

Hinrich Foundation Sustainable Trade Index

Country overview: **Singapore**



Singapore ranks 1st on inaugural Hinrich Foundation Sustainable Trade Index

*The country scores best on the economic pillar
and ranks among the top five in the social and environmental pillars*

The Hinrich Foundation, a Hong Kong-based philanthropic institution, has commissioned The Economist Intelligence Unit to build a Sustainable Trade Index to measure the capacity of various countries to participate in the international trading system in a manner that supports the long-term domestic and global goals of economic growth, environmental protection and strengthened social capital.¹

The Index includes a number of indicators, grouped in these three pillars, that together measure whether a country is engaged in sustainable trade; i.e. trade that promotes inclusive growth for all—including future generations—within and beyond a country's borders.²

No other country in the inaugural index can match Singapore in terms of the benefits it has delivered

over the past 50 years through targeted economic policy and careful stewardship of human and natural capital.³ Trade has been central to its development, exemplified by its history as an entrepôt and its participation in 20 separate free trade agreements (some under the auspices of ASEAN but many pursued independently).⁴

Singapore leads the economic pillar, thanks in part to its low barriers to trade, diversified export mix, open current account, and investments in technology.⁵

Given the importance of tariff and non-tariff barriers to trade, these are captured separately in the Index from other trade costs.⁶ Scored on a scale of 1-5, this captures issues such as formal levies on imports as well as oblique barriers to trade such as quotas, licensing and import inspection. Singapore is one of only two countries in Asia to receive the top score of 5.⁷

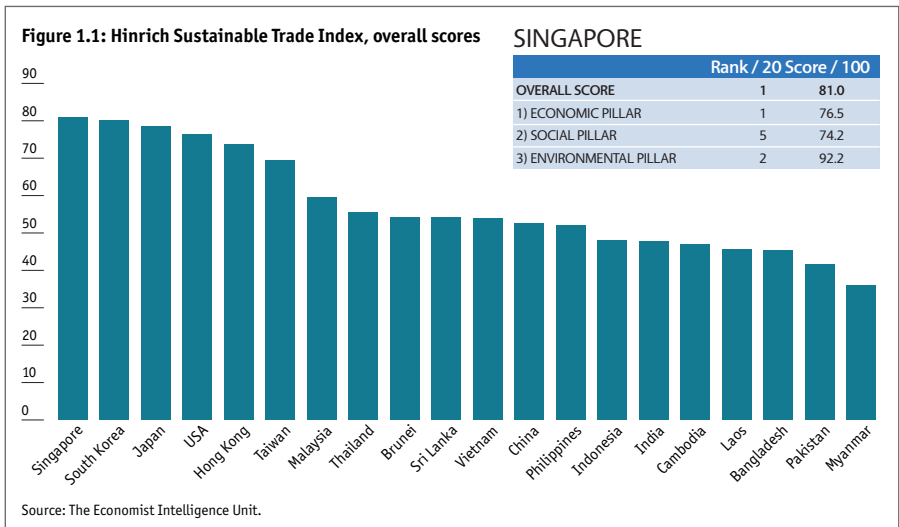


Figure 2.1: Economic pillar results

Rank	Country	Score/100
1	Singapore	76.5
2	Hong Kong	70.9
3	South Korea	68.3
4	Taiwan	67.2
5	USA	66.1
=6	Malaysia	64.8
=6	Japan	64.8
8	China	64.2
9	Philippines	57.1
10	Vietnam	56.4
11	India	56.0
12	Thailand	55.0
13	Sri Lanka	54.5
14	Indonesia	53.7
15	Bangladesh	50.4
16	Laos	49.7
17	Cambodia	48.2
18	Pakistan	42.4
19	Brunei	38.5
20	Myanmar	35.1

Source: The Economist Intelligence Unit.

