

# SUSTAINABLE TRADE INDEX 2022



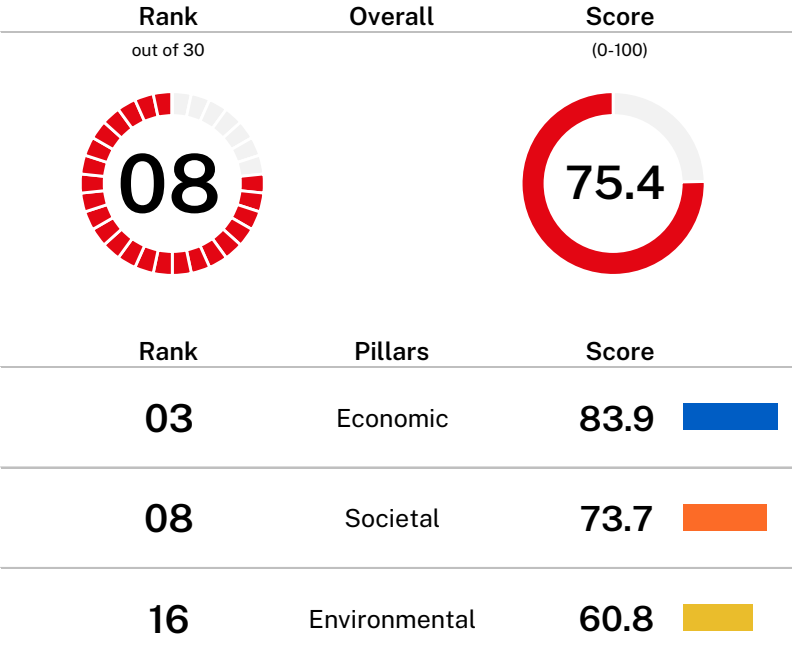
South Korea

# South Korea

## 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	51.68	Large
Income, GDP per Capita US\$	34,875	High
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	12	2.50	2021	69.9	
1.02	Real GDP Growth per capita, % GDP	14	4.22	2021	90.7	
1.03	Growth in labor force, %	20	0.46	2021	16.5	
1.04	Foreign direct investment, net inflows, % GDP	26	0.56	2020	11.6	
1.05	Gross fixed capital formation, % GDP	04	31.11	2020	72.6	
1.06	<b>Tariff &amp; non-tariff barriers</b>	<b>14</b>	-	-	<b>52.1</b>	
1.06.01	Tariff barriers	15	-	-	62.9	
1.06.01.a	Tariff barriers in force	12	294	2021	33.2	
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)	17	17.04	2018	67.2	
1.06.02	Non-tariff barriers	17	-	-	49.4	
1.06.02.a	Non-tariff barriers in force	18	1,253	2021	37.1	
1.06.02.b	New non-tariff barriers 2021	11	15	2021	68.3	
1.06.02.c	Percentage of trade affected by non-tariff barrier (up to 2018)	12	50.79	2018	42.6	
1.07	<b>Trade liberalization</b>	<b>09</b>	-	-	<b>68.1</b>	
1.07.01	Regional Trade Agreements, number in force	06	20.00	2022	45.5	
1.07.02	Capital account liberalization, Index	01	2.32	2019	100.0	
1.07.03	Investment Freedom, Index	13	60.00	2022	61.5	
1.08	Exchange rate stability, parity change from national currency to SDR, 2020/2018	01	0.01	2021	100.0	
1.09	Domestic credit to private sector, % of GDP	05	164.78	2020	61.2	
1.10	<b>Foreign trade and payments risk</b>	<b>06</b>	-	-	<b>83.0</b>	
1.10.01	Country credit rating	08	70.00	2022	89.4	
1.10.02	Gross debt, % GDP	13	49.77	2021	81.6	
1.11	<b>Trade costs</b>	<b>10</b>	-	-	<b>74.1</b>	
1.11.01	Logistics performance, index	09	3.61	2018	77.4	
1.11.02	Corruption perceptions, index	11	62.00	2021	60.0	
1.11.03	Rule of law, index	10	84.62	2020	83.7	
1.12	<b>Monetary policy intervention</b>	<b>20</b>	-	-	<b>30.6</b>	
1.12.01	Current account balance, % GDP	24	4.91	2021	35.2	
1.12.02	Total reserves (includes gold)1 year change, % GDP	10	-1.31	2021	48.0	
1.13	<b>Export concentration</b>	<b>14</b>	-	-	<b>52.6</b>	
1.13.01	Export market concentration, Top 5 as % total	17	60.71	2021	55.8	
1.13.02	Export product concentration, Top 5 as % total	15	61.34	2021	58.0	
1.14	<b>Exports of goods and services</b>	<b>07</b>	-	-	<b>45.6</b>	
1.14.01	Merchandise exports, US\$	05	644,400	2021	69.6	
1.14.02	Commercial services exports, US\$	07	120,420	2021	16.1	
1.15	<b>Technological innovation</b>	<b>01</b>	-	-	<b>100.0</b>	
1.15.01	R&D expenditure, % GDP	01	4.81	2020	100.0	
1.15.02	Researchers in R&D, per capita	01	8.71	2020	100.0	
1.15.03	Patent applications, per million inhabitants	01	5,033.00	2020	100.0	
1.15.04	High-technology exports, % of manufactured exports	06	35.71	2020	50.4	
1.15.05	Scientific articles, per million people	07	1,399.94	2020	59.0	
1.16	<b>Technological infrastructure</b>	<b>02</b>	-	-	<b>85.3</b>	
1.16.01	Fixed internet speed, Mbps	04	145.11	2021	74.9	
1.16.02	Internet users, % population	02	96.51	2020	99.5	
1.16.03	Fixed broadband subscriptions	01	43.55	2020	100.0	
1.16.04	Mobile subscriptions (per 100 people)	09	137.54	2020	36.8	

