to change?

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Executive summary

The 2026 Sustainable Trade Index (STI), produced jointly by the Hinrich Foundation and the IMD World Competitiveness Center, ranks 30 economies across the economic, societal, and environmental dimensions of sustainable trade. Five years of comparable data now show that sustainable trade is less an inherent feature of trade agreements than a product of domestic capacity. Trade groupings can open doors and transmit standards, but they cannot substitute for the institutions, infrastructure, and capabilities needed to make trade work over the long term.

This finding is particularly clear when analyzing trade groupings such as CPTPP, RCEP, APEC, and DEPA. The more demanding agreements achieve greater depth with fewer members, while broader arrangements trade influence for reach. However, membership does not by itself produce convergence. The seven economies belonging to all three of CPTPP, RCEP, and APEC cluster in the upper half of the Index, but their similarities are driven at least as much by their position in regional production networks as by the rules they share. Such patterns are associations rather than proof that membership itself changes behavior. Standards can also travel outside formal agreements altogether. As unilateral measures such as the EU's carbon border mechanism show, a large market can set a condition of entry and see trading partners adjust without ever negotiating the terms. Agreements, in this sense, accompany domestic capacity rather than replace it.

The three pillars reinforce this interpretation. Economic performance is increasingly shaped by technological and innovation capacity alongside traditional drivers of growth and trade. Societal performance highlights the importance of human capital, inclusion, labor standards, and effective enforcement in ensuring that the gains from trade are broadly shared across society. Environmental performance remains volatile and demonstrates that development does not have to precede sustainable practices, with economies such as Cambodia achieving strong environmental outcomes despite weaker economic and societal performance. More broadly, balanced performance across all three pillars remains rare, underscoring that sustainability is not a single outcome but the interaction of economic capacity, societal foundations, and environmental resilience.

The wider lesson is that sustainability should not be treated simply as a constraint or cost imposed on trade. Standards increasingly determine access to markets, while clean energy, traceable supply chains, environmental data, and credible labor practices can become sources of comparative advantage. That said, the cost of proving sustainability compliance is largely fixed regardless of volume, which risks concentrating trade among the largest producers unless compliance capacity is deliberately extended to smaller actors. The economies best positioned for the next phase of trade will be those that build the institutional depth and productive capabilities needed to turn sustainability requirements into something they can sell, rather than merely something they must comply with.

Introduction

When the rules begin to fail a system

Over the five years that the Hinrich Foundation and IMD have produced the Sustainable Trade Index, world trade has undergone deep fragmentation. The World Trade Organization (WTO) is no longer able to settle disputes. The world's largest economies have weaponized trade into instruments of geopolitical coercion. Unilateral trade policy now overshadows multilateral negotiations, and tariffs and other trade interventions are on the rise globally.

Countries did not respond by trading less. They responded by writing smaller trade agreements with partners of their choosing. By August 2026, there were 387 regional trade agreements in force, not counting at least another 79 that have not yet been notified to the WTO.

Regional trade groupings bear important lessons in how, why, and when sustainable trade works and how, why, and when it does not.

Two of the world's three largest trade agreements show how differently countries can agree to the same thing. The Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) has 12 members, stretching from Peru to Vietnam to the United Kingdom. It covers labor conditions, state-owned enterprises, subsidies, and environmental protection, and much of it contains binding terms that are legally enforceable. Joining means changing a member's own laws.

The Regional Comprehensive Economic Partnership (RCEP) has 15 members, all in Asia and the Pacific, and is the largest free trade area in the world by the economic size of its members. It deals mainly with tariffs and rules of origin, but it asks for less in binding terms and includes more members.

The progenitor of these mega-deals is not actually a trade agreement but an intergovernmental economic forum, the Asia-Pacific Economic Cooperation (APEC), which now spans 21 members across the Pacific Rim. Its members set targets and review each other's policies, but it has no treaty obligations and makes all its commitments nonbinding. Both China and the United States sit at that same table.

The pattern is hard to miss: the more an agreement demands, the fewer members it has. Each grouping buys reach by giving up leverage, or leverage by giving up reach. No grouping has managed both at once.

Agreements that reach inside the border

Membership in a trade grouping only opens a door but durable progress depends on domestic governance. No treaty or forum will do the harder part that follows.

That trade-off follows from what trade agreements are now about. Tariffs were the easy part, and most of that work is done. Today's negotiations reach inside the border: industrial subsidies, labor conditions, carbon pricing, the reliability of courts and regulators. These are questions about how a country governs itself, and governments do not put them in the hands of strangers.

The key takeaway from this year's analysis, which sweeps through five years of data in the Sustainable Trade Index, is that membership in a trade grouping only opens a door. No treaty or forum will do the harder part that follows. The seven economies that sit inside the CPTPP, RCEP, and APEC cluster in the upper half of the Index; four of them are in the top eight.

It does not mean they are the best. CPTPP-only members align most clearly where the agreement self-consciously reaches into investment freedom and digital readiness. The Digital Economy Partnership Agreement (DEPA) adds a useful contrast in digital readiness. RCEP is an illustration that regionalization buys resilience.

Just as important is what this says about the way we make trade rules. A forum that binds nobody is easy to dismiss, but standards rarely begin as treaty text. This study does not say which agreement is best, because that question has no answer. It measures whether a country's institutions can bear weight and whether its policy record delivered against the nature of the trade groupings in which it sought membership.

Sustainability is the hardest of these questions, because carbon price is not a border measure. It is an industrial policy and a tax decision at the same time. The same is true of rules on deforestation, fishing subsidies, and forced labor. To agree on them is to agree on how another country runs its factories and its forests. This is why environmental commitments sit at the top of what agreements demand, and why so few agreements demand them. None of it is about the environment for its own sake. It is about whether an economy can still be trading on the same terms in 20, 30, or 50 years.

Standards imposed without negotiation

Which is why the most consequential environmental trade rules of the past three years were not negotiated at all. The European Union's carbon border adjustment mechanism entered its definitive phase on January 2026. Importers of steel, cement, aluminum, fertilizer, electricity, and hydrogen must now account for the emissions embedded in what they bring in, and from 2027 they will pay the difference between the carbon price paid at origin and the price paid inside Europe. The bloc's deforestation rules follow, with enforcement required by larger producers from the end of this year. No trading partner signed up to either set of rules. A large market simply set a condition of entry and everyone selling into it adjusted.

This is another way standards travel. It is faster than negotiation, and it reaches countries that would never join a deep agreement. It is unilateral, which is partly why exporters in Asia, Africa, and Latin America sometimes call it protectionism dressed as climate policy. Of course, both descriptions can be true at the same time – protectionism that also favors the climate. A measure can genuinely reduce emissions and genuinely be advantageous to the producers who happen to be inside the wall.

What the Index shows

Deep commitments do not, by themselves, align economies. The Index suggests alignment comes less from shared rules than from shared positions in regional production networks.

The agreements ask how a country governs itself. They also explain how and why governments choose partners that already resemble them. Trade blocs tend to follow institutional likeness. Commitments that reach into domestic policy are easier to negotiate, and more credible once agreed, when economies have domestic institutions that already work alike. A South American and a Southeast Asian economy can be closer partners than their respective regional neighbors if their institutions work in similar ways and their governments trust each other to keep a promise.

That leads to an uncomfortable, and, as it turns out, untrue presupposition. If deep agreements are only possible between countries that already look institutionally alike, they do not spread good standards. They reward countries for already having them. The economies that most need stronger rule of law and more predictable regulation are the ones least able to enter agreements where these institutional similarities are already a given.

The Index data shows us why that thesis does not hold. Across the 79 data points that make up the economic, societal, and environmental pillars of the Sustainable Trade Index, CPTPP's deeper, rules-intensive commitments are not matched by greater similarity among its members. Economies that have accepted the same disciplines on labor, environment, and domestic regulation remain quite different in other dimensions; shared values are not shared features. CPTPP members trade with one another despite running quite different economic systems.

What aligns instead is a narrower group: the “dual” members, i.e., economies that belong to both agreements. Their similarity has less to do with their institutional likeness and more to do with their role in regional production networks. Dual members are export-oriented, mostly high-income economies with similar economic profiles. Depth of commitment does not produce alignment. A shared position in the region's production networks does.

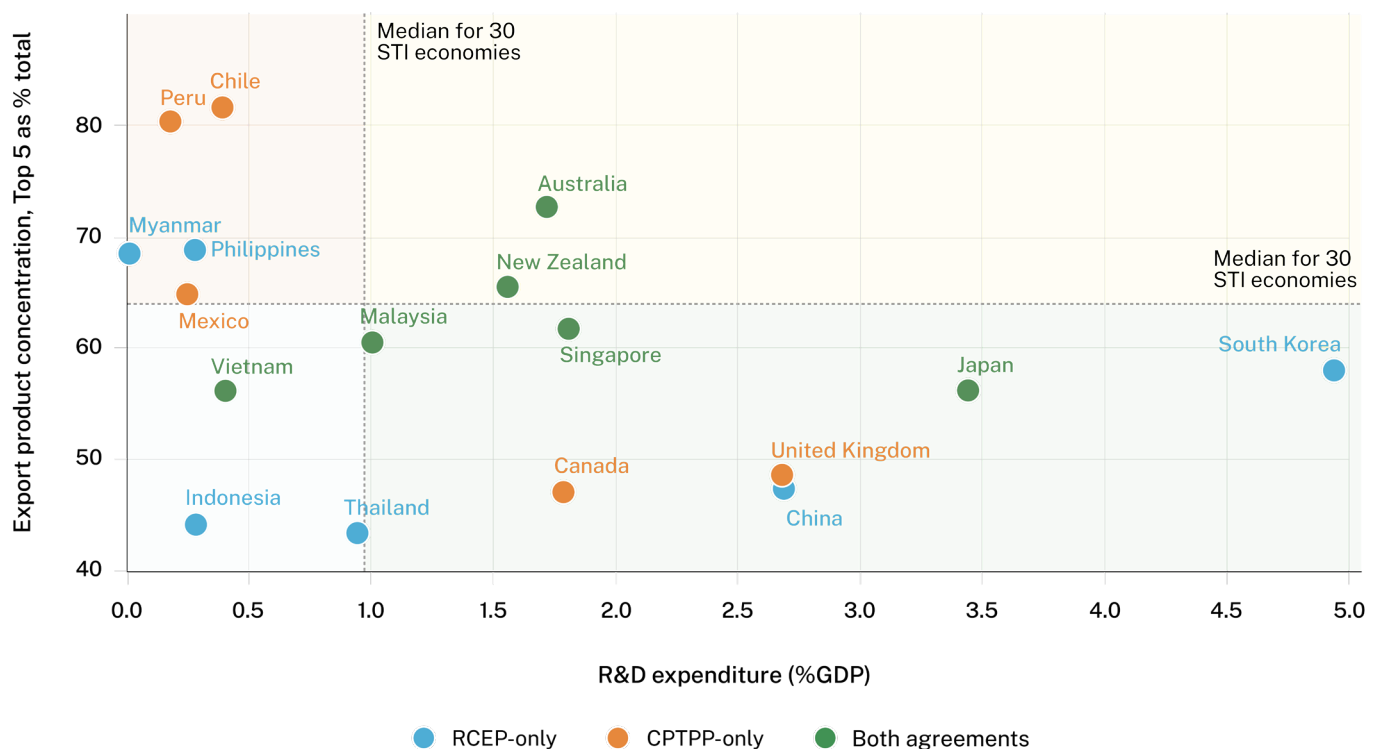
The economic pillar

Start with the performance of economies within the economic pillar, taking innovation and export diversification as two of its dimensions. What does membership to various agreements mean in that context?

The short answer for this pillar is that neither agreement produces an economic profile of its own. CPTPP-only members run from research-intensive diversifiers such as Canada and the United Kingdom to commodity exporters such as Chile and Peru, and RCEP-only members split just as widely. What the seven dual members share is a common position in regional production networks – visible as a narrow band of export concentration – rather than any convergence in what they spend on research.

The horizontal axis of Figure 1 measures research and development (R&D) spending. The vertical axis measures how much of an economy's export income comes from just five products. Put together, they describe an economic model. A high position on the vertical axis can mean resource wealth, a small domestic market, or production specialization. It is a portrait of economic output structure, not a ranking of policy virtue.

Figure 1
Innovation and export diversification



The two indicators are only loosely related. Spending more on research does not, across these economies, automatically accompany selling a wider range of goods.

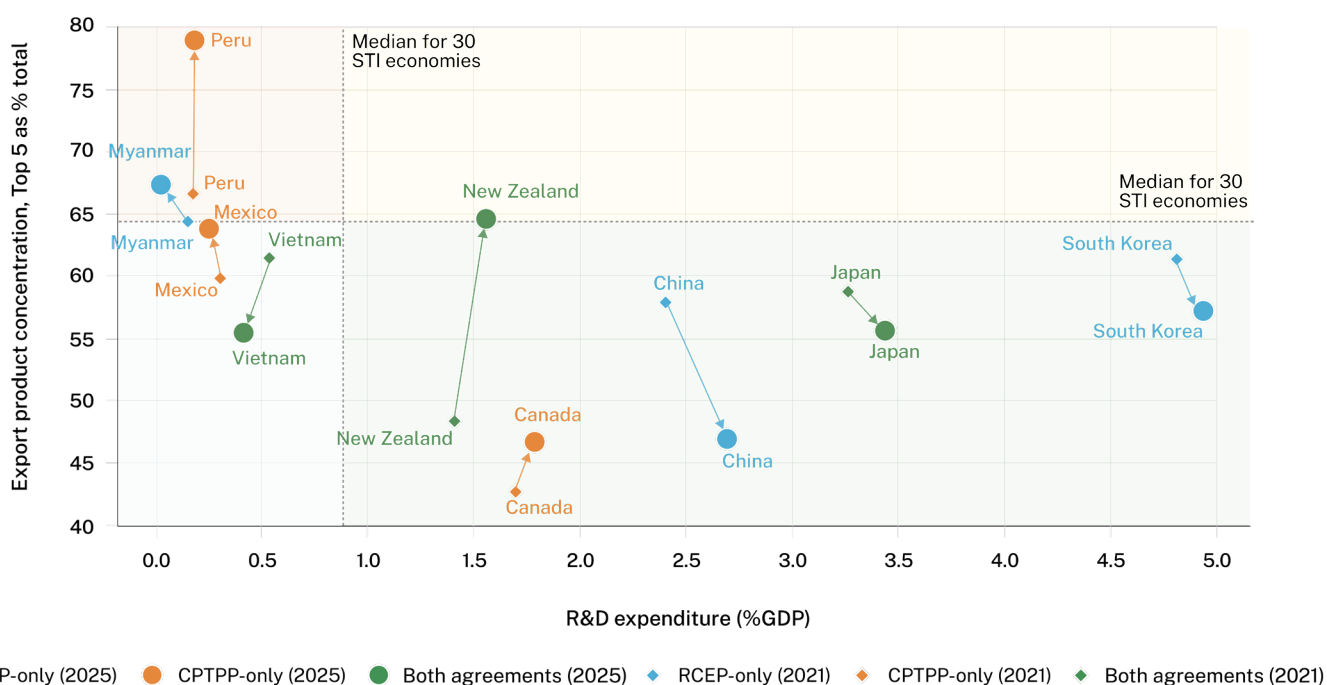
The dual members have a recognizable common structure. Their export concentration sits close together in a narrow band, even as their research spending runs from Japan near the top of the Index to Vietnam in the lowest third. What they have in common is what they export, not what they spend on research.

