

SUSTAINABLE TRADE INDEX 2022



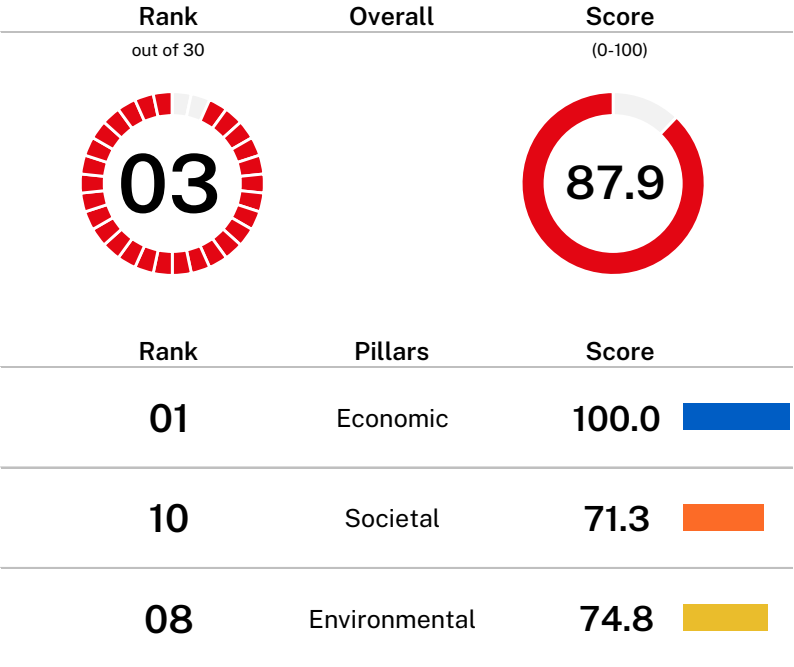
Hong Kong, SAR

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Sustainable Trade Index

The Hinrich-IMD Sustainable Trade Index measures each economy’s 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.

OVERALL AND PILLARS



BACKGROUND INFORMATION

| | | |
|-----------------------------|--------|-------|
| Population, millions | 7.40 | Small |
| Income, GDP per Capita US\$ | 49,668 | High |
| Membership | APEC | |

Economic pillar

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

Some indicators capture the quality of trade infrastructure, while others measure the ease of conducting international trade. We measure export diversification by evaluating an economy's bilateral trade destinations and how heavily its exports are concentrated by sector. Furthermore, we consider the technological infrastructure and innovation capabilities of an economy by assessing its emphasis on research and development investments and digital technologies.

