

# SUSTAINABLE TRADE INDEX 2022



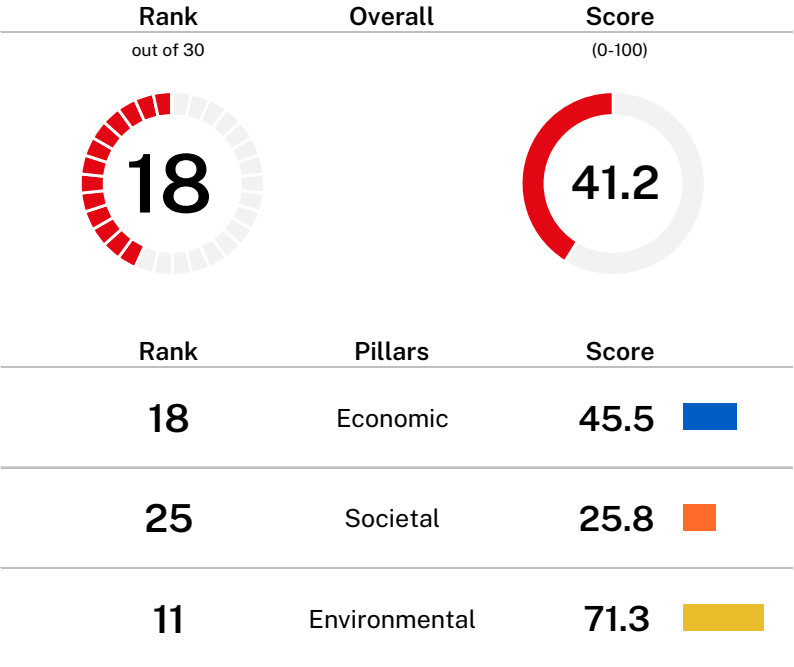
Indonesia

# Indonesia

## 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	272.25	Large
Income, GDP per Capita US\$	4,315	Medium
Membership	APEC, RCEP	

# 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	06	1.56	2021	80.2	
1.02	Real GDP Growth per capita, % GDP	20	2.91	2021	88.8	
1.03	Growth in labor force, %	11	1.98	2021	25.5	
1.04	Foreign direct investment, net inflows, % GDP	13	1.81	2020	14.9	
1.05	Gross fixed capital formation, % GDP	03	31.73	2020	74.0	
1.06	<b>Tariff &amp; non-tariff barriers</b>	22	-	-	37.4	
1.06.01	Tariff barriers	18	-	-	57.2	
1.06.01.a	Tariff barriers in force	20	573	2021	25.3	
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)	19	20.88	2018	59.7	
1.06.02	Non-tariff barriers	23	-	-	28.1	
1.06.02.a	Non-tariff barriers in force	21	3,576	2021	27.9	
1.06.02.b	New non-tariff barriers 2021	20	238	2021	37.4	
1.06.02.c	Percentage of trade affected by non-tariff barrier (up to 2018)	20	67.47	2018	19.1	
1.07	<b>Trade liberalization</b>	19	-	-	32.7	
1.07.01	Regional Trade Agreements, number in force	16	13.00	2022	24.2	
1.07.02	Capital account liberalization, Index	17	-0.15	2019	41.7	
1.07.03	Investment Freedom, Index	19	50.00	2022	46.2	
1.08	Exchange rate stability, parity change from national currency to SDR, 2020/2018	16	0.04	2021	83.6	
1.09	Domestic credit to private sector, % of GDP	24	38.70	2020	8.9	
1.10	<b>Foreign trade and payments risk</b>	15	-	-	61.3	
1.10.01	Country credit rating	17	49.00	2022	57.6	
1.10.02	Gross debt, % GDP	10	42.83	2021	84.3	
1.11	<b>Trade costs</b>	18	-	-	34.6	
1.11.01	Logistics performance, index	16	3.15	2018	52.7	
1.11.02	Corruption perceptions, index	17	38.00	2021	23.1	
1.11.03	Rule of law, index	19	41.83	2020	35.3	
1.12	<b>Monetary policy intervention</b>	17	-	-	34.5	
1.12.01	Current account balance, % GDP	18	0.28	2021	44.7	
1.12.02	Total reserves (includes gold)1 year change, % GDP	12	-0.61	2021	44.0	
1.13	<b>Export concentration</b>	03	-	-	89.7	
1.13.01	Export market concentration, Top 5 as % total	11	52.19	2021	72.3	
1.13.02	Export product concentration, Top 5 as % total	01	37.84	2021	100.0	
1.14	<b>Exports of goods and services</b>	17	-	-	28.0	
1.14.01	Merchandise exports, US\$	17	229,850	2021	50.9	
1.14.02	Commercial services exports, US\$	17	13,547	2021	1.8	
1.15	<b>Technological innovation</b>	22	-	-	6.0	
1.15.01	R&D expenditure, % GDP	20	0.28	2020	5.2	
1.15.02	Researchers in R&D, per capita	16	0.40	2020	4.2	
1.15.03	Patent applications, per million inhabitants	23	5.03	2020	0.1	
1.15.04	High-technology exports, % of manufactured exports	20	8.43	2020	10.5	
1.15.05	Scientific articles, per million people	20	120.48	2020	4.9	
1.16	<b>Technological infrastructure</b>	22	-	-	26.8	
1.16.01	Fixed internet speed, Mbps	26	16.00	2021	5.4	
1.16.02	Internet users, % population	21	53.73	2020	49.6	
1.16.03	Fixed broadband subscriptions	24	4.29	2020	9.4	
1.16.04	Mobile subscriptions (per 100 people)	14	130.01	2020	33.8	