CPTPP-only members have no comparable common structure. Canada and the United Kingdom are diversified and research-intensive. Chile and Peru earn much of their export income from a handful of commodities and spend little on research.

RCEP-only members fall into two camps: South Korea and China spend prodigiously on research at the top end, while Myanmar, Indonesia, and the Philippines spend almost nothing.

The cross-section is only a snapshot of 2025. Figure 2 asks whether the same pattern survives when the numbers move over time.

Figure 2
Trajectories in innovation and export diversification (2021–2025)



It does, but only in one dimension. Research intensity remains stratified by income and domestic capacity rather than by agreement. Over the longer period, Japan and South Korea still spent more than 3% of their GDP on R&D annually. Mexico, Peru, Vietnam, and Myanmar stayed below 0.5%.

Export structure moved differently. New Zealand's concentration of export products rose from 48.4% to 62.6% in those five years, closing most of its gap with Japan by 2025. The dual members move more closely together on the variables that reflect their strength in regional production networks, while remaining far apart on the variable that reflects their ability to finance innovation.

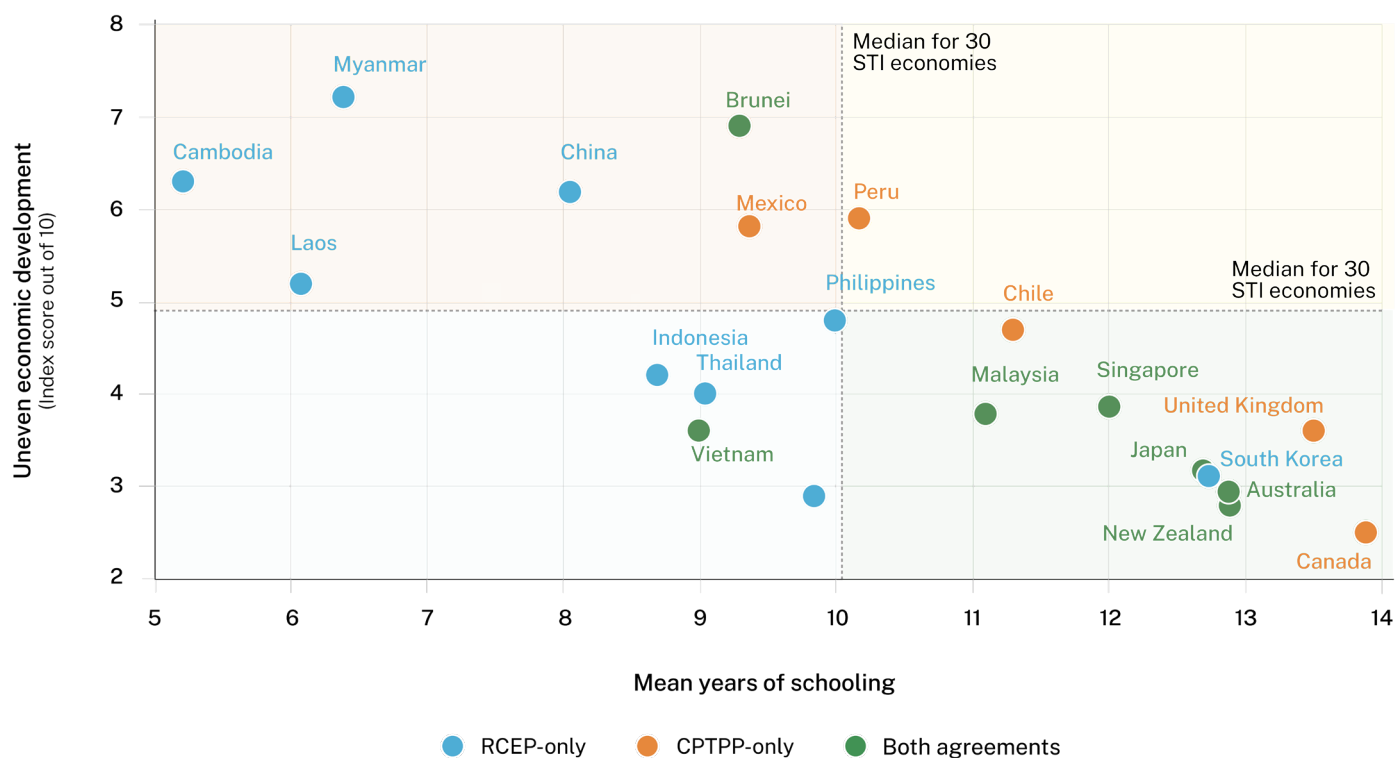
Five years can show a trajectory. It does not show the cause. Agreements may be admitting economies that already occupy compatible positions more than they are making these economies compatible. But the direction of travel reinforces the cross-sectional result: depth alone does not explain alignment. A shared place in the region's production networks does.

The societal pillar

The societal pillar seeks to find out whether these economies also share domestic policy conditions that let the gains from trade reach ordinary people.

The finding here is that membership shows where a country began, not where it is going. Five of the seven dual members pair high schooling rates with development that is spread fairly evenly. But over five years the members of each grouping drift apart rather than together: in Japan and Australia the spread widens, in Malaysia it narrows, and inside CPTPP, Mexico slips while Peru improves.

Figure 3
Human capital development and social inclusion



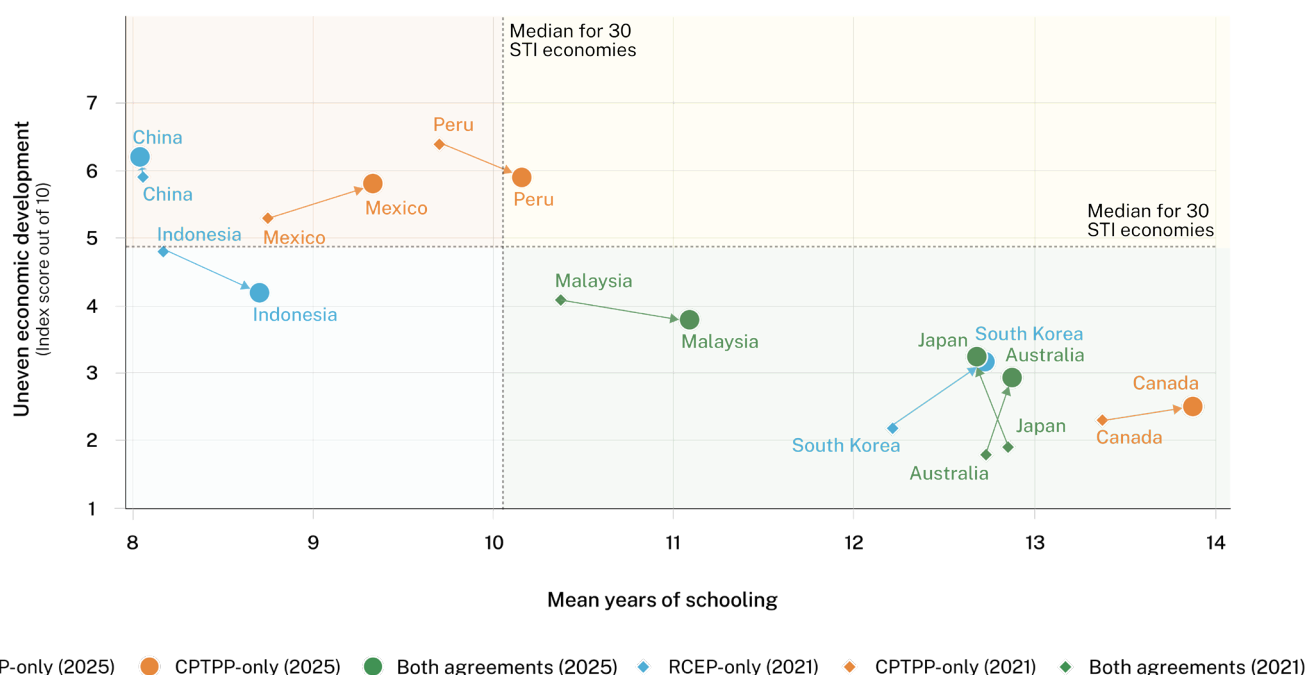
Here, the dual members occupy the favorable corner of the chart. Five of the seven combine high schooling rates with comparatively even levels of economic development. Vietnam is the important exception: lower schooling than the Index median, but among the most even development outcomes in the group, largely due to its rapid growth and to the kind of large and robust working-age population often described as a “golden population” structure. Brunei is the other departure, with greater unevenness.

RCEP-only members sit consistently lower on schooling rates, while CPTPP-only members are mostly aligned on human capital but scatter much more on social inclusion.

Schooling changes slowly. Figure 4 shows how the societal outcomes of human capital development and social inclusion move over time, driven more by uneven development than by education.

The agreements do not appear to have had an overriding effect on societal outcomes in the five-year analysis. The path splits among dual members. Japan and Australia move toward greater unevenness (as does South Korea, an RCEP-only member), while Malaysia considerably reduces the unevenness of its economic development (despite a lower score in mean years of schooling).

Figure 4
Trajectories in human capital development and social inclusion (2021–2025)



CPTPP-only members do not share a direction: Mexico worsens while Peru improves. The groupings say something about the social position countries start from. They do not make trade a single social determinant. Occam's razor applies: the simplest explanation may be the right one. The five-year window covers an uneven post-pandemic recovery, when skill-intensive sectors rebounded faster in several advanced economies. Agreement membership is not the only, or even the main, thing moving these numbers.

The environmental pillar

Similarities in production and human capital stop at the environmental pillar.

This is the pillar the agreements cannot reach. Resource dependence falls almost everywhere in the Index, but neither the size nor the direction of those declines follows CPTPP or RCEP membership, and per-capita emissions stay close to the production structures economies began with. For APEC, environmental performance has nonetheless been the most consistent of the three pillars since 2022.

Figure 5
Resource dependence and emissions

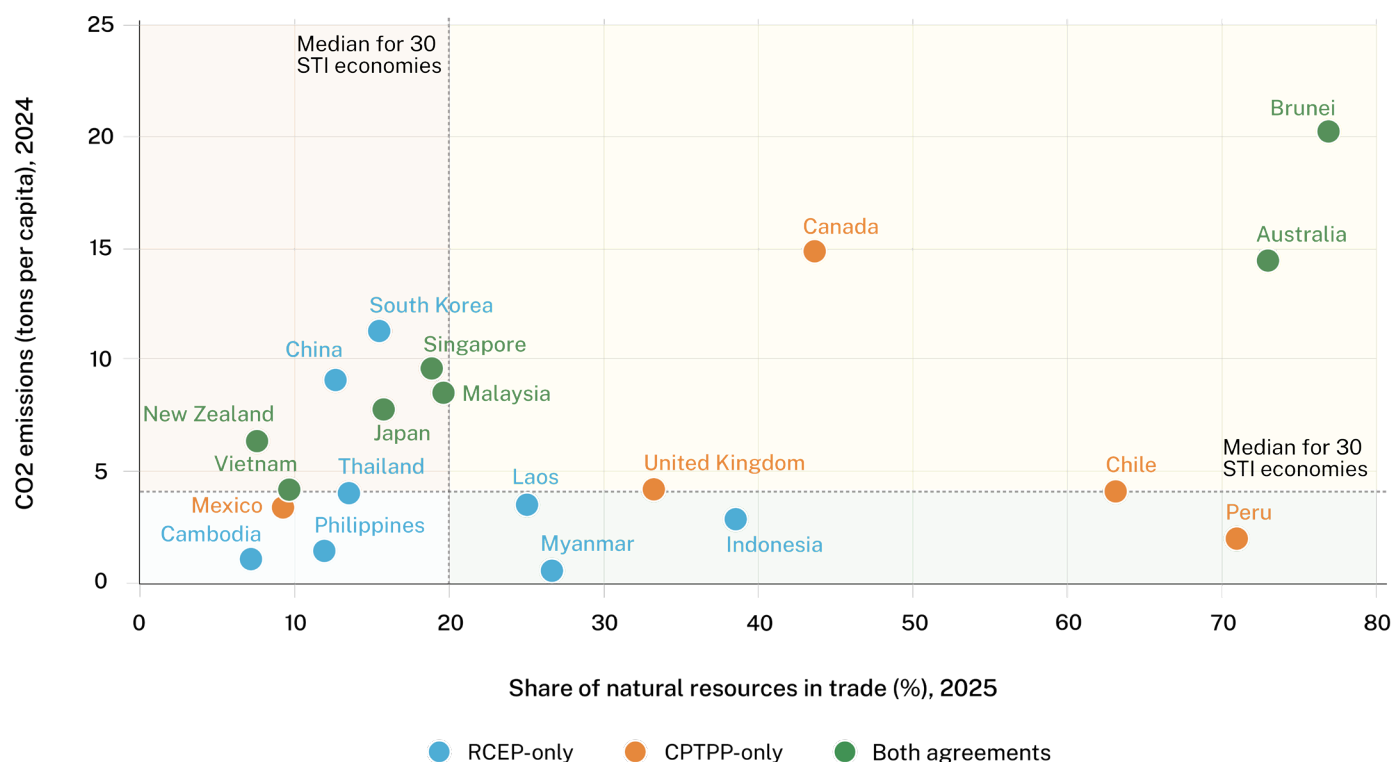


Figure 5 measures two things: how much of an economy's trade comes from natural resources, and how much carbon it emits per person. The latest resource figure is for 2025; the emissions figure is for 2024.

