

Fact Sheet

Hinrich Foundation Sustainable Trade Index 2018

Measuring the trade sustainability performance of 19 Asian economies and the United States



2018

THE SUSTAINABLE TRADE INDEX

- Compare the trade sustainability performance of 19 Asian economies & the US
- See how that affects foreign direct investment
- Discover supply chain impacts on sustainability

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The project

- The Hinrich Foundation commissioned The Economist Intelligence Unit to build an index that measures the readiness to trade sustainably of 19 economies in Asia and the U.S. across the three recognized pillars of sustainability: economic growth, social capital, and environmental protection.
- The Index measures the readiness of each economy to participate in global trade in a way that creates sustainable growth, encourages foreign direct investment, and support from multilateral development agencies.
- It was created for the purpose of stimulating meaningful discussion of the full range of considerations for policy makers, business and civil society when engaging in international trade.

Key findings

- For multinational companies, trade sustainability is an ever more important determinant of vendor selection and FDI. MNC's are restructuring their supply chains to improve the sustainability of their operations.
- Yet countries in Asia have broadly regressed in terms of trade sustainability, with improvements in the economic pillar offset by significant declines in the social and environmental pillars.
- In the context of escalating trade tensions, trade sustainability is now more than ever critical to avoid further destabilizing our global trade system and for economies in Asia to continue reaping the benefits from trade.
- Asia's commitment to trade-related growth and success appears stronger than ever. As such, Asia now finds itself in a unique position to help lead and sustain the global economy's commitment to global trade, provided that it makes improvements on trade sustainability.
- Hong Kong edged out Singapore and South Korea to take the top spot on the index due to strong performances in technological infrastructure and labour force growth (economic) coupled with steady increases in educational attainment and political stability (social).
- Several middle-income countries such as Sri Lanka, China and Vietnam have leapfrogged the richer (in per-head terms) economies on the index.
- South and Southeast Asian economies are the ones who find it hardest to participate sustainably in International trade.
- Top Index performers: Hong Kong (1) South Korea (2) Singapore (3) Japan (4) USA (5)
- Bottom performers: Myanmar (20) Cambodia (19) Laos (=17) Bangladesh (=17) Pakistan (16)

Download your Index copy and trade sustainability data sets at:

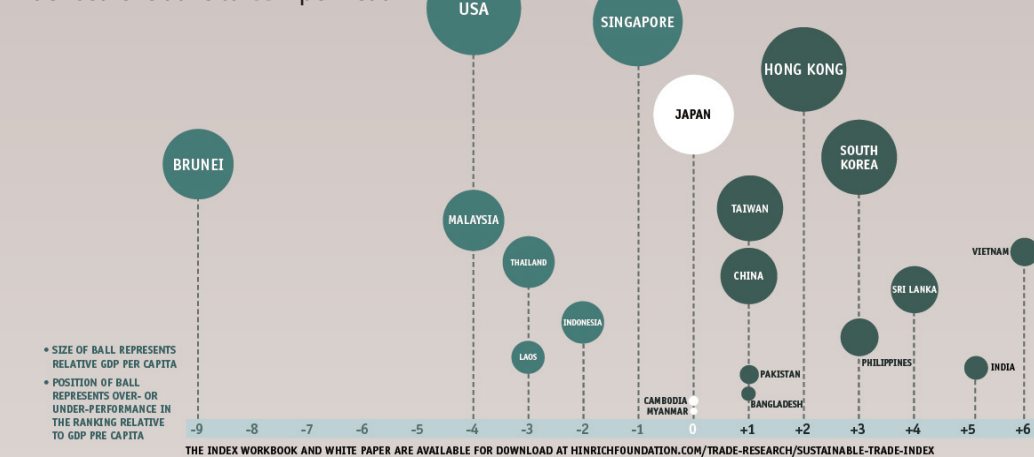
www.hinrichfoundation.com

2018 Index Overall Rankings

1. Hong Kong	11. India
2. South Korea	12. Malaysia
3. Singapore	13. Thailand
4. Japan	14. Indonesia
5. USA	15. Brunei
6. Taiwan	16. Pakistan
7. Sri Lanka	=17. Bangladesh
8. China	=17. Laos
9. Vietnam	19. Cambodia
10. Philippines	20. Myanmar

Over and Under Performers

Index score relative to GDP per head



Economic performance

- Top economic pillar performers: Singapore (1) Hong Kong (2) South Korea (3)
- Asian economies have shown commitment to creating a business environment that is favourable to trade. Governments have made progress in liberalising current accounts, deepening financial sectors, and lowering trade costs. Economies are also growing their labour forces and per-capita GDPs.
- Yet, foreign direct investment (FDI) as a share of GDP is on a downward trend across Asia.

Social performance

- Top social pillar performers: Taiwan (1) South Korea (2) United States (3)
- The Index shows an overall decline in social scores for most economies, related to a sharp drops in certain social pillar indicators, including political stability and inequality.
- Educational attainment is one of the best performing indicators in the Index, with countries from China to Brunei and Singapore recording marked improvements.

Environmental performance

- Top environmental pillar performers: Hong Kong (1) Japan (2) South Korea (3)
- China, Laos and Pakistan are the only countries to record increases in environmental scores. China's air pollution score has improved dramatically. Laos and Pakistan are the only two countries with reduced transfer emissions; and Pakistan also saw a vastly reduced rate of deforestation.
- The most impressive gains have been made in reducing the share of natural resources in trade, particularly by countries such as Indonesia, Myanmar and Laos. This suggests that they have been successful in diversifying their trade base away from natural resources.

About Hinrich Foundation

- The Hinrich Foundation is a nonprofit organization that undertakes trade-related policy research, education and development work in Asia. It focuses on creating opportunities, choice and engagement through sustainable and mutually beneficial global trade. The Sustainable Trade Index aims to stimulate positive thinking about global trade and promote behaviors that will lead to better developmental outcomes, engagement and stability.

Contact us

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our focus