INDICATORS

| | | Rank | Value | Year | Score | |
|-----------|---|-----------|----------|------|--------------|--|
| 1.01 | Consumer price inflation | 07 | 1.57 | 2021 | 80.1 | |
| 1.02 | Real GDP Growth per capita, % GDP | 07 | 6.76 | 2021 | 93.9 | |
| 1.03 | Growth in labor force, % | 28 | -0.66 | 2021 | 9.9 | |
| 1.04 | Foreign direct investment, net inflows, % GDP | 01 | 33.89 | 2020 | 100.0 | |
| 1.05 | Gross fixed capital formation, % GDP | 25 | 17.12 | 2020 | 39.9 | |
| 1.06 | Tariff & non-tariff barriers | 06 | - | - | 78.0 | |
| 1.06.01 | Tariff barriers | 01 | - | - | 100.0 | |
| 1.06.01.a | Tariff barriers in force | 01 | 0 | 2021 | 100.0 | |
| 1.06.01.b | New tariff barriers 2021 | 01 | 0.00 | 2021 | 100.0 | |
| 1.06.01.c | Percentage of trade affected by tariff barrier (up to 2018) | - | - | - | - | |
| 1.06.02 | Non-tariff barriers | 11 | - | - | 59.7 | |
| 1.06.02.a | Non-tariff barriers in force | 07 | 66 | 2021 | 62.9 | |
| 1.06.02.b | New non-tariff barriers 2021 | 01 | 0 | 2021 | 100.0 | |
| 1.06.02.c | Percentage of trade affected by non-tariff barrier (up to 2018) | 23 | 69.64 | 2018 | 16.1 | |
| 1.07 | Trade liberalization | 10 | - | - | 66.1 | |
| 1.07.01 | Regional Trade Agreements, number in force | 23 | 8.00 | 2022 | 9.1 | |
| 1.07.02 | Capital account liberalization, Index | 01 | 2.32 | 2019 | 100.0 | |
| 1.07.03 | Investment Freedom, Index | 03 | 80.00 | 2020 | 92.3 | |
| 1.08 | Exchange rate stability, parity change from national currency to SDR, 2020/2018 | 05 | 0.02 | 2021 | 94.3 | |
| 1.09 | Domestic credit to private sector, % of GDP | 01 | 258.43 | 2020 | 100.0 | |
| 1.10 | Foreign trade and payments risk | 01 | - | - | 100.0 | |
| 1.10.01 | Country credit rating | 04 | 73.00 | 2022 | 93.9 | |
| 1.10.02 | Gross debt, % GDP | 02 | 2.14 | 2021 | 99.9 | |
| 1.11 | Trade costs | 05 | - | - | 90.8 | |
| 1.11.01 | Logistics performance, index | 04 | 3.92 | 2018 | 94.1 | |
| 1.11.02 | Corruption perceptions, index | 04 | 76.00 | 2021 | 81.5 | |
| 1.11.03 | Rule of law, index | 05 | 91.83 | 2020 | 91.8 | |
| 1.12 | Monetary policy intervention | 05 | - | - | 46.8 | |
| 1.12.01 | Current account balance, % GDP | 27 | 11.20 | 2021 | 22.2 | |
| 1.12.02 | Total reserves (includes gold)1 year change, % GDP | 02 | -7.63 | 2021 | 84.0 | |
| 1.13 | Export concentration | 28 | - | - | 25.5 | |
| 1.13.01 | Export market concentration, Top 5 as % total | 25 | 71.10 | 2021 | 35.7 | |
| 1.13.02 | Export product concentration, Top 5 as % total | 25 | 73.99 | 2021 | 35.4 | |
| 1.14 | Exports of goods and services | 08 | - | - | 42.8 | |
| 1.14.01 | Merchandise exports, US\$ | 04 | 669,903 | 2021 | 70.3 | |
| 1.14.02 | Commercial services exports, US\$ | 09 | 76,333 | 2021 | 10.2 | |
| 1.15 | Technological innovation | 04 | - | - | 66.5 | |
| 1.15.01 | R&D expenditure, % GDP | 14 | 0.99 | 2020 | 20.0 | |
| 1.15.02 | Researchers in R&D, per capita | 09 | 4.35 | 2020 | 49.8 | |
| 1.15.03 | Patent applications, per million inhabitants | 11 | 286.93 | 2020 | 5.7 | |
| 1.15.04 | High-technology exports, % of manufactured exports | 01 | 69.65 | 2020 | 100.0 | |
| 1.15.05 | Scientific articles, per million people | 02 | 2,298.10 | 2020 | 96.9 | |
| 1.16 | Technological infrastructure | 01 | - | - | 100.0 | |
| 1.16.01 | Fixed internet speed, Mbps | 02 | 157.70 | 2021 | 81.7 | |
| 1.16.02 | Internet users, % population | 05 | 92.41 | 2020 | 94.7 | |
| 1.16.03 | Fixed broadband subscriptions | 04 | 38.49 | 2020 | 88.3 | |
| 1.16.04 | Mobile subscriptions (per 100 people) | 01 | 291.65 | 2020 | 100.0 | |

Societal pillar

The Societal pillar captures social factors that contribute to an economy's long-term capacity to conduct trade. Economies are measured against yardsticks for the development of human capital, such as education levels and labor standards.

This pillar also captures factors that support a population's tolerance for trade expansion given the costs and benefits of economic growth. These include inequality, political stability, and exploitative practices such as child labor, forced labor, and human trafficking used in an economy's imports and exports.

INDICATORS

| | | Rank | Value | Year | Score | |
|-----------|--|------|--------|------|--------|--|
| 2.01 | Inequality (Gini coefficient) | 16 | 40.10 | 2016 | 34.55 | |
| 2.02 | Educational attainment | 08 | - | - | 63.06 | |
| 2.02.01 | Mean years of schooling | 08 | 12.28 | 2019 | 87.05 | |
| 2.02.02 | University education Index | 09 | 19.32 | 2021 | 15.08 | |
| 2.02.03 | Tertiary enrollment | 08 | 84.39 | 2020 | 70.78 | |
| 2.03 | Labor standards | 01 | - | - | 100.00 | |
| 2.03.01 | Gender non-discrimination in hiring | 01 | 100.00 | 2022 | 100.00 | |
| 2.03.02 | Freedom of association and assembly | - | - | - | - | |
| 2.04 | Political stability and absence of violence | 12 | 50.00 | 2020 | 48.47 | |
| 2.05 | Goods produced by forced labor or child labor | 07 | - | - | 96.99 | |
| 2.05.01 | Goods produced by forced labor | 07 | - | - | 95.24 | |
| 2.05.01.a | Goods produced by forced labor, number of goods categories | 01 | 0.00 | 2021 | 100.00 | |
| 2.05.01.b | % population in forced labor | 08 | 1.40 | 2018 | 93.29 | |
| 2.05.02 | Goods produced by child labor, number of goods categories | 01 | 0.00 | 2021 | 100.00 | |
| 2.06 | Government response to human trafficking | 23 | - | - | 23.22 | |
| 2.06.01 | Government response to human trafficking, Criminalization | 21 | 4.00 | 2021 | 40.00 | |
| 2.06.02 | Government response to human trafficking, Strategy | 26 | 21.37 | 2018 | 5.26 | |
| 2.06.03 | Government response to human trafficking, Action | 21 | 3.00 | 2021 | 33.33 | |
| 2.07 | Trade in goods at risk of modern slavery | 15 | - | - | 49.95 | |
| 2.07.01 | Imports of goods at risk of modern slavery, US\$ millions | 29 | 54,585 | 2020 | 7.88 | |
| 2.07.02 | Exports of goods at risk of modern slavery, US\$ millions | 01 | 0 | 2020 | 100.00 | |
| 2.08 | Social mobility, Index | - | - | - | - | |
| 2.09 | Life expectancy at birth | 01 | 85.50 | 2021 | 100.00 | |