RCEP-only economies are tightly clustered. The dual members appear widely spread, but Brunei explains much of that range. Natural resources account for more than three-quarters of Brunei's trade, and its emissions exceed 20 metric tons per person. Singapore derives only about 20% of its trade from natural resources. Once Brunei is removed, the dual members look more alike.

Even here, the tightness is qualified. RCEP-only economies have a narrower range of resource dependence, but their emissions run from about half a metric ton per person in Myanmar to more than 11 metric tons per person in South Korea.

Dual members have the highest median emissions, while CPTPP-only economies are the most resource-dependent because Chile, Peru, and Canada still sell large volumes of commodities to the world.

Figure 6
Trajectories in resource dependence and emissions (2021–2025)

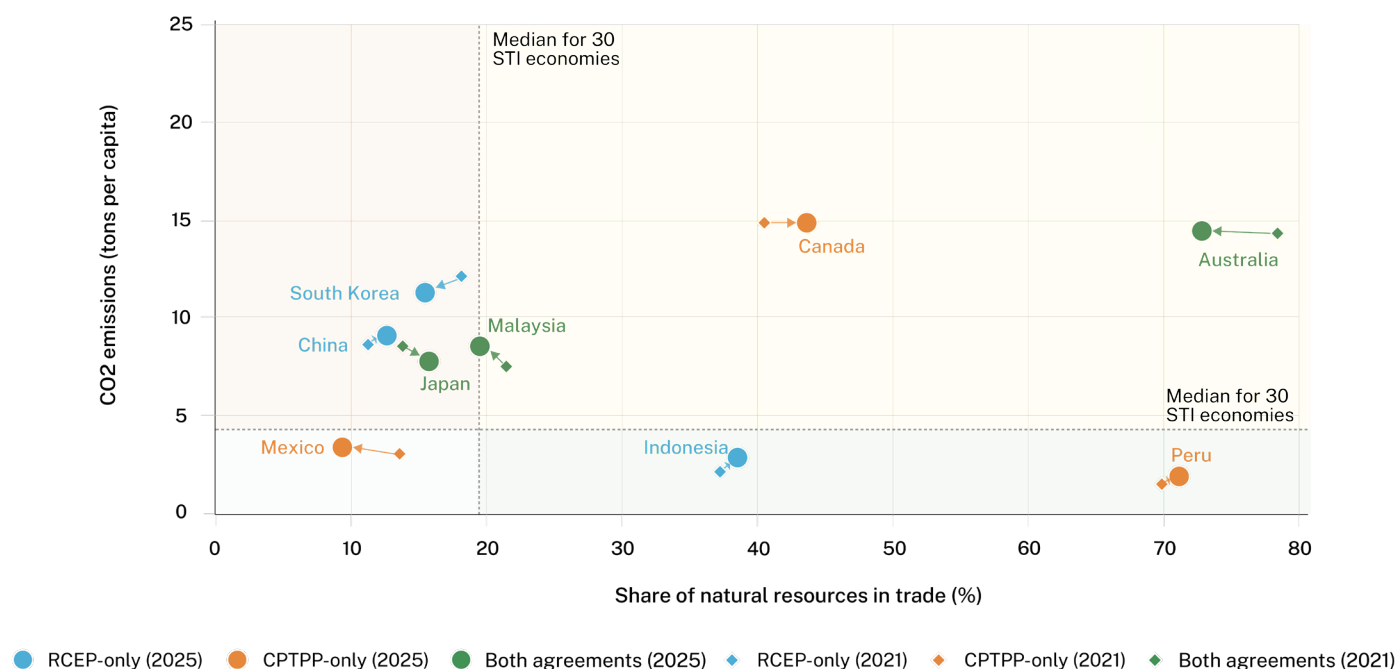


Figure 6 compares 2021 with 2025 data to show the overall movement over the years. Its aim is to ask whether the environmental pattern and trajectories explored above become more coherent over time for countries in different agreements.

Though we would like to report that it does, unfortunately, it does not. Resource dependence does not fall across the board, with only 13 of the 30 economies in the Index managing a reduction in the share of natural resources in trade, while for the other 17 economies, that share rises. Among the nine economies illustrated in the figure, the direction of change does not follow CPTPP or RCEP membership cleanly. Each group has economies moving both ways:

- CPTPP-only: Whilst Mexico records an encouraging decline in resource dependence falling just below 10%, Canada and Peru become more resource-dependent with an increased share of natural resources in their trade.
- RCEP-only: South Korea decreases its resource dependence in trade to just above the 15% mark, while China and Indonesia both record a small rise.

- Both agreements: Australia sees the largest fall in the sample reducing the share of natural resources in trade by more than 5% but remains among the most resource-dependent economies in the Index at 72.9%. Malaysia sees a short fall in resource dependence, whilst Japan increases it slightly to reach levels just above 15% of its trade.

Per-capita emissions, on the other hand, move little and mostly upwards. They rise in seven of the nine economies illustrated. Only South Korea and Japan see real falls in CO2 metric tons per capita over the recorded period. Notably, emissions stay close to the production structures countries started with. Canada remains near 15 metric tons, Mexico near three, and Peru near two.

This is the key finding. Trade agreements can influence the rules that firms meet at the border. They cannot, however, move oil, gas, or minerals. They cannot turn a resource exporter into a manufacturing economy. Geography and endowment still set the limit. The environmental pillar is where that limit becomes visible.

Governance and the digital contrast

Agreements align the dimensions they directly govern faster than the institutions supporting them.

Governance sharpens the point. CPTPP-only members align most clearly where the agreement self-consciously reaches into investment freedom and digital readiness. On rule of law and corruption perceptions, which are at best incidental but not inherent goals of the trade agreement, they diverge widely.

The dual members score highest on institutional indicators overall, but their cohesion also reflects who was able to enter both agreements in the first place. The rules do not explain the whole pattern. They do, however, define who is qualified to shape it.

DEPA adds a useful contrast. Chile, New Zealand, and Singapore signed it in 2020, the world's first stand-alone digital trade agreement; South Korea joined in 2024. These economies sit within an 11-point range on digital readiness, the dimension DEPA addresses. Chile's rule-of-law score is almost 17 points below New Zealand's. Peru, which substantively concluded discussions to accede to DEPA in January 2026, meets the digital requirements while remaining one of the STI's weaker performers on broader institutional measures. The same pattern appears over time: digital readiness stays flat, while investment freedom and rule of law diverge. Agreements align the dimensions they directly govern faster than the institutions supporting them.

How standards travel

Regional arrangements spread standards by exporting stricter rules through market access. It also shortens supply chains in ways that strengthen resilience.

Standards do travel, though, through different mechanisms depending on the setting. For instance, when a company in a country with weak investor protection is bought by a company from a country with strong protection, the target does not keep its old rules. It takes on the acquirer's. Bris and Cabolis found that the stronger the acquirer's shareholder protection and accounting standards, the more the market paid for the target, precisely because the transaction imported a better governance regime into a place that lacked one. Nobody legislated this. It happened because the two firms wanted to do business with each other, and doing business meant living under one set of rules.

Trade agreements work the same way, and this is their most underrated contribution to sustainability. When a country with strict social and environmental enforcement signs a deep agreement with one that has little, the rules do not meet in the middle. The stricter regime tends to travel, because it is the one that must be satisfied for the goods to move. Emissions accounting, chemical restrictions, labor inspection, fisheries reporting: these arrive as the price of access and then stay, because a country that has built the capacity to comply tends not to dismantle it afterward. The agreement is a delivery mechanism for regulation that might never have survived a domestic political fight on its own.

Regional agreements have a second effect that rarely gets mentioned in this context: they shorten distances. Preferential access to a neighbor can change what a firm sources and from where it does so. Supply chains that once ran halfway around the world contract toward the region, and the energy burned in moving goods falls with them. The gain is real, but it should not be oversold. Freight is a modest share of most products' total emissions, and a shorter chain powered by coal is worse than a longer one powered by hydro. What regionalization reliably buys is resilience. Shorter chains survive closed straits and drought-stricken canals better than long ones, and resilience is the part of sustainability that gets noticed only when it is missing.

That also explains why loose arrangements matter more than their critics allow. A forum that binds nobody is easy to dismiss, but standards rarely begin as treaty text. They begin as discussion. An idea few governments would sign in 2010 — the Trans-Pacific Strategic Economic Partnership (TPSEP), for example — circulated for a decade among members of a forum nurtured in a language nobody must follow, and eventually took form in 2018 in a binding agreement almost completely overtaken by global geopolitical changes. Nonbinding bodies are also the only ones that keep rivals at the same table.

The least binding of the groupings under the microscope looks very different now from the way it did when the first edition was published in 2022. Since the Index's inception, the average STI score of APEC economies has risen from 55.9 in 2022 to 62.7 in 2026, a gain of 6.8 points that reflects an overall improvement among APEC's 21 members. The biggest gains came largely from Southeast Asia, led by Vietnam (+20.9), Malaysia (+18.8), and Indonesia (+16.4).

Between 2022 and 2025, the economic pillar accounted for most of APEC's improvement in the STI, while the environmental pillar held steady and societal performance trailed behind. By 2026, however, considering the full five-year period, that picture became more nuanced. Societal performance recorded the largest gain of the three pillars, while environmental performance rose steadily to become APEC's strongest trade dimension and the most consistent of the three. Economic performance, having driven the early gains, ended with the smallest net improvement, as a less open trading environment weighed against continued gains in productive capacity.

Seven economies belong to all three groupings — CPTPP, RCEP, and APEC: Australia, Brunei, Japan, Malaysia, New Zealand, Singapore, and Vietnam. Each is bound tightly by one set of rules, loosely by another, and not at all by the third. Singapore and Vietnam are the pair worth watching, because they entered from opposite ends. Singapore already met most of what the strictest agreement demanded. Vietnam did not and signed anyway. If deep commitments genuinely change national behavior rather than simply selecting for it, these are the places where it would show first. They also have the most to lose if the systems drift apart.

Who pays to prove sustainability

There is a distributional problem underneath all this that trade-policy discussions tend to skip. The cost of proving you are sustainable is mostly fixed. Measuring the emissions embedded in a shipment of steel or tracing a bag of cocoa back to the plot of land it grew on, costs roughly the same whether you ship 1,000 tons or 10. Large exporters hire consultants and absorb the cost. Smallholders and small firms cannot, and they are the ones who drop out. Rules written to protect forests and workers can end up concentrating trade in the hands of the largest producers, which is not what anyone intended and is the opposite of development.

It is also worth being clear about what the word “sustainable” is being asked to carry. It covers not only the state of the environment but also the share of the gains that reaches ordinary people. It covers whether the economy can keep going without support from the state. These dimensions do not automatically move together. A country can improve its environmental record by closing heavy industry, which is good for emissions and terrible for the people employed there. It can lift incomes quickly by exhausting a fishery or a forest, which works until it does not. Measuring all three separately, as this Index does, is the only way to see when a country is buying progress on one at the cost of another. What runs through all three pillars is permanence: whether the economy can still earn its living from trade decades from now, and whether the population it supports has a share in that.

And sustainability is not only a matter of rules. It is a physical condition for trade continuing at all. Ports flood. Shipping lanes narrow when rivers and canals run low. Harvests fail, and failure turns into famine in places that supply only a single crop. An agreement that lowers tariffs on goods that cannot be grown or improved 20 years from now has not achieved much.

Sustainability as comparative advantage

Sustainability is not a cost of trade. It is now a source of comparative advantage.

All the above points to the argument that matters most, and the one most often missed. Sustainability is usually discussed as a constraint on trade, a cost imposed on exporters by rich importers. That is not what it is. Trade has always run on comparative advantage, on countries doing what they are relatively better at. Sustainability is now one of those advantages. This is the premise the Hinrich Foundation has been arguing for years, and the case for it gets stronger as the rules multiply. Clean power, traceable supply chains, credible environmental data, and enforceable labor standards are capabilities. Countries and firms that build them can sell into markets that others are shut out of, and they can charge for it. What they are selling is durability: an assurance that the supply will still be there and still be acceptable, a decade or more from now. Clean power is one way of demonstrating that. It is not the whole of it.

SD Guthrie, the Malaysian palm-oil producer, formerly known as Sime Darby Plantation, is a clear example. Palm oil is among the commodities most exposed to Europe's deforestation rules, and the obvious response would have been to lobby against the rules or to write Europe off and sell elsewhere. Instead, the company rebuilt its business around European Union compliance. It mapped every plantation in its supply chain and verified more than 100,000 hectares against satellite forest baselines. The first fully compliant shipments reached refineries in the Netherlands and the United Kingdom in September 2024, well before the rules took effect. It then extended the same traceability to more than 17,000 smallholders in Papua New Guinea and the Solomon Islands, which is the harder half of the problem. Compliance stopped being a cost and became the product. The company now sells deforestation-free palm oil as a distinct offering to buyers who need it.

That is comparative advantage being created rather than inherited, and it is the mechanism by which environmental rules turn into economic gains rather than economic losses. It also explains why the distributional worry described earlier is a design question and not an argument against the rules. Smallholders were not left out of SD Guthrie's supply chain; somebody paid to bring them in. Whether that happens elsewhere depends on whether large buyers and development finance treat compliance capacity as infrastructure worth building.