# 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	Inequality (Gini coefficient)	-	-	-	-	
2.02	Educational attainment	05	-	-	67.31	
2.02.01	Mean years of schooling	09	12.21	2019	86.29	
2.02.02	University education Index	11	17.59	2021	13.72	
2.02.03	Tertiary enrollment	02	98.45	2019	84.56	
2.03	Labor standards	07	-	-	91.23	
2.03.01	Gender non-discrimination in hiring	01	100.00	2022	100.00	
2.03.02	Freedom of association and assembly	07	0.74	2021	82.46	
2.04	Political stability and absence of violence	09	62.74	2020	62.24	
2.05	Goods produced by forced labor or child labor	09	-	-	95.50	
2.05.01	Goods produced by forced labor	09	-	-	92.87	
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	09	1.95	2018	89.94	
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	24	-	-	18.61	
2.06.01	Government response to human trafficking, Criminalization	26	3.00	2021	20.00	
2.06.02	Government response to human trafficking, Strategy	24	27.62	2018	17.02	
2.06.03	Government response to human trafficking, Action	09	2.00	2021	66.67	
2.07	Trade in goods at risk of modern slavery	23	-	-	27.40	
2.07.01	Imports of goods at risk of modern slavery, US\$ millions	24	15,328	2020	18.61	
2.07.02	Exports of goods at risk of modern slavery, US\$ millions	18	942	2020	47.76	
2.08	Social mobility, Index	07	71.40	2020	88.07	
2.09	Life expectancy at birth	04	83.70	2021	91.04	

# 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	24	27.45	2019	72.30	
3.02	Deforestation, Index	19	0.00	2020	17.41	
3.03	% of wastewater treated	02	99.53	2020	99.52	
3.04	Energy intensity, energy consumed for each 1'000 US\$ of GDP in MTOE	13	110.17	2019	69.22	
3.05	Ecological footprint	25	6.32	2018	24.56	
3.06	Renewable energy, %	25	2.00	2019	3.42	
3.07	Environmental standards in trade, count	17	-	-	50.00	
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	20	0	2021	0.00	
3.07.06	Convention: International Trade in Endangered Species	23	0	2021	0.00	
3.07.07	Convention: Prior Informed Consent - Hazardous Chemicals (Rotterdam)	01	2	2021	100.00	
3.08	Transfer emissions, export emissions % of total	06	-13.48	2019	24.89	
3.09	Share of natural resources in trade, %	13	7.45	2020	82.91	
3.10	Carbon	09	-	-	70.30	
3.10.1	Carbon pricing	01	2	2022	100.00	
3.10.2	CO2 emissions per capita	26	12.70	2019	27.24	

# 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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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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