It is perhaps not surprising that Singapore—one of Asia’s pre-eminent entrepôts—is among the most economically sustainable trading economies in the region. Singapore’s total trade in 2014 was over three times the country’s GDP.⁸ Its ports are usually among the world’s biggest, boasting state-of-the-art infrastructure and logistics. Singapore also has a world-class legal system, low corruption and a deep, stable financial sector.⁹

Singapore has also successfully scaled the trade value chain. While manufacturing still accounts for about a quarter of Singapore’s economy, the government is focused on moving beyond it by fostering research and development in emerging industries like biotechnology and mobile applications, says Deborah Elms, executive director of the Singapore-based Asian Trade Centre and a senior fellow in the Singapore Ministry of Trade and Industry’s Trade Academy. “[The government] is willing to spend huge amounts of money and involve special agencies to figure out how to attract new companies that might create innovative products... There’s a lot of focus on developing an ecosystem that they consider to be the new economy.”¹⁰

The country, however, does not score at the top on every indicator: rising levels of inequality have attracted increasing criticism.¹¹ Singapore ranks fifth in the social pillar. Its Gini coefficient is the second-highest in the Index. But in the other facets of the social pillar, Singapore pulls up. It is comparable with the US and Japan in terms of labour standards, while coming in second to top scorer South Korea in educational attainment and outranking the other Asian Tigers in political stability.

Figure 3.1: Social pillar results

Rank	Country	Score/100
1	South Korea	88.9
2	USA	88.1
3	Japan	85.7
4	Taiwan	81.6
5	Singapore	74.2
6	Brunei	68.2
7	Hong Kong	56.4
8	Malaysia	52.2
9	Vietnam	48.1
10	Thailand	45.2
11	Sri Lanka	44.9
12	China	41.1
13	Indonesia	40.0
14	India	39.8
15	Laos	38.7
16	Cambodia	35.5
17	Pakistan	35.0
18	Bangladesh	33.5
19	Philippines	28.0
20	Myanmar	27.3

Source: The Economist Intelligence Unit

Figure 3.2: Educational attainment indicator

Rank	Country	Score/100	Data (%)
1	South Korea	100.0	96.6
2	Singapore	92.4	90.0
3	USA	91.4	89.1
4	Taiwan	85.4	83.9
5	Hong Kong	65.7	66.8
6	Japan	59.5	61.5
7	Thailand	47.7	51.2
8	Malaysia	31.6	37.2
9	Philippines	27.7	33.8
10	Indonesia	25.0	31.5
11	China	22.9	29.7
12	Brunei	17.9	25.4
13	India	17.1	24.7
14	Vietnam	17.0	24.6
15	Sri Lanka	10.3	18.8
16	Laos	9.1	17.7
17	Cambodia	6.9	15.8
18	Myanmar	4.1	13.4
19	Bangladesh	3.9	13.2
20	Pakistan	0.0	9.8

Source: EIU score based on UNESCO/World Bank data

Singapore places only seventh in terms of environmental standards in trade—an issue that is biting as its air quality suffers from actions taken by its neighbours and trading partners, Indonesia in particular.¹²

Figure 4.5: Environmental standards in trade

Rank	Country	Score/100	Data
=1	China	100.0	7
=1	Hong Kong	100.0	7
=3	Japan	83.3	6
=3	Philippines	83.3	6
=3	South Korea	83.3	6
=3	USA	83.3	6
=7	Cambodia	66.7	5
=7	India	66.7	5
=7	Indonesia	66.7	5
=7	Malaysia	66.7	5
=7	Pakistan	66.7	5
=7	Singapore	66.7	5
=7	Thailand	66.7	5
=7	Vietnam	66.7	5
=15	Laos	50.0	4
=15	Sri Lanka	50.0	4
=17	Bangladesh	33.3	3
=17	Brunei	33.3	3
=17	Myanmar	33.3	3
20	Taiwan	0.0	1

* NB: This includes: 1) Membership of the WTO's Green Goods group; 2) The Convention on the Prevention of Marine Pollution by dumping of wastes or other matter 3) The Convention on the Protection of the Ozone Layer 4) The Kyoto Protocol to the United Nations Framework Convention on Climate Change 5) The International Timber Agreement; 6) The Convention on International Trade in Endangered Species of Wild Flora and Fauna; 7) The Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade.