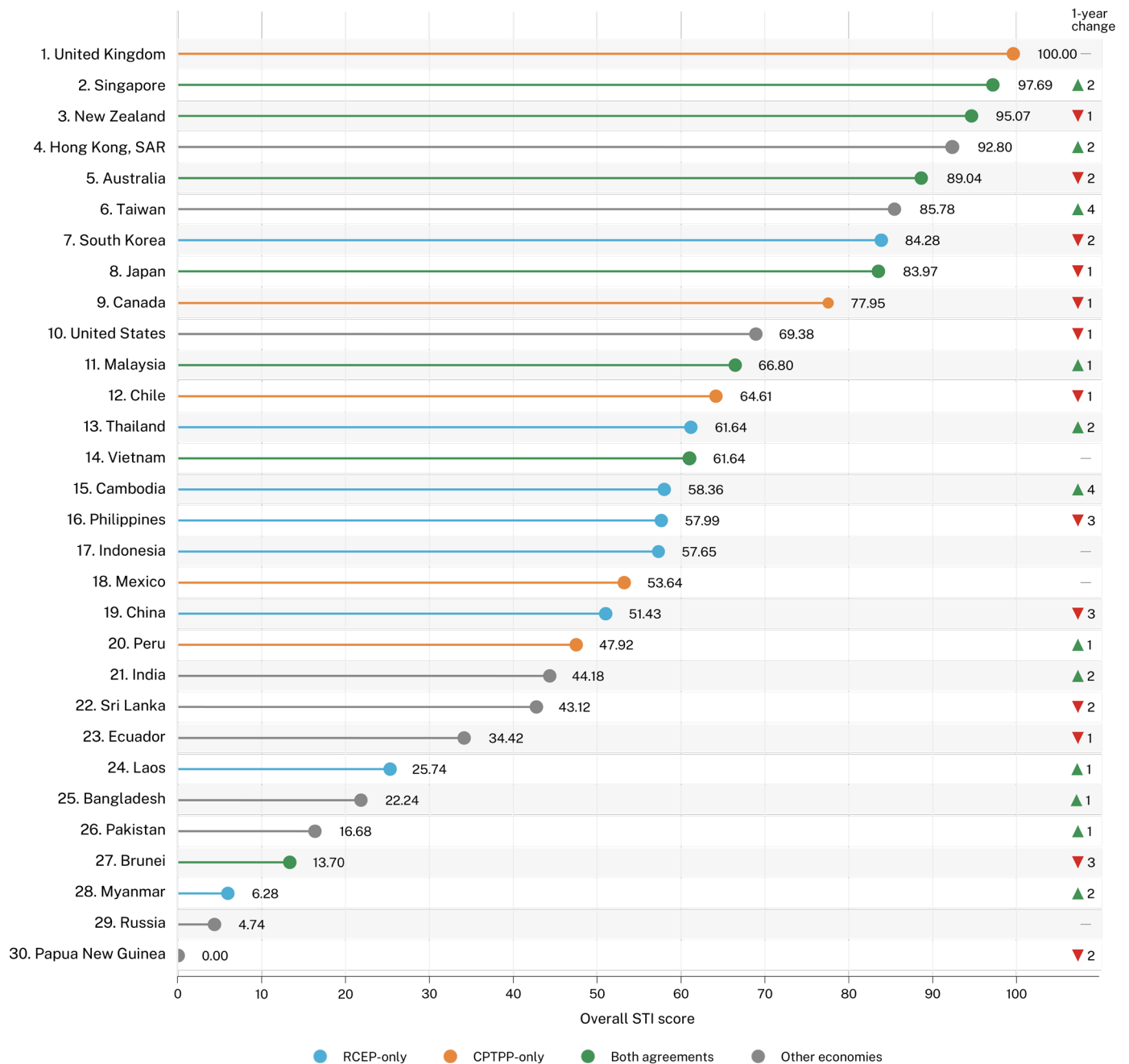
What the Sustainable Trade Index is for

This is where the Sustainable Trade Index we build each year becomes useful. As said earlier, the Index does not say which agreement is best, because that question has no answer. It measures whether a country's institutions can bear weight and whether its environmental record would survive scrutiny. It also shows how much of the gain from trade reaches ordinary people. Those things determine which agreements a country can realistically join, which unilateral rules it can absorb, and how much it stands to lose when the terms of access change without warning.

Strict agreements change their members deeply and reach few of them. Broad agreements reach more and change less. Forums that bind nobody reach many; they breed goodwill more than they shake the economic foundations of countries. Unilateral rule changes shake those foundations and breed resentment for it.

Sustainable trade needs all four types, each doing the job it is suited to, and it needs someone to notice when the burden of the rules is falling on the countries least able to carry it. That is the argument this Index exists to inform. The risk is spending the next decade disputing which mechanism is the legitimate one, while the WTO stays paralyzed and the physical conditions for trade keep deteriorating. The countries that will do best are the ones that stop treating sustainability as a cost presented by somebody else and start treating it as the thing they are selling, and as the reason they will still have something to sell in 2050.

Figure 7
STI 2026 rankings and scores



Lessons from this year's Index

Five years of comparable data are now behind the Index. Read across the years rather than down a single column, and the numbers start to say something about how sustainable trade is built.

Sustainable trade is built, not declared. The economies at the top of the table have the same characteristics every year: open, with institutions that hold. The United Kingdom, Singapore, New Zealand, Hong Kong, and Australia have held that territory since the Index began, and nothing outside that description has broken into it. None of them got there through a strategy document. They got there through decades of unglamorous work on courts, ports, schools, and regulators, which is the same work that makes a country eligible for the demanding agreements described above.

Stability is the story this year, and it is good news. The early 2020s scrambled everything: supply chains broke, and countries rose or fell on the accident of what could still be moved. That has now washed through. The table has stopped lurching, and the largest move in overall ranking is four places. When a ranking goes quiet, it usually means that the measurement has stopped being dominated by shocks, and that trade is once again decided by capacity rather than by circumstance.

There is no such thing as a sustainable country, only countries that are sustainable in parts. Almost every economy in the Index is strong in one dimension and weak in another, and the gap is often enormous. The United States sits near the top of the Index on the economic pillar and near the bottom on the environmental one. China shows the same shape. Canada is a leader on social outcomes and a laggard on emissions. Only the United Kingdom scores evenly across all three. This is not a flaw in the measurement. It is the finding, and it is why a single headline number should be the beginning of the conversation rather than the end of it.

Being poor is not the same as being green, and the environmental pillar makes that harder to see than it should be. Economies that consume and manufacture little score well, regardless of whether anyone decided anything or not. Several of this year's biggest environmental gains come from countries in that position and reading them as policy successes would be a mistake. The genuinely interesting cases are the ones that improve while staying rich and industrial. Singapore is the example this year: a dense, energy-hungry economy that climbed nine places on the environment in the same year it finished first on the economic pillar. That is a choice, not an accident of poverty.

Society is the slow variable, and usually the binding one. Health systems, schools, labor standards, and the distribution of income move on a generational clock. The societal pillar is correspondingly the quietest part of the Index. That slowness is exactly what makes it informative. Whether a country can take on the obligations of a demanding agreement, and survive them politically, depends far more on this than on its trade statistics. Where it does shift, as it did this year in Hong Kong, Taiwan, the Philippines, and Mexico, something real has changed underneath.

Agreements accompany domestic capacity rather than replace it. The seven economies that sit at once inside CPTPP, RCEP, and APEC cluster in the upper half of the table, and four of them are in the top eight. That looks like proof that deep agreements pull their members up, until you notice Brunei sitting near the bottom with the same memberships, and Vietnam holding its overall position for three consecutive years while its social standing slipped. Membership opens a door. Walking through it is domestic work, and no treaty does that part for a country.

Competitiveness and sustainability are separable, which is the most encouraging thing in the table. Countries that lose ground here almost never lose it economically. They lose it on emissions and on social outcomes while their trade performance holds up, which is what has happened to China over the past five years. That pattern means the two are not in tension so much as competing for attention, and attention is a choice. The economies climbing this year are the ones that stopped treating the sustainability as the price to pay for achieving competitiveness.

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- i. World Trade Organization, Overview of Developments in the International Trading Environment: Annual Report by the Director-General, WT/TPR/OV/28 (Geneva: World Trade Organization, November 20, 2025), https://www.wto.org/english/news_e/news25_e/trdev_02dec25_225_e.htm.
 - ii. World Trade Organization, “Regional Trade Agreements,” updated June 10, 2026, accessed August 26, 2026, https://www.wto.org/english/tratop_e/region_e/region_e.htm.
 - iii. APEC was used as the core group of analysis when building the first edition of the Hinrich-IMD Sustainable Trade Index.
 - iv. Arturo Bris and Christos Cabolis, “The Value of Investor Protection: Firm Evidence from Cross-Border Mergers,” *Review of Financial Studies* 21, no. 2 (2008): 605–648.

Five-year trajectories of CPTPP, RCEP, and APEC

The analysis in this annex complements the main essay by examining the five-year evolution of sustainable trade performance across the three major Asia-Pacific trading frameworks. This analysis addresses a different question from the main essay's finding on institutional alignment. It asks whether binding commitments constrain continued improvement over time, not whether they make members more alike. The averages presented here are calculated using the full membership of CPTPP, RCEP, and APEC for each year. This differs from the mutually exclusive country groupings used elsewhere in the report, where economies are assigned to a single category to allow for comparison across overlapping agreements. Since some economies belong to more than one framework, their performance is included in multiple averages in this annex. The results should therefore not be read as an alternative assessment of the factors underlying the relative performance of the three groups, but as a complementary view of how the average performance of each framework's full membership has evolved over time.

Figure 8
Average overall STI scores by trading framework (2022-2026)

Trade framework	2022	2023	2024	2025	2026	▲ 2022-2026	% change
CPTPP	64.17	69.12	67.50	71.56	70.99	6.82	10.63
RCEP	53.06	58.26	56.65	61.29	60.74	7.67	14.46
APEC	55.90	60.39	58.52	63.38	62.74	6.84	12.23

The five-year trajectories reported in the table point to a broader distinction between agreements that facilitate trade and those that also seek to shape the conditions under which trade takes place. RCEP countries, starting from the lowest average score in 2022 (53.06), record the largest absolute gain (7.67 points) by 2026 and the largest percentage increase (14.46%). CPTPP countries, by contrast, start from the highest baseline (64.17), yet still improve by 6.82 points, or 10.63%. Some of this difference is likely to reflect convergence, since a grouping of economies starting from lower levels in the Index has greater scope for improvement and more headroom to close. However, CPTPP's strong performance over the same period remains noteworthy as its members are improving from a substantially higher base yet manage to achieve improved scores of a similar magnitude to those of the other two frameworks.

More importantly, CPTPP is the only one of the three frameworks in which market access is tied to enforceable commitments in areas such as labor, environmental protection, and anti-corruption. Its significance therefore extends beyond the immediate reduction of trade barriers. By incorporating these standards into a binding trade framework, the agreement gives them a degree of normative force that looser forms of cooperation do not possess.

Its rules establish expectations for domestic policy and can create incentives to maintain or strengthen standards as economic integration deepens. In this sense, the value of a more binding agreement may lie partly in its capacity to influence the institutional environment in which economic integration takes place.

This also complicates the argument that stronger social and environmental provisions necessarily come at the expense of trade performance. If tighter commitments were primarily a constraint on competitiveness, one might expect countries operating under the more demanding CPTPP framework to face greater difficulty in sustaining improvements as they move towards the upper end of the Index. The five-year trajectory offers no clear indication of such a trade-off. CPTPP records a gain comparable in absolute terms to APEC's 6.84 points and only modestly below RCEP's 7.67 points, despite its higher starting point and more extensive obligations. This does not establish that binding commitments caused the stronger performance, since the three groups differ in their membership, institutional characteristics, and starting conditions. It does, however, weaken the assumption that stronger rules and continued economic progress are inherently in conflict.

Binding provisions may impose adjustment costs in the short term, but they can also provide a framework within which firms and governments have greater certainty about the standards governing market access. The possibility that these commitments can support, rather than simply constrain, long-term competitiveness in trade deserves greater attention. Rather than treating social and environmental conditionality as a barrier that must be accepted as the price of regulation, the evidence raises the possibility that the design of trade agreements can itself influence the institutional conditions under which trade remains sustainable over time.

Figure 9

Average STI societal pillar scores by trading framework (2022-2026)

Trade framework	2022	2023	2024	2025	2026	▲ 2022-2026	% change
CPTPP	65.09	71.63	69.23	68.73	74.63	9.55	14.66
RCEP	47.30	57.70	53.89	53.56	59.20	11.90	25.15
APEC	55.46	63.62	58.93	59.07	66.71	11.25	20.29

The same broad pattern is visible in the societal pillar, although the magnitude of the gains is considerably larger. RCEP records the largest improvement between 2022 and 2026, rising by 11.90 points from a relatively low starting point of 47.30, equivalent to a 25.15% increase. APEC follows closely, gaining 11.25 points, or 20.29%, while CPTPP records a smaller but still substantial increase of 9.55 points, or 14.66%. The trajectories are also notable because the gains are not evenly distributed across the period. All three groupings experience a setback between 2023 and 2025 before recording their strongest improvement in 2026. One possible explanation is that the societal dimensions of sustainable trade were particularly affected by the disruptions and distributional pressures associated with the post-pandemic period, with improvements becoming more visible as economies and institutions adjusted.

The stronger recovery among RCEP and APEC economies may also reflect greater scope for improvement from lower initial levels. Nevertheless, CPTPP's continued progress from an already high starting point is again significant. Its 9.55-point gain suggests that more demanding commitments need not prevent further improvements in the societal conditions associated with trade. Rather, the longer trajectory is consistent with the possibility that common rules can reinforce domestic efforts to improve labor conditions, inclusion, and the distribution of the gains from integration.

Figure 10

Average STI environmental pillar scores by trading framework (2022-2026)

Trade framework	2022	2023	2024	2025	2026	▲ 2022-2026	% change
CPTPP	68.28	71.72	74.96	71.34	74.86	6.58	9.64
RCEP	67.67	69.45	72.31	66.88	75.12	7.44	11.00
APEC	61.48	64.10	67.16	64.33	67.96	6.48	10.53

The environmental pillar presents a somewhat different picture. Here, the three groupings began from more similar positions in 2022, with scores ranging from 61.48 for APEC to 68.28 for CPTPP. By 2026, RCEP had moved from second place to the highest score, reaching 75.12 after a 7.44-point increase. CPTPP remained close behind at 74.86, while APEC reached 67.96. RCEP's result is particularly noteworthy because its environmental score was less than one point below CPTPP's in 2022, yet it subsequently recorded the largest improvement of the three. This suggests that progress in environmental performance is not necessarily confined to agreements with the most extensive formal commitments. Several factors could plausibly contribute to this movement, including changes in the environmental performance of individual member economies, investment in cleaner production and energy systems, and the growing importance of environmental standards in regional supply chains.