Environmental pillar

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

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 chosen in this section measure an economy's environmental capital and include indicators for air and water pollution. In terms of future impact, we measure national environmental standards, carbon emissions, and share of natural resources in exports.

INDICATORS

| | | Rank | Value | Year | Score | |
|---------|--|------|--------|------|--------|--|
| 3.01 | Air pollution, PM2.5 micrograms per cubic metre | 13 | 19.00 | 2019 | 83.24 | |
| 3.02 | Deforestation, Index | 28 | 0.00 | 2020 | 5.84 | |
| 3.03 | % of wastewater treated | 08 | 85.66 | 2020 | 85.43 | |
| 3.04 | Energy intensity, energy consumed for each 1'000 US\$ of GDP in MTOE | 01 | 22.42 | 2019 | 100.00 | |
| 3.05 | Ecological footprint | - | - | - | - | |
| 3.06 | Renewable energy, % | 28 | 0.75 | 2019 | 1.27 | |
| 3.07 | Environmental standards in trade, count | 01 | - | - | 100.00 | |
| 3.07.01 | Convention: Hazardous Wastes | 01 | 2 | 2021 | 100.00 | |
| 3.07.02 | Convention: Prevention of Marine Pollution | 01 | 2 | 2021 | 100.00 | |
| 3.07.03 | Convention: Protection of the Ozone Layer (Vienna) | 01 | 2 | 2021 | 100.00 | |
| 3.07.04 | Convention on Climate Change (Kyoto) | 01 | 2 | 2021 | 100.00 | |
| 3.07.05 | The International Timber Agreement | 01 | 2 | 2021 | 100.00 | |
| 3.07.06 | Convention: International Trade in Endangered Species | 01 | 2 | 2021 | 100.00 | |
| 3.07.07 | Convention: Prior Informed Consent - Hazardous Chemicals (Rotterdam) | 01 | 2 | 2021 | 100.00 | |
| 3.08 | Transfer emissions, export emissions % of total | 04 | -18.13 | 2019 | 25.80 | |
| 3.09 | Share of natural resources in trade, % | 12 | 6.62 | 2020 | 84.89 | |
| 3.10 | Carbon | 24 | - | - | 37.48 | |
| 3.10.1 | Carbon pricing | 11 | 0 | 2022 | 0.00 | |
| 3.10.2 | CO2 emissions per capita | 18 | 5.88 | 2019 | 67.85 | |

About us

Global trade has helped lift hundreds of millions of people around the world out of poverty, but the benefits of trade do not come without their risks. If an economy is unprepared for the consequences of trade growth, it may result in labor disruption, environmental degradation, and worsening inequality. Proactive and responsible government policy and farsighted corporate decision-making can harness the benefits of trade and mitigate its excesses.

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 a unique Asia-based philanthropic organization that works to advance mutually beneficial and sustainable global trade.

We believe sustainable global trade strengthens relationships between nations and improves people's lives. We support original research and education programs that build understanding and leadership in global trade. Our approach is independent, fact-based and objective. We are an authoritative source of knowledge, sharp analysis and fresh thinking for policymakers, business, media and scholars engaged in global trade.

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IMD / World Competitiveness
Center

IMD is an independent academic institution with Swiss roots and global reach, founded over 75 years ago by business leaders for business leaders. Since its creation, IMD has been a pioneering force in developing leaders who transform organizations and contribute to society.

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 and most relevant data on the subject. The Center has pioneered research on how nations and enterprises compete to lay the foundations for future prosperity.

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