# 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	<b>Inequality (Gini coefficient)</b>	11	37.00	2021	50.79	
2.02	<b>Educational attainment</b>	21	-	-	23.39	
2.02.01	Mean years of schooling	21	8.17	2019	40.06	
2.02.02	University education Index	26	0.58	2021	0.45	
2.02.03	Tertiary enrollment	17	36.31	2018	23.63	
2.03	<b>Labor standards</b>	25	-	-	44.51	
2.03.01	Gender non-discrimination in hiring	23	50.00	2022	33.33	
2.03.02	Freedom of association and assembly	15	0.58	2021	55.68	
2.04	<b>Political stability and absence of violence</b>	21	28.30	2020	25.00	
2.05	<b>Goods produced by forced labor or child labor</b>	20	-	-	64.28	
2.05.01	Goods produced by forced labor	18	-	-	72.63	
2.05.01.a	Goods produced by forced labor, number of goods categories	21	2.00	2021	88.24	
2.05.01.b	% population in forced labor	19	4.73	2018	73.15	
2.05.02	Goods produced by child labor, number of goods categories	23	7.00	2021	70.83	
2.06	<b>Government response to human trafficking</b>	12	-	-	60.35	
2.06.01	Government response to human trafficking, Criminalization	04	6.00	2021	80.00	
2.06.02	Government response to human trafficking, Strategy	10	50.83	2018	60.69	
2.06.03	Government response to human trafficking, Action	21	3.00	2021	33.33	
2.07	<b>Trade in goods at risk of modern slavery</b>	20	-	-	31.64	
2.07.01	Imports of goods at risk of modern slavery, US\$ millions	13	3,199	2020	31.84	
2.07.02	Exports of goods at risk of modern slavery, US\$ millions	22	1,919	2020	42.33	
2.08	<b>Social mobility, Index</b>	20	49.30	2020	31.98	
2.09	<b>Life expectancy at birth</b>	26	67.60	2021	10.95	

# 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	15	19.67	2019	82.37	
3.02	Deforestation, Index	08	0.01	2020	39.51	
3.03	% of wastewater treated	21	24.50	2020	23.27	
3.04	Energy intensity, energy consumed for each 1'000 US\$ of GDP in MTOE	19	143.33	2019	57.59	
3.05	Ecological footprint	09	1.72	2018	87.13	
3.06	Renewable energy, %	10	23.88	2019	40.86	
3.07	Environmental standards in trade, count	08	-	-	75.00	
3.07.01	Convention: Hazardous Wastes	01	2	2021	100.00	
3.07.02	Convention: Prevention of Marine Pollution	15	0	2021	0.00	
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	10	-3.48	2019	23.09	
3.09	Share of natural resources in trade, %	22	17.15	2020	59.58	
3.10	Carbon	08	-	-	76.80	
3.10.1	Carbon pricing	10	1	2022	50.00	
3.10.2	CO2 emissions per capita	11	2.32	2019	89.01	

# 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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