The pronounced rebound in 2026 across all three groupings, following declines in 2025, also indicates that the five-year movement should not be interpreted as a steady improvement driven solely by the design of the agreements. Economic conditions and changes in individual economies' performance are likely to matter alongside the institutional framework. Even so, the convergence of RCEP toward, and slight overtaking of, CPTPP's environmental score provides little support for the idea that stronger environmental performance is inherently incompatible with expanding regional trade.

Figure 11

Average STI economic pillar scores by trading framework (2022-2026)

Trade framework	2022	2023	2024	2025	2026	▲ 2022-2026	% change
CPTPP	60.17	65.49	70.27	69.86	64.23	4.06	6.75
RCEP	53.94	59.40	64.37	65.67	56.93	2.99	5.55
APEC	58.27	63.19	68.61	67.55	60.97	2.70	4.63

The economic pillar shows a different pattern from the societal and environmental dimensions. RCEP is the only grouping to improve continuously through 2025, rising from 53.94 in 2022 to 65.67 before falling sharply to 56.93 in 2026. APEC and CPTPP reach their peaks earlier, at 68.61 and 70.27, respectively, in 2024, before declining in both 2025 and 2026. The decline is particularly pronounced in 2026, when economic scores fall by 8.74 points for RCEP, 6.58 points for APEC, and 5.63 points for CPTPP. Despite these reversals, all three groupings remain above their 2022 levels in 2026. CPTPP records the largest net improvement over the five-year period, gaining 4.06 points from 60.17 to 64.23, followed by RCEP with 2.99 points and APEC with 2.70 points.

The common pattern suggests that the 2026 decline is unlikely to be explained by the institutional design of any one agreement. It may instead reflect broader changes in the economic environment captured by the Index. The contrast with the societal and environmental pillars is nevertheless important. It indicates that progress in sustainable trade is not necessarily a linear process in which all dimensions improve in tandem. Economic performance can weaken in a given year while societal and environmental outcomes continue to improve, suggesting that the relationship between trade performance and the wider conditions under which trade takes place is more complex than a simple trade-off between economic gains and sustainability.

Conclusion

The five-year trajectories provide a more nuanced picture of how the three trading frameworks relate to sustainable trade. RCEP records the largest overall and pillar-level gains, but it also starts from the lowest position and, therefore, has greater scope for improvement. CPTPP's more modest percentage gains are nevertheless significant because they are achieved from a substantially higher base, while also showing that stronger and more enforceable commitments do not necessarily preclude continued improvement in sustainable trade performance. The environmental results further show that stronger performance is not exclusive to the agreement with the most demanding formal rules, while the economic trajectories demonstrate that short-term changes in trade performance can occur independently of progress in the societal and environmental dimensions. The evidence therefore does not establish that the design of an agreement determines its sustainable trade performance. It does, however, challenge the simplistic view that stronger social and environmental commitments necessarily constrain trade performance. More binding agreements may impose additional obligations on members, but they can also provide a durable framework for raising standards and shaping expectations around how economic integration is conducted. The persistence of improvements over the five-year period, including among the already high-performing CPTPP economies, suggests that the relationship between the depth of trade commitments and sustainable trade performance merits closer examination.

STI 2026 pillar analysis

The 2026 Sustainable Trade Index (STI) offers a way to understand the workings of a fast-changing global economy in which new patterns of sustainable trade are emerging across the economic, societal, and environmental pillars. Developments across the indicators build on the uncertainty of previous years' trade landscape, compounded by heightened geopolitical risks and greater urgency around sustainability goals. The contextual adaptations shaping last year's Index outcomes are largely the same, though each now carries important new variations that reflect the diversity of paths to prosperity through trade.

While economic and societal performance continued to shift gradually along familiar lines, environmental performance as captured by an economy's rank in this pillar, changed by double digits for several economies in a single year, becoming the most reactive and least predictable of the three pillars. Cambodia alone climbed fourteen places. The interplay between economic capacity, societal foundations, and environmental priorities continues to reveal the distinct approaches to sustainable trade that different economies can take to navigate today's uncertain trade landscape.

Figure 12
Economic pillar indicator list

No.	Indicator
1.01	Consumer price inflation
1.02	Real GDP Growth per capita, % GDP
1.03	Growth in labor force, %
1.04	Foreign direct investment, net inflows, % GDP
1.05	Gross fixed capital formation, % GDP
1.06	Tariff & non-tariff barriers
1.07	Trade liberalization
1.08	Exchange rate stability, parity change from national currency to SDR, 2025/2023
1.09	Domestic credit to private sector, % of GDP
1.10	Foreign trade and payments risk
1.11	Trade costs
1.12	Monetary policy intervention
1.13	Export concentration
1.14	Exports of goods and services
1.15	Technological innovation
1.16	Technological infrastructure
1.17	Digital readiness (e-commerce regulations) (New)

Economic Pillar

The STI's economic pillar measures how effectively an economy can generate and sustain growth through international trade. It examines the quality of trade infrastructure, the ease of cross-border transactions, the breadth of export activity, and the depth of technological and innovation capacity. Together, these determine whether an economy can produce the sophisticated and sustainable goods and services that drive prosperity over the long term in an interconnected trading system. The addition of a digital readiness (e-commerce legislation) indicator in this year's STI reflects the growing weight of digital capability in determining how competitively economies can participate in global trade.

A comparison of the 30 economies in the economic pillar between 2025 and 2026 shows the leadership at the very top changing even as the broader group of frontrunners remains stable. Singapore reclaimed the top position from Hong Kong, which slipped two places to third, while the United States climbed two places to second, its strongest economic pillar level showing, since the Index began tracking it. Singapore, the United States, and Hong Kong now anchor the top of the table, but the reshuffling among them shows that even the most consistently competitive economies are not insulated from the volatility of new trade developments.

The economic pillar continues to reveal distinct strategic pathways tied to the development stages of the economies in question, albeit under new dynamics. The most advanced economies seem to compete for technological leadership and depth of innovation capacity, in addition to strong fundamentals. The traditional predictors of high performance in the economic pillar are evolving. Whereas the emphasis may have previously been on trade openness metrics like tariffs and foreign direct investment (FDI), this year's advanced economies and top performers show that significant gains in this tier come from technological innovation and capacity. The clearest examples are Singapore, the United States, the United Kingdom, and Taiwan, top performers that each climbed at least one place in the economic ranking and each showed strength in technological indicators, including in research and development expenditure, high-technology exports, and patent applications per capita. South Korea is the clearest counterpoint to this, falling two places in the economic pillar ranking despite being the strongest economy in some of these technological indicators. This can be explained by poor performance in real GDP growth per capita and labor force growth, ranking 23rd and 25th out of 30, respectively — suggesting that technological leadership must be an addition to strong economic fundamentals, not a replacement for them.

Emerging economies instead compete on a range of indicators, from traditional growth drivers like exports and capital formation to technological capability, as a means of climbing in the economic pillar rankings. There is no single feature that distinguishes the top performers in this tier from the poorest performers. Nevertheless, there is a tendency for them to focus on growth and investment, most notably India. As the top climber in the 2026 economic pillar ranking (rising from 18th to 13th), the country recorded 6.67% GDP growth per capita (ranking third) and a gross fixed capital formation of 31.7% of GDP (ranking second). Malaysia is another growth-and-investment-centered high performer from this tier, with an improvement in its ranking driven by a high GDP growth per capita (3.95%) and FDI net inflow (3.69% of GDP). China, although falling in the economic rankings from last year's Index, is still a strong performer due to its strength in these same indicators — being the top performer in gross fixed capital formation and fifth in GDP growth per capita — as well as its persistent — though contested — strength in exports. Meanwhile, poorer performers among the emerging economies are held back by consistently weak institutional or governance environments, including Cambodia, Mexico, and Peru, all of which rank poorly on levels of corruption perceptions and rule of law.

The distinguishing limitation of crisis-affected economies is how little credibility they command in the market. Many have strong demographic fundamentals — Papua New Guinea, Pakistan, and Laos, rank highest in the entire Index for labor force growth. Several of these crisis-affected countries are also resource-rich and have large current account surpluses (Papua New Guinea, Brunei, and Laos). Nevertheless, these apparent strengths sit atop shallow financial systems, with very low scores in capital account liberalization and country credit ratings across the entire sample of countries in this weaker tier, alongside a lack of institutional quality. This points to a gradually improving base of economic fundamentals that is well ahead of the institutional trust needed to convert existing assets into durable gains in crisis-affected contexts.

Figure 13
Economic pillar rankings

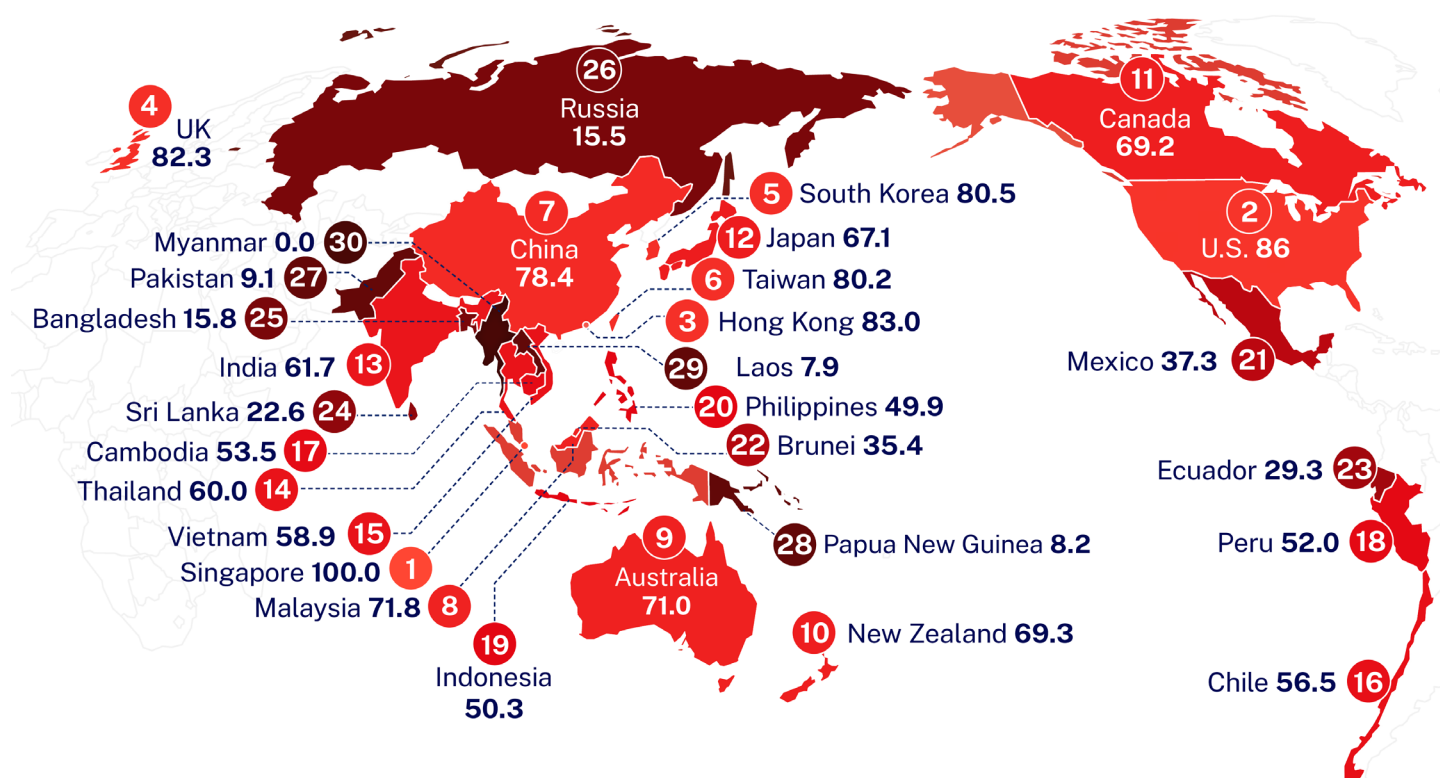


Figure 14
Societal pillar indicator list

No.	Indicator
2.01	Inequality (Gini coefficient)
2.02	Educational attainment
2.03	Labor standards
2.04	Political stability and absence of violence
2.05	Goods produced by forced labor or child labor
2.06	Government response to human trafficking
2.07	Trade in goods at risk of modern slavery
2.08	Legatum Prosperity Index
2.09	Life expectancy at birth
2.10	Uneven economic development
2.11	Universal Health Coverage Index
2.12	Equal distribution of resources (New)

Societal Pillar

The societal pillar of the STI measures the human conditions on which sustainable trade rests, examining the tension between the demands of economic growth and the social structures that shape who benefits from it. The introduction of the “Equal Distribution of Resources Index” indicator for this year’s STI shows a growing recognition that sustainable trade rests as much on how growth in resources is distributed as on how much of it there is.

Advanced economies such as Australia, Canada, and New Zealand retained their leading positions from last year’s Index, setting the standard for human development fundamentals such as human capital and labor standards. The picture is also consistent for poorer-performing economies, with Papua New Guinea, Myanmar, and Pakistan lagging the rest, as in last year’s ranking.

Enforcement appears to be what distinguishes movement among the top-tier performers in the societal pillar. For instance, Singapore, despite a strong overall human-development profile, fell from fifth to ninth place in the societal pillar ranking, largely due to a weak performance in trafficking criminalization and freedom of association. Meanwhile, the biggest climber was Hong Kong, which saw improved performance on gender nondiscrimination in hiring and on the prevalence of forced and child labor. Nevertheless, there is a notable consistency among the top performers in the ranking, which reflects the advanced economies’ strong and stable track record across this wide range of social indicators.

The dynamic among the top performers and climbers in the emerging-economy tier of the societal pillar can be characterized as progress through inclusion. The most notable gains in this tier came from Mexico and the Philippines (both rising two places), which can be explained by their tied first-place rankings in gender nondiscrimination in hiring. Progress on inclusion metrics also aligns with greater labor-market protections: Peru has converged with Mexico and the Philippines on stronger government protections against trafficking. In contrast, those at the bottom of this tier perform worse on these labor inclusion and protection metrics, including Indonesia and Vietnam, both of which score poorly on the exports of goods at risk of modern slavery. The sectors that are currently driving emerging-economy export growth are structurally those where labor protection risks concentrate — which is why emerging economies must ensure that gains from greater trade are followed by governmental and institutional responses to curb such risks.