Source: EIU score based on membership or ratification of international environmental compacts*

Figure 4.1: Environmental pillar results

Rank	Country	Score/100
1	Hong Kong	93.4
2	Singapore	92.2
3	Japan	85.0
4	South Korea	83.0
5	USA	74.9
6	Philippines	71.0
7	Thailand	66.2
8	Sri Lanka	63.1
9	Malaysia	61.1
10	Taiwan	59.3
11	Vietnam	57.0
12	Cambodia	56.8
13	Brunei	56.1
14	Bangladesh	52.3
15	China	52.0
16	Indonesia	50.0
17	Laos	48.2
18	Pakistan	47.8
19	India	47.2
20	Myanmar	45.9

Source: The Economist Intelligence Unit

Despite this, Singapore has the cleanest air and water among the 20 surveyed countries, and registered very low carbon emissions, ranking it once again near the top in second place in the environmental pillar of the Index.¹³

Figure 4.3: Air pollution

Rank	Country	Score/100
1	Singapore	100.0
2	Philippines	96.5
3	USA	94.6
=4	Sri Lanka	90.6
=4	Brunei	90.6
6	Indonesia	90.5
7	Cambodia	89.7
8	Malaysia	87.2
9	Japan	84.8
10	Myanmar	79.1
=11	Taiwan	78.0
=11	Thailand	78.0
13	Hong Kong	76.2
14	Vietnam	70.3
15	South Korea	65.6
16	Laos	62.7
17	Pakistan	43.5
18	Bangladesh	42.9
19	India	37.4
20	China	0.0

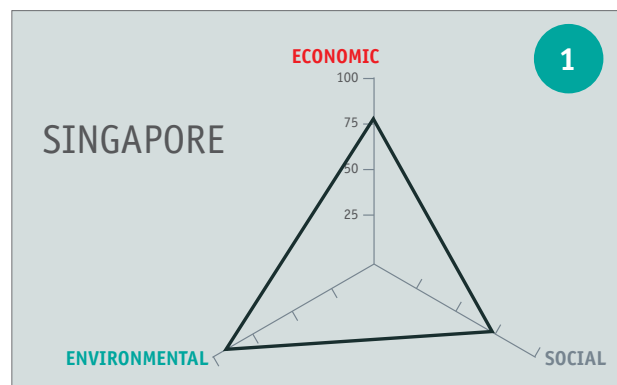
Source: EIU score based on Yale EPI

Figure 4.4: Carbon emissions in trade

Rank	Country	Score/100
1	Singapore	100.0
2	Hong Kong	99.3
3	Laos	91.1
4	Cambodia	89.6
5	Brunei	86.7
6	Taiwan	84.7
7	Malaysia	84.3
8	South Korea	84.0
9	Sri Lanka	79.2
10	Thailand	78.3
11	Myanmar	76.9
12	Japan	76.1
13	Philippines	73.1
14	Vietnam	69.2
15	Bangladesh	59.9
16	USA	52.6
17	Indonesia	49.6
18	China	13.3
19	India	11.0
20	Pakistan	0.0

Source: EIU score based on OECD, WTO, and academic research

The **Hinrich Foundation Sustainable Trade Index** was created for the purpose of stimulating meaningful discussion of the full range of considerations that policy makers, business executives, and civil society leaders must take into account when managing and advancing international trade. The index measures nineteen countries in Asia and the US across the three recognized pillars of sustainability: economic (“profit”), social (“people”), and environmental (“planet”). In this year’s index, Singapore, South Korea, and Japan placed in the top three slots, with Bangladesh, Pakistan, and Myanmar rounding out the bottom three.



Singapore’s successful balancing of all three pillars of sustainability means it is likely to continue to be Asia’s foremost example of trade-led economic development for many years to come.

The index workbook and white paper are available for download at the www.hinrichfoundation.com/trade-research/sustainable-trade-index.

Questions and comments can be sent to index@hinrichfoundation.com.

¹ The Hinrich Foundation Sustainable Trade Index. Page 7

² Ibid, 7

³ Ibid, 10

⁴ Ibid

⁵ Ibid, 5

⁶ Ibid, 20

⁷ Ibid

⁸ Ibid, 18

⁹ Ibid

¹⁰ Ibid, 19

¹¹ Ibid, 10

¹² Ibid, 11

¹³ Ibid, 33

our focus