

Hinrich Foundation Sustainable Trade Index

Taiwan overview



Taiwan ranks 6th on inaugural Hinrich Foundation Sustainable Trade Index

Taiwan is among the top five scorers in the economic and social pillars

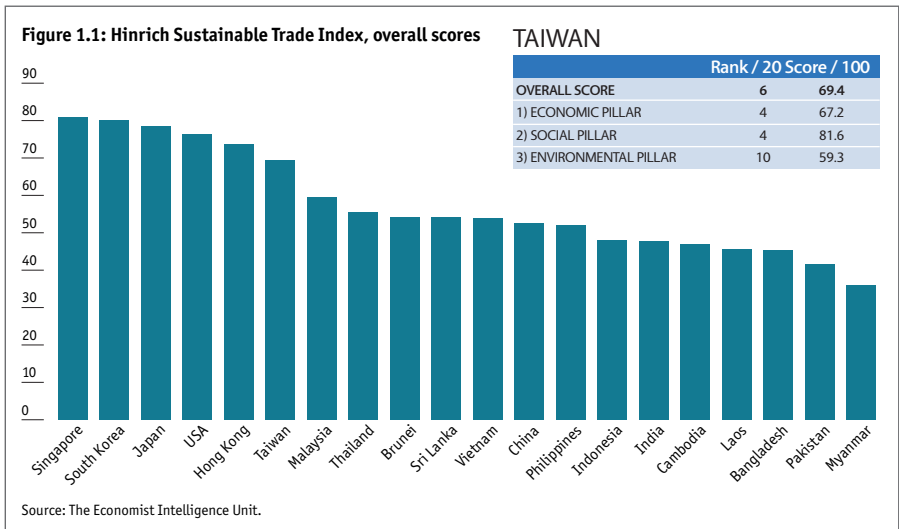
The Hinrich Foundation, a Hong Kong-based philanthropic institution, has commissioned The Economist Intelligence Unit to build a Sustainable Trade Index to measure the capacity of various countries to participate in the international trading system in a manner that supports the long-term domestic and 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

One of Asia's richest economies, Taiwan rounds out the six that come at the top of the inaugural index³ and is among those scoring best on the economic pillar. Like its Asian Tiger peers, Taiwan exemplifies a

manner of trade that can withstand internal and external shocks and balance long-term resilience with short-term goals.⁴

Taiwan is one of two economies near the top of the economic pillar that illustrate the historical success of the East Asian trade-focused development model.⁵ It is a former tiger economy for which carefully directed economic policy, supporting export industries in targeted sectors, led to increasing wealth. In this regard, Taiwan historically followed Japan, which is in joint sixth place in this pillar of the Index.⁶



Taiwan’s progress represents the evolution from low-value added manufacturing into the production and export of higher-value technology and services. It follows South Korea and Japan in technological innovation, an aspect of Asia’s sustainable growth story that will become highly important as trade in IT and services accelerates.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.

Figure 2.3: Technological innovation

Rank	Country	Score/100
1	South Korea	100.0
2	Japan	77.1
3	Taiwan	72.5
4	USA	63.4
5	Singapore	49.7
6	China	45.1
7	Malaysia	24.5
=8	Hong Kong	17.6
=8	India	17.6
10	Bangladesh	8.5
11	Pakistan	6.9
12	Thailand	6.2
=13	Myanmar	3.9
=13	Sri Lanka	3.9
=13	Vietnam	3.9
16	Philippines	1.8
17	Indonesia	1.1
18	Cambodia	0.5
19	Laos	0.2
20	Brunei	0.0

Source: EIU calculation from UNESCO/World Bank data

Increasingly, trade deals at the regional and multilateral level are focusing more on the provisions related to cross-border trade in technology and data. Countries that do well in terms of encouraging technological innovation will have a head start in ensuring economic growth through trade in the 21st century will truly be as successful—and sustainable—as it was in the latter part of the 20th.⁸

In the social pillar, Taiwan ranks fourth, buoyed up by its perfect score in the labour standards indicator and for having the seventh-lowest Gini coefficient⁹ among the 20 countries in the Index. The latter point demonstrates the success of the export-oriented “growth with equity” model that other Asian nations have tried to emulate.¹⁰

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 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

In the environmental pillar, Taiwan does not score well in the air and water pollution indicators. But its low carbon emissions in trade, minimal change in forest cover and low concentration of natural resources in exports at least partially address environmental issues, for which it merited 10th place in this pillar.

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

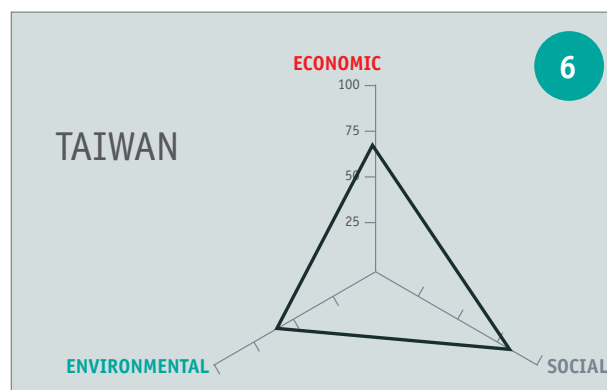
Source: EIU score based on OECD, WTO, and academic research

Figure 4.2: Concentration of natural resources in trade

Rank	Country	Score/100
1	China	100.0
2	Japan	99.9
3	Bangladesh	99.0
4	Hong Kong	97.1
5	Taiwan	95.7
6	Cambodia	94.8
7	South Korea	94.7
8	Singapore	87.9
9	Philippines	87.8
10	USA	86.1
11	Pakistan	82.6
12	Thailand	77.4
13	Malaysia	73.3
14	Sri Lanka	72.7
15	India	70.5
16	Vietnam	62.8
17	Indonesia	34.3
18	Laos	18.0
19	Myanmar	6.0
20	Brunei	0.0

Source: EIU score based on UNCTAD Concentration Index

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.



Taiwan preserves its Asian Tiger status through a carefully directed economic policy and a pitch for the sustainability of trade.

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

⁵ Ibid, 18

⁶ Ibid

⁷ Ibid, 25

⁸ Ibid

⁹ Ibid, 27

¹⁰ Ibid