Crisis-affected economies with poorer performances across societal pillar indicators face challenges of uneven institutionalization, with uneven and generally low levels of social protection that exist only on paper, partially in fact, or not at all. For instance, Bangladesh, Ecuador, and Sri Lanka all have strong criminalization scores (tied fourth), yet have comparatively weak strategies and actions to combat human trafficking, suggesting the existence of legal commitments without follow-through. The inverse cases are those countries with a largely absent institutional architecture, including Myanmar and Papua New Guinea, which have consistently low scores across all social indicators. The priorities for these countries with dissimilar institutional environments are clearly context-dependent; nevertheless, they all require deeper institutional commitments and actions that will give them opportunities for longer-term sustainable growth and trade.

Figure 15
Societal pillar rankings

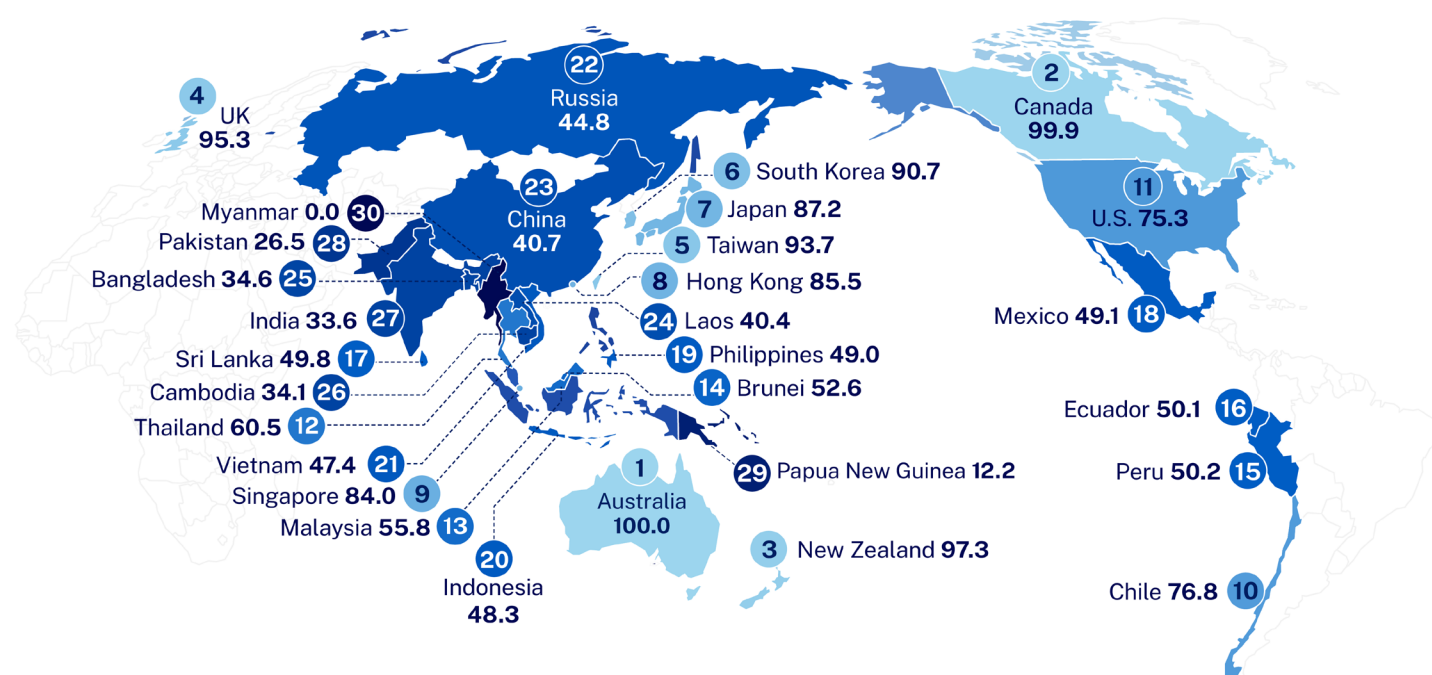


Figure 16
Environmental pillar indicator list

No.	Indicator
3.01	Air pollution, PM2.5 micrograms per cubic meter
3.02	Deforestation, index
3.03	% of wastewater treated
3.04	Energy intensity, energy use (kg of oil equivalent) per US\$1,000 GDP (constant 2021 PPP)
3.05	Ecological footprint
3.06	Renewable energy, %
3.07	Environmental standards in trade, count
3.08	Transfer emissions, million tons carbon
3.09	Share of natural resources in trade, %
3.10	Carbon (pricing & emissions)

Environmental Pillar

The environmental pillar of the 2026 Sustainable Trade Index reveals the most complex picture of the three. Of the three pillars, this is the one that produced the most volatile shifts in the rankings, capturing the differing ways economies are integrating environmental strategies with trade-driven growth. It also reflects an essential feature of trade policy, especially for emerging and crisis-affected economies: the need to reconcile the pressures of immediate development with the sustainability commitments shaping longer-term prosperity.

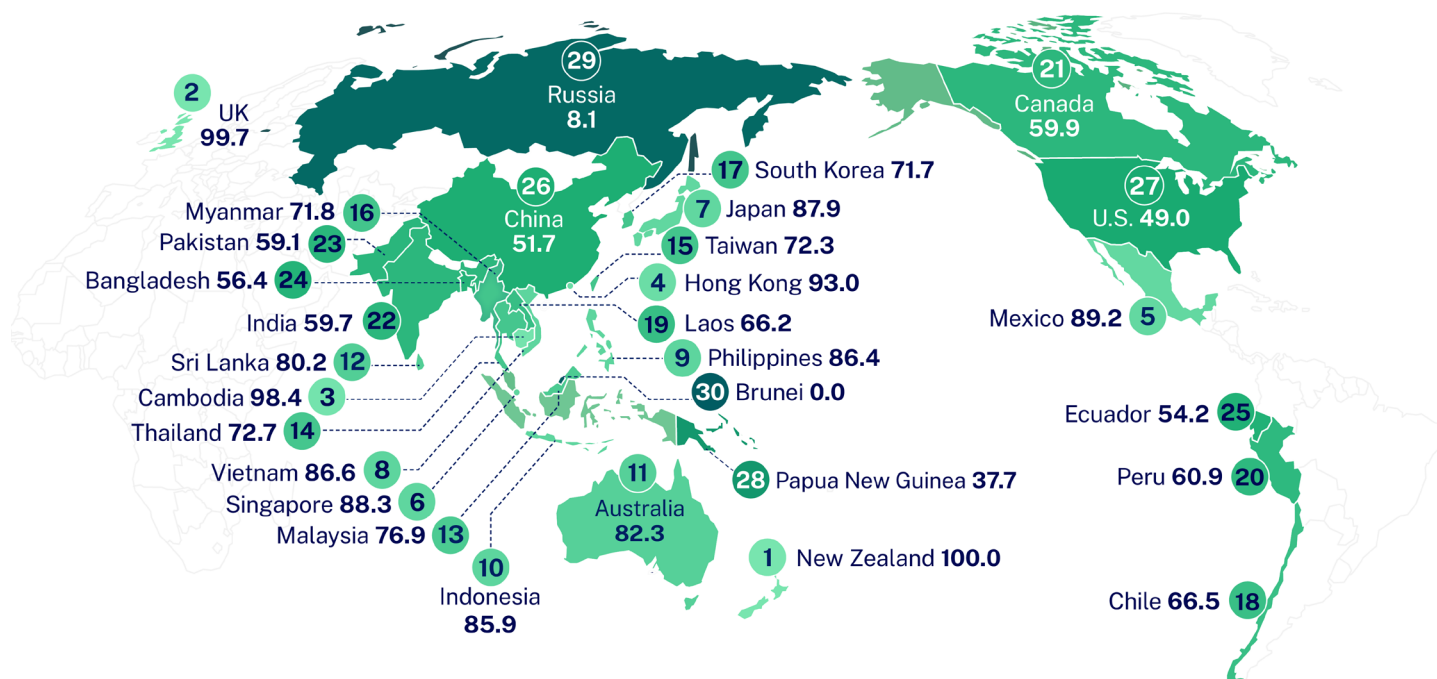
The highest performers in this pillar continue to be New Zealand and the United Kingdom, which swapped places since last year's rankings, with the former taking the first place. Cambodia, the biggest climber in this category, joined the top tier, climbing from 17th to third in 2026. The poorest performers were Brunei, Russia, and Papua New Guinea, ranking as low as they did last year.

The performance of economies in the environmental pillar is not as closely tied to levels of economic development as it is in the other two pillars. Cambodia's rise to third place, above many of the more advanced economies, is an illustration of this. Many of the outcomes in this pillar show that economies at earlier stages of economic and social development can also commit to and make progress on environmental goals from lower starting points. Nevertheless, unique development contexts lead economies to approach sustainable trade from different angles. Advanced economies showed considerable variation in their environmental performance relative to last year's Index. Carbon pricing is the common strong point of most advanced economies — excluding the US and Hong Kong — reflecting their more developed institutions and advanced regulatory apparatus. However, they exhibit weaker performance in renewable energy, with New Zealand, the best performer in this advanced-economy tier, ranking only ninth on the renewable energy indicator. Among other reasons, this reflects the longer-lasting legacy of fossil-fuel infrastructure in richer countries with vast sums of capital tied to less sustainable energy sources. What instead differentiates individual countries in this tier is performance across indicators such as wastewater treatment and energy intensity. Singapore is the top performer in the former category among all countries in the Index, and Hong Kong is the top performer in the latter, explaining their rise in the overall environmental rankings. Conversely, poorer performance in energy intensity contributed significantly to Australia and the US — two of the highest-scoring economies in the other two pillars — falling to 11th and 27th places, respectively.

The trends observed among emerging economies stand as the clearest counterpoint to the idea that economic prosperity is a prerequisite for sustainable development. In many of these cases, emerging economies climbed the rankings, advancing due to structural advantages related to their later industrialization. In cases such as Cambodia, which climbed the environmental pillar ranking to third, this seemed to be enabled by the construction of energy systems built around renewable sources from the outset. Renewables account for 52.4% of its total energy requirements. India similarly gained this way, posting a 34.9% share of renewables in energy requirements. Conversely, poorer performers in this tier were those that did not have as high a renewable energy share as these gainers and could not compensate with lower natural resource dependence. Chile, for example, had significant commodity exposure, with 63.0% of its trade coming from natural resources.

Renewable energy shares run higher still among crisis-affected economies than in the emerging tier. Most, with the clear exception of Brunei, rank high on this measure, led by Myanmar at 62.9%, the highest share in the entire Index. Nevertheless, these gains hardly lifted the overall ranking of this tier, because they were largely offset by higher levels of commodity exposure. For instance, Papua New Guinea's 54.6% renewable energy share is neutralized by a natural resource dependence of 79.5%, the highest in the sample. Weak regulatory environments and high resource-trade dependence are what hold these countries back.

Figure 17
Environmental pillar rankings



Conclusions

An analysis of the sustainable trade trends across the three pillars of the Index offers some overarching themes. First, and most clearly, the Index challenges the assumption that more advanced economies are better placed to achieve environmental resilience. Evidence against this claim comes from the strong performance of Cambodia, which finished third on the environmental pillar and ahead of every advanced economy but two (New Zealand and UK), while ranking 17th in the economic pillar and just 26th in the societal pillar. The relative underperformance of advanced economies such as the US, which posted strong economic gains alongside the sharpest environmental declines in the Index, offer further counter arguments. What this shows is that economies may not need to pass through the sequential stages of stability, capacity, and then sustainability that shaped earlier development paths. Some are “leapfrogging” to strong environmental performance.

Second, what seems to separate higher performers across all three pillars is institutional depth. The pattern recurs in different forms. For example, in the economic pillar, crisis-affected economies have promising demographic fundamentals and large current-account surpluses but are hampered by shallow financial systems and by the lack of the institutional foundation to convert these positives into long-lasting gains. In the societal sphere, many emerging and crisis-affected economies suffer from weak enforcement mechanisms, although many of these also have strong trafficking criminalization scores, pointing to a persistent pattern of legal commitments that lack follow-through. The same holds in the environmental pillar, where several developing economies have renewable energy levels exceeding those of advanced economies yet lack the carbon-pricing mechanisms or trade diversification needed to strengthen their overall environmental performance.

Finally, balanced performance across all three pillars remains rare, and this year it is rarer still among the economies making the largest gains in individual pillars. Variations in performance across the pillars suggest that sustainable trade is not currently being pursued as an integrated objective but rather as a series of separate objectives, with economies concentrating their efforts according to their development levels and strategic priorities. Progress will likely come from those economies that build on their structural advantages, while strengthening their institutions to make those gains enduring.

Methodology

A. Definitions

The Hinrich-IMD Sustainable Trade Index

The Hinrich-IMD Sustainable Trade Index measures 30 economies' 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.

It covers major trade blocs and trading economies in the Asia Pacific region, including members of the Asia-Pacific Economic Cooperation (APEC), Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and Regional Comprehensive Economic Partnership (RCEP).

The economic pillar

The economic pillar measures an economy's ability to generate and sustain economic growth through participation in international trade. In this category, economies receive scores for indicators that demonstrate a link between participation in the trading system and economic growth.

Some indicators capture the quality of trade infrastructure, while others measure the ease of conducting international trade, such as current account balance, exchange rate stability, and trade costs.

We measure export diversification by evaluating an economy's trade destinations and the spread of their exports across sectors.

Furthermore, we consider the technological infrastructure and innovation capabilities of an economy by assessing its emphasis on research and development investment and digital technologies.

The societal pillar

Social factors matter in an economy's capacity to trade internationally over the long term. Economies are evaluated on encouragement and support of the development of human capital, such as the extent of education, healthcare, and labor standards.

This pillar also captures factors that influence public support for trade expansion. These include income inequality, political stability, goods produced by forced and child labor, and the government response to human trafficking.

The environmental pillar

The environmental pillar measures the extent to which an economy's trade supports sustainable resource use. The factors include measurements of non-renewable natural resources in trade and the management of externalities that arise from economic growth and participation global trade.

While an economy's capacity to participate in the global trading system is dependent on economic development, achieving sustainable trade requires prudent stewardship of natural resources and limiting externalities in an economy's economic calculus to promote its overall environmental capital. The indicators in this section measure an economy's environmental capital along two lines. It captures current conditions through measures for air and water pollution; and future impact through national environmental standards, carbon emissions, and share of natural resources in exports.

B. Data preparation

We establish a reference year for each indicator or sub-indicator. Generally, it is the previous full year, but it may be earlier for some data.

For the reference year:

1. We first check if data is available for the reference year, if this is the case the data will be considered for calculation.
2. If data for the reference year is unavailable, we generally check the previous four years before the reference year. We choose the closest year to the reference year or we categorize that particular indicator as not available, and the data field is left empty.
3. An economy showing an empty data field for a certain indicator will therefore not be listed and ranked for that specific indicator.

C. Data processing

In this document, 'values' denote the raw data of indicators in their original measurement units. 'Scores' represent these values rescaled between 0-100, as derived in the third step of our data processing procedure. For all indicators, pillars, and the overall STI, a higher score indicates superior performance in that specific category, while a lower score suggests subpar performance. Lastly, 'rankings' are determined by arranging the scores of each indicator in descending order, from highest to lowest.

1. We check each indicator for outliers:
 - 1.1 Outliers are identified using the Interquartile Range (IQR) method. This is calculated by taking the first (Q1) and third (Q3) quartiles for each indicator, with the IQR being the difference between these two values ($IQR = Q3 - Q1$). Data points falling below $[Q1 - (4 \times IQR)]$ or above $[Q3 + (4 \times IQR)]$ are classified as outliers.
 - 1.2 The identified outliers are then winsorized. This process involves capping the extreme values to reduce the effect of possibly spurious outliers.
 - 1.3 To address the variance among outliers, a logarithmic transformation is then applied to the winsorized data. This transformation helps to stabilize the variance and make the data more normally distributed.
2. For those indicators that contain sub-indicators (or sub-sub indicators):
 - 2.1 At the sub-indicator level, values are rescaled between 0 and 100. The optimal value receives a score of 100, while the least favorable gets 0. If a higher value for an indicator signifies a better outcome, the economy with the highest value scores 100, and the one with the lowest scores 0. Conversely, if a lower value indicates a better outcome, the economy with the lowest value scores 100, and the highest scores 0. For specifics on what determines the best or worst outcome for each indicator, refer to the Notes and Sources section.
 - 2.2 Sub-indicator values are then averaged to form the primary indicator.
 - 2.3 For indicators comprising sub-sub-indicators, we first construct the sub-indicator as per step 2.2. Once the sub-indicators are established, the same process is applied to derive the sub-sub-indicator.
3. All indicators are rescaled between 0 and 100, with the best value scoring 100 and the worst 0. This rescaling facilitates indicator comparisons.
4. Within each pillar all indicators are averaged to construct the pillar.
5. All pillars undergo rescaling between 0 and 100. This step minimizes the influence of uneven indicator distribution within pillars, ensuring comparability.
6. The three pillars are averaged to determine the overall score, presented as a value between 0 and 100. This consistent scoring range, from sub-indicators to the overall score, ensures uniformity across all analysis levels.

D. Updated indicators

We have updated some components to further refine the index from prior iterations.

1. Under the Economic Pillar, for the indicators 1.06.01 b New tariff barriers and 1.06.02 b New non-tariff barriers, the year has been updated from 2024 (in STI 2025), to 2025 for STI 2026.
2. Under the Economic Pillar, for the indicator 1.08 Exchange rate stability, parity change from national currency to SDR, the year is updated from 2024/2022 to 2025/2023.
3. Under the Economic Pillar, the indicator 1.11.01 Logistics Performance Index, has now been replaced by LPI 2.0 (Logistics Performance Indicators), with its 6 core components. The change follows the evolution of the indicator at the source, World Bank.
4. Under the Economic Pillar, under Technological infrastructure, a new indicator 1.16.05 Digital readiness (e-commerce legislations) has been introduced.
5. Under the Societal Pillar, the indicator 2.08 Social mobility, index has now been replaced by Legatum prosperity Index.
6. Under the Societal Pillar, a new indicator 2.12 Equal distribution of resources index has been introduced.

Notes and sources

[H] High value promotes global trade

[L] Low value promotes global trade

[Sum] Indicator has sub-indicators

Background data	Source	Definition
Population	IMF WEO	Population in millions (estimates for 2025)
GDP per capita	IMF WEO	The total value at current prices of final goods and services produced within a country (in USD) during a specified time period divided by the average population for the same one year.

	Indicator	Source	Definition
1.01	Consumer price inflation	WEO	Harmonized inflation rates, year average. [L]
1.02	Real GDP Growth per capita, % GDP	WEO, Taiwan: DGBAS	GDP is expressed in national currency, constant prices, per capita values. [H]
1.03	Growth in labor force, %	World Bank, Taiwan: DGBAS	People aged 15+, who are currently employed and people who are unemployed but seeking work as well as first-time jobseekers. Unpaid workers, family workers, and students are often omitted, and some countries do not count members of the armed forces. [H]
1.04	Foreign direct investment, net inflows, % GDP	World Bank, Taiwan: Central Bank, Balance of Payments Quarterly	Net inflows of foreign investment to acquire a lasting management interest (10%+ of voting stock) in an enterprise. Sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments. [H]
1.05	Gross fixed capital formation, % GDP	World Bank, Taiwan: DGBAS	Includes land improvements; plant, machinery, and equipment purchases; construction of roads, railways, schools, offices, hospitals, private residences, and commercial & industrial buildings. Net acquisitions of valuables are considered capital formation. [H]
1.06	Tariff & non-tariff barriers	Global Trade Alert	Six indicators measuring tariff and non-tariff barriers. [sum]
1.06.01	Tariff barriers	Global Trade Alert	Three indicators measuring tariff barriers. [sum]
1.06.01.a	Tariff barriers in force	Global Trade Alert	Count of 'harmful' tariff measures currently in force. [L]
1.06.01.b	New tariff barriers 2025	Global Trade Alert	Count of new (2025) 'harmful' tariff measures currently in force. [L]
1.06.01.c	Net percentage of imports affected by new tariff barriers (2025)	Global Trade Alert	Estimates of the import shares potentially affected by 'harmful' tariff measures currently in force. [L]
1.06.02	Non-tariff barriers	Global Trade Alert	Three indicators measuring non-tariff barriers. [sum]
1.06.02.a	Non-tariff barriers in force	Global Trade Alert	Count of 'harmful' non-tariff measures currently in force. [L]

	Indicator	Source	Definition
1.06.02.b	New non-tariff barriers 2025	Global Trade Alert	Count of new (2025) 'harmful' non-tariff measures currently in force. [L]
1.06.02.c	Net percentage of imports affected by new non-tariff barriers (2025)	Global Trade Alert	Estimates of the import shares potentially affected by 'harmful' non-tariff measures currently in force. [L]
1.07	Trade liberalization	WTO, KAOPEN, Freedom House	Three indicators measuring trade liberalization. [sum]
1.07.01	Regional Trade Agreements, number in force	WTO	Any reciprocal trade agreement between two or more partners, not necessarily belonging to the same region. [H]
1.07.02	Capital account liberalization, Index	KAOPEN	The Chinn-Ito index (KAOPEN) is an index measuring a country's degree of capital account openness. The index was initially introduced by Chinn and Ito (<i>Journal of Development Economics</i> , 2006). KAOPEN is based on the binary dummy variables that codify the tabulation of restrictions on cross-border financial transactions reported in the IMF's Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER). [H]
1.07.03	Investment Freedom, Index	Heritage Foundation	Investment freedom evaluates a variety of regulatory restrictions that typically are imposed on investment. Points are deducted from the ideal score of 100 for each of the restrictions found in a country's investment regime. [H]
1.08	Exchange rate stability, parity change from national currency to SDR, 2025/2023	IFS	Parity changes are in absolute values. Period average for all countries. [L]
1.09	Domestic credit to private sector, % of GDP	IMF (via World Bank)	Domestic credit to private sector refers to financial resources provided to the private sector by financial corporations, such as through loans, purchases of nonequity securities, and trade credits and other accounts receivable, that establish a claim for repayment. For some countries, these claims include credit to public enterprises. The financial corporations include monetary authorities and deposit money banks, as well as other financial corporations where data is available (including corporations that do not accept transferable deposits but do incur such liabilities as time and savings deposits). Examples of other financial corporations are finance and leasing companies, money lenders, insurance corporations, pension funds, and foreign exchange companies. [H]
1.10	Foreign trade and payments risk	IMF, SP, Moody's, Fitch	Two indicators measuring foreign trade and payment risk. [sum]
1.10.01	Country credit rating	SP, Moody's, Fitch	IMD WCC created an Index of three country credit ratings (Fitch, Moody's, S&P). Each, including the outlook, is converted to a numerical score, and averaged for each country, with a possible range of 0-60. [H]

	Indicator	Source	Definition
1.10.02	Gross debt, % GDP	WEO	Private nonguaranteed external debt comprises long-term external obligations of private debtors that are not guaranteed for repayment by a public entity. Data is in current US dollars. [L]
1.11	Trade costs	Transparency International, World Bank	Three indicators measuring country-specific external, indirect costs on trade (rule of law, corruption, logistics) [sum]
1.11.01	Logistics performance indicators (LPI 2.0)	World Bank	The LPI 2.0 replace the original perception-based Logistics Performance Index used through 2023 with objective indicators derived from large-scale shipment- and vessel-level tracking data. The framework measures logistics performance along two core dimensions – connectivity and time – across maritime, aviation, and postal logistics. [sum]
1.11.01.a	Aviation import dwell time (days)	World Bank	Time spent by goods at the airport between the moment the cargo is ready to be picked up by the consignee or their agent from the airport and the moment the cargo is cleared by customs and leaves the airport. [L]
1.11.01.b	Number of aviation partner economies	World Bank	Number of economies accessible through direct air cargo connections. [H]
1.11.01.c	Container import dwell time (days)	World Bank	Time spent by containers at the port of entry from arrival (ship unloading) to departure from the port [L]
1.11.01.d	Number of maritime partner economies	World Bank	Number of economies accessible through direct liner shipping services. [H]
1.11.01.e	Business-to-business postal delivery time (days)	World Bank	Time spent by a postal item (parcel or express shipment) in the importing economy from arrival at the economy's office of exchange (postal bureau) to the first attempted or final delivery [L]
1.11.01.f	Number of business-to-business postal partner economies	World Bank	Number of economies accessible through direct international postal connections for B2B shipments. [H]
1.11.02	Corruption perceptions, index	Transparency International	The CPI is calculated using 13 different data sources from 12 different institutions that capture perceptions of corruption within the past two years. The data sources are standardized to a scale of 0-100 where 0 equals the highest level of perceived corruption and 100 equals the lowest level of perceived corruption. [H]
1.11.03	Rule of law, index	World Bank	Perceptions of the extent to which agents have confidence in and abide by the rules of society, and in particular the quality of contract enforcement, property rights, the police, and the courts, as well as the likelihood of crime and violence. [H]
1.12	Monetary policy intervention	IMF	Two indicators measuring an economy's potential capacity to intervene in and influence exchange rates. [sum]
1.12.01	Current account balance, % GDP	IMF	Current account balance is the sum of net exports of goods and services, net primary income, and net secondary income. [L]

	Indicator	Source	Definition
1.12.02	Change (1-year) in total reserves (includes gold), % GDP	IMF	Total reserves comprise holdings of monetary gold, special drawing rights, reserves of IMF members held by the IMF, and holdings of foreign exchange under the control of monetary authorities. The gold component of these reserves is valued at year-end (December 31) London prices. Data is in current US dollars. [L]
1.13	Export concentration	UNCTAD	Two indicators measuring the export concentration in markets and products. [sum]
1.13.01	Export market concentration, Top 5 as % total	UNCTAD	The top five named export countries as a percentage of total exports. [L]
1.13.02	Export product concentration, Top 5 as % total	UNCTAD	The top five named export products, as a percentage of total exports, using the UNCTAD product data based on the SITC commodity classification, Revision 3, at the two-digit level: giving 65 product categories. [L]
1.14	Exports of goods and services	WTO	Two indicators measuring merchandise and commercial services exports. [sum]
1.14.01	Merchandise exports, US\$ millions	WTO	Compiled from national data sources, WTO, IMF International Financial Statistics, and the Trade Data Monitor online database. If data from national sources are not available at the time of release, estimates are produced based on partner trade statistics. [H]
1.14.02	Commercial services exports, US\$ millions	WTO	Commercial services include transport, travel, and other private services (communication; construction; insurance; financial; computer and information (including news), royalties and license fees; other business services (legal, accounting, consulting, public relations, advertising, market research, architectural, engineering, and other technical services) [H]
1.15	Technological innovation	UNESCO, WIPO, COMTRADE, NSF	Five indicators measuring research and development. [sum]
1.15.01	R&D expenditure, % GDP	UNESCO, Taiwan: OECD MSTI, Australia: OECD	The sum of financial resources (national and foreign) used for the execution of research and experimental development (R&D) works on the national territory by the public sector and by the business enterprise sector. It includes current expenditure (annual wages and salaries of R&D personnel and operating expenses) and capital expenditure (purchases of equipment required for R&D). [H]
1.15.02	Researchers in R&D, per 1,000 inhabitants	UNESCO, Taiwan: OECD MSTI & WEO, Peru: National Council for Science, Technology and Technological Innovation	Researchers in R&D are professionals engaged in the conception or creation of new knowledge. Products, processes, methods, or systems and in the management of the projects concerned. [H]
1.15.03	Patent applications, per million inhabitants	WIPO, WEO, Taiwan: TIPO	Total patent applications (Direct and PCT national phase entries per million inhabitants. [H]

	Indicator	Source	Definition
1.15.04	High-technology exports, % of manufactured exports	World Bank	High-technology exports are products with high R&D intensity, such as in aerospace, computers, pharmaceuticals, scientific instruments, and electrical machinery. [H]
1.15.05	Scientific articles, per million people	NSF National Science & Engineering Indicators Hong Kong, SAR: University Grants Committee	Article counts are from a selection of journals, books, and conference proceedings in S&E from Scopus. [H]
1.16	Technological infrastructure	ITU (via World Bank), Ookla, M-Labs, The Bandwidth Place	Four indicators measuring the technological infrastructure, internet quality and penetration, and mobile penetration. [sum]
1.16.01	Fixed internet speed, Mbps	Ookla, M-Labs/ cable.co.uk, The Bandwidth Place	Average connection speed in Mbps: data transfer rates for Internet access by end users. The values presented are a weighted average of three internet speed tests Ookla, M-Lab, SpeedTestNet.io. [H]
1.16.02	Internet users, % population	World Development indicators via World Bank, Taiwan: National Communications Commission	Internet users are individuals who have used the Internet (from any location) in the last 3 months. The Internet can be used via a computer, mobile phone, personal digital assistant, games machine, digital TV, etc. [H]
1.16.03	Fixed broadband subscriptions (per 100 people)	ITU via World Bank, Taiwan: National Communications Commission	Fixed broadband subscriptions refer to fixed subscriptions to high-speed access to the public Internet (a TCP/IP connection), at downstream speeds equal to, or greater than, 256 kbit/s. This includes cable modem, DSL, fiber-to-the-home/building, other fixed (wired)-broadband subscriptions, satellite broadband, and terrestrial fixed wireless broadband. This total is measured irrespective of the method of payment. It excludes subscriptions that have access to data communications (including the Internet) via mobile-cellular networks. It should include fixed WiMAX and any other fixed wireless technologies. It includes both residential subscriptions and subscriptions for organizations. [H]
1.16.04	Mobile subscriptions (per 100 people)	ITU via World Bank, Taiwan: National Communications Commission	Mobile cellular telephone subscriptions are subscriptions to a public mobile telephone service that provides access to the PSTN using cellular technology. The indicator includes (and is split into) the number of post-paid subscriptions, and the number of active prepaid accounts (i.e., that have been used during the last three months). The indicator applies to all mobile cellular subscriptions that offer voice communications. It excludes subscriptions via data cards or USB modems, subscriptions to public mobile data services, private trunked mobile radio, telepoint, radio paging, and telemetry services. [H]

	Indicator	Source	Definition
1.17	Digital readiness (e-commerce legislations)	ITU ICT regulatory tracker	The ICT Regulatory Tracker is composed metric based on a total of 50 indicators grouped into four clusters: Regulatory authority (focusing on the functioning of the separate regulator), Regulatory mandates (who regulates what), Regulatory regime (what regulation exists in major areas) and Competition framework for the ICT sector (level of competition in the main market segments). [H]
2.01	Inequality (Gini coefficient)	World Bank, Taiwan: Report on the Survey of Family Income and Expenditure, R.O.C., 2024, New Zealand: OECD, Singapore: Department of Statistics, Singapore	The Gini index measures the extent to which the distribution of income (or, in some cases, consumption expenditure) among individuals or households within an economy deviates from a perfectly equal distribution. A Lorenz curve plots the cumulative percentages of total income received against the cumulative number of recipients, starting with the poorest individual or household. The Gini index measures the area between the Lorenz curve and a hypothetical line of absolute equality, expressed as a percentage of the maximum area under the line. Thus, a Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. [L]
2.02	Educational attainment	HDR, THES, World Bank	Three indicators measuring the attainment and quality of education. [sum]
2.02.01	Mean years of schooling	UN HDR, Taiwan: Directorate-General of Budget, Accounting, and Statistics, Taiwan (ROC)	The average number of years of education received by people ages 25 and older, converted from education attainment levels using official durations of each level. [H]
2.02.02	University education Index	IMD WCY 2026	IMD constructed index to capture the quality of universities. Measures the (1) number, (2) score, (3) score per capita, of the universities in THES 1'000. [H]
2.02.03	Tertiary enrollment	World Bank, Taiwan: Ministry of Education	Gross enrollment ratio is the ratio of total enrollment, regardless of age, to the population of the age group that officially corresponds to the level of education shown. Tertiary education, whether to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level. [H]
2.03	Labor standards	World Bank, Global State of Democracy Indices	Two indicators measuring employee rights, including gender equality and collective bargaining. [sum]
2.03.01	Gender non-discrimination in hiring	World Bank Women, Business and the Law	Assessment of whether the law mandates non-discrimination based on gender in employment 0-5. 1 point for each: (1) Can a woman get a job in the same way as a man? (1) Does the law prohibit discrimination in employment based on gender? (1) Is there legislation on sexual harassment in employment? (1) Criminal penalties or (1) civil remedies for sexual harassment in employment? [H]

	Indicator	Source	Definition
2.03.02	Freedom of association and assembly	Global State of Democracy Indices	Existence and enforcement of laws that allow citizens the right to assemble freely and associate into groups such as political parties and trade unions among others. [H]
2.04	Political stability and absence of violence	World Bank Political Stability and Absence of Violence	Political Stability and Absence of Violence/Terrorism measures perceptions of the likelihood of political instability and/or politically motivated violence, including terrorism. [H]
2.05	Goods produced by forced labor or child labor	US Bureau of International Labor Affairs (ILAB), Global Slavery Index	Three indicators measuring the extent of forced labor or child labor. [sum]
2.05.01	Goods produced by forced labor	US Bureau of International Labor Affairs (ILAB), Global Slavery Index	Two indicators measuring the extent of forced labor. [sum]
2.05.01.a	Goods produced by forced labor, number of goods categories	US Bureau of International Labor Affairs (ILAB), Global Slavery Index	Matrix of goods and their source countries which ILAB has reason to believe are produced by child labor or forced labor in violation of international standards, as required under the Trafficking Victims Protection Reauthorization Act (TVPPRA). [L]
2.05.01.b	% population in forced labor	Global Slavery Index	% population in forced labor. [L]
2.05.02	Goods produced by child labor, number of goods categories	US Bureau of International Labor Affairs (ILAB), Global Slavery Index	Matrix of goods and their source countries which ILAB has reason to believe are produced by child labor or forced labor in violation of international standards, as required under the Trafficking Victims Protection Reauthorization Act (TVPPRA). [L]
2.06	Government response to human trafficking	US Department of State, Global Slavery Index	Three indicators measuring the government response to human trafficking. [sum]
2.06.01	Government response to human trafficking, Criminalization	US Department of State	Number of conventions Ratified or Accession. [H]
2.06.02	Government response to human trafficking, Strategy	Global Slavery Index	Government response score. [H]
2.06.03	Government response to human trafficking, Action	US Department of State	The country's tier ranking is based on the government's efforts to combat trafficking as measured against the TVPA minimum standards and compared to its efforts in the preceding year. Score 1-4 corresponding to countries Tier. [L]
2.07	Trade in goods at risk of modern slavery	Comtrade + Global Slavery Index	Two indicators measuring the extent to which imports and exports adhere to international labor standards. [sum]
2.07.01	Imports of goods at risk of modern slavery, US\$ millions	Comtrade + Global Slavery Index, Taiwan: Comtrade recorded as 'Other Asia, nes'	Value of imports in goods and country combinations identified as at risk of modern slavery. [L]

	Indicator	Source	Definition
2.07.02	Exports of goods at risk of modern slavery, US\$ millions	Comtrade + Global Slavery Index, Taiwan: Comtrade recorded as 'Other Asia, nes'	Value of exports in goods and country combinations identified as at risk of modern slavery. [L]
2.08	Legatum Prosperity Index	Prosperity Institute	The Index uses 300 country-level indicators, grouped into 67 policy-focused elements across 12 pillars, to measure the current state of prosperity in the countries and how it has changed over the past decade. [H]
2.09	Life expectancy at birth	UN HDR, Taiwan: Directorate-General of Budget, Accounting, and Statistics, Taiwan (ROC)	Life expectancy at birth indicates the number of years a newborn infant would live if prevailing patterns of mortality at the time of its birth were to stay the same throughout its life. [H]
2.10	Uneven Economic Development	The Fund for Peace - Fragile States Index	The Uneven Economic Development Indicator considers inequality within the economy, irrespective of the actual performance of an economy. It considers perceptions of inequality as well as the opportunities for groups to improve their economic status. [L]
2.11	Universal Health Coverage Index	The Global Health Observatory, WHO	Coverage of essential health services (defined as the average coverage of essential services based on tracer interventions that include reproductive, maternal, newborn, and child health, infectious diseases, non-communicable diseases, and service capacity and access, among the general and the most disadvantaged population). The indicator is an index reported on a unitless scale of 0 to 100, which is computed as the geometric mean of 14 tracer indicators of health service coverage. The tracer indicators are organized by four components of service coverage: 1. Reproductive, maternal, newborn, and child health 2. Infectious diseases 3. Noncommunicable diseases 4. Service capacity and access. [H]
2.12	Equal distribution of resources index	The V-Dem Dataset	Aggregate of indicators on particularistic or public goods (v2dlencmps), means tested vs. universalistic welfare policies (v2dlunivl), educational equality (v2peedueq) and health equality (v2pehealth). [H]
3.01	Air pollution, PM2.5 micrograms per cubic metre	Health Effects Institute. 2025. State of Global Air 2025	Levels of particulate matter 2.5 (PM 2.5), to capture the air pollution in a country. [L]
3.02	Deforestation	Yale Environmental Performance Index	Index of the change in a country's forest cover. (NOTE: index, not the value of change). [H]
3.03	% of wastewater treated	UN SDG Indicators Database	% of wastewater treated. [H]

	Indicator	Source	Definition
3.04	Energy intensity, energy use (kg of oil equivalent) per US\$1,000 GDP (constant 2021 PPP)	World Bank	Energy use per PPP GDP is the kilogram of oil equivalent of energy use per constant PPP GDP. Energy use refers to use of primary energy before transformation to other end-use fuels, which is equal to indigenous production plus imports and stock changes, minus exports and fuels supplied to ships and aircraft engaged in international transport. [L]
3.05	Ecological footprint, global hectares per person	Global Footprint Network	The Ecological Footprint adds up all the productive areas for which a population, a person or a product competes. It measures the ecological assets that a given population or product requires to produce the natural resources it consumes (including plant-based food and fiber products, livestock and fish products, timber and other forest products, space for urban infrastructure) and to absorb its waste, especially carbon emissions. [L]
3.06	Renewable energy	World Bank	Share of renewables in total energy requirements, %. [H]
3.07	Environmental standards in trade	UN Treaty Collection, Taiwan: Management Regulations for the Import and Export of Industrial Waste	Count of whether seven conventions are ratified, implemented, or not. [sum]
3.07.01	Convention: Hazardous Wastes	UN Treaty Collection, Taiwan: Management Regulations for the Import and Export of Industrial Waste	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]
3.07.02	Convention: Prevention of Marine Pollution	UN Treaty Collection, Taiwan: Marine Pollution Control Act	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]
3.07.03	Convention: Protection of the Ozone Layer (Vienna)	UN Treaty Collection, Taiwan: Air Pollution Control Act	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]
3.07.04	Convention on Climate Change (Kyoto)	UN Treaty Collection	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]
3.07.05	The International Timber Agreement	UN Treaty Collection, Taiwan: Regulations for Management of Protection Forest	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]

	Indicator	Source	Definition
3.07.06	Convention: International Trade in Endangered Species	UN Treaty Collection, Taiwan: Regulations on Import and Export of Endangered Species of Wild Fauna, Flora and Related Products	Count of whether the convention is (1) ratified, (2) implemented, or (0) not. [H]
3.07.07	Convention: Prior Informed Consent -Hazardous Chemicals (Rotterdam)	UN Treaty Collection	Count of whether the convention is (1) ratified, (2) implemented or (0) not. [H]
3.08	Transfer emissions, million tons carbon	Global Carbon Project	Transfer emissions, in million tonnes carbon. Countries with dirty export industries contribute to an unsustainable model for global trade. [L]
3.09	Share of natural resources in trade, %	UNCTAD	Natural resources (ores and metals, mineral fuels, lubricants, and related materials) as a percentage of a country's total exports. [L]
3.10	Carbon	World Bank, EDGAR	Two indicators measuring the extent of CO ² emissions, and accounting for the externalities. [sum]
3.10.1	Carbon pricing	World Bank Carbon Pricing Dash Board	Count of whether the (2) Carbon pricing is currently in effect at the national level, (1) Carbon pricing is scheduled for implementation but is not currently in effect, or (0) Carbon pricing is neither scheduled for implementation nor currently in effect. [H]
3.10.2	CO ² emissions, tons per capita	EDGAR -Emissions Database for Global Atmospheric Research	CO ² emissions by country/region name and include all human activities leading to climate-relevant emissions, except biomass/ biofuel combustion (short cycle carbon). [L]

About us

Global trade has helped lift hundreds of millions of people around the world out of poverty. It is a powerful driver of economic growth and job creation. Yet its benefits are not self-sustaining. Without responsible stewardship, trade can widen income inequalities, disrupt labor markets, and impose significant environmental costs. Sustainable trade means striking a durable balance by expanding the economic opportunities that open markets generate while ensuring those gains are broadly shared and maintained. This requires sound public policy, responsible business leadership, and evidence-based frameworks to guide decision-making.

The Hinrich Foundation and the IMD World Competitiveness Center have combined their expertise to build the Hinrich-IMD Sustainable Trade Index, a framework for policy makers, business executives, and civil society leaders to understand and advance sustainable global trade.

hinrich foundation
advancing sustainable global trade

The Hinrich Foundation is an independent Asia-based philanthropic organization dedicated to advancing mutually beneficial and sustainable global trade.

We believe that mutually beneficial and sustainable global trade is a powerful force for shared prosperity, technological progress, sustainability and peaceful international cooperation. Our work is grounded in rigorous fact-based research and the development of innovative trade education programs.

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IMD is an independent academic institution with close ties to business and a strong focus on impact. Challenging what is and inspiring what could be, it develops leaders who transform organizations for a more prosperous, sustainable, and inclusive world. Through its Executive Education, MBA, Executive MBA, and advisory work IMD helps leaders and policymakers navigate complexity and change.

The IMD World Competitiveness Center is dedicated to the advancement of knowledge on world competitiveness and offers benchmarking services for countries and companies using the latest data. The Center has pioneered research on how nations and enterprises compete to lay the foundations for future prosperity.

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The Hinrich-IMD Sustainable Trade Index (STI) evaluates how effectively 30 major trading economies balance long-term economic growth, societal development, and environmental protection through international trade. The STI 2026 is the index's eighth edition.

