

Sustainable Trade Index 2023

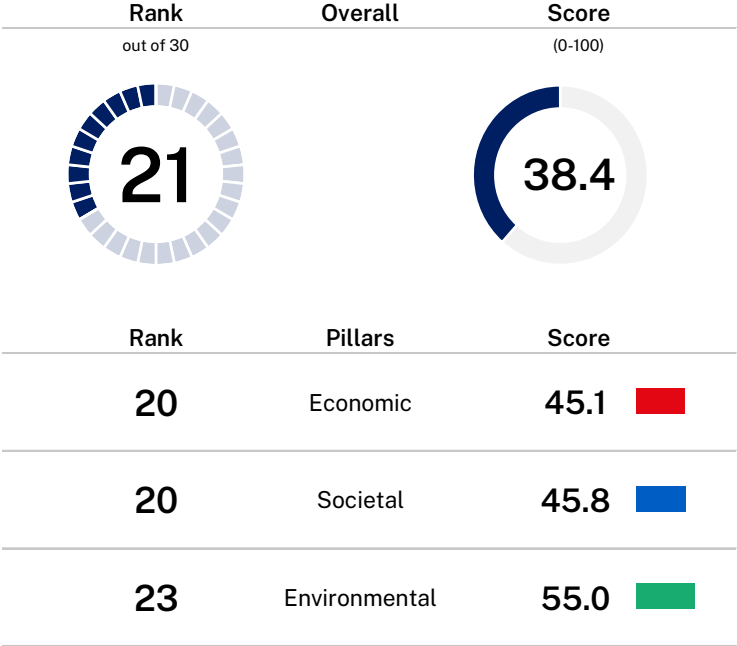
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Sustainable Trade Index

The Hinrich-IMD Sustainable Trade Index measures 30 economies' 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	34.17 (2022)	Medium
Income, GDP per Capita US\$	7,094 (2022*)	Medium
Membership	APEC, CPTPP	

*: Estimates

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	21	7.90	2021	65.4	
1.02	Real GDP Growth per capita, % GDP	20	1.68	2021	66.7	
1.03	Growth in labor force, %	16	1.62	2021	55.9	
1.04	Foreign direct investment, net inflows, % GDP	08	3.34	2020	9.1	
1.05	Gross fixed capital formation, % GDP	17	23.56	2020	36.7	
1.06	Tariff & non-tariff barriers	10	-	-	82.7	
1.06.01	Tariff barriers	07	-	-	99.3	
1.06.01.a	Tariff barriers in force	07	36	2021	99.3	
1.06.01.b	New tariff barriers 2022	01	0.00	2021	100.0	
1.06.01.c	Percentage of trade affected by tariff barrier (up to 2018)	03	0.62	2018	99.0	
1.06.02	Non-tariff barriers	13	-	-	67.7	
1.06.02.a	Non-tariff barriers in force	05	124	2021	99.9	
1.06.02.b	New non-tariff barriers 2022	11	87	2021	66.0	
1.06.02.c	Percentage of trade affected by non-tariff barrier (up to 2018)	11	48.55	2018	45.8	
1.07	Trade liberalization	03	-	-	79.5	
1.07.01	Regional Trade Agreements, number in force	05	21.00	2022	51.6	
1.07.02	Capital account liberalization, Index	01	2.31	2019	100.0	
1.07.03	Investment Freedom, Index	07	75.00	2022	84.6	
1.08	Exchange rate stability, parity change from national currency to SDR, 2022/2020	18	0.05	2021	88.1	
1.09	Domestic credit to private sector, % of GDP	20	47.78	2020	13.3	
1.10	Foreign trade and payments risk	09	-	-	60.8	
1.10.01	Country credit rating	14	39.00	2022	56.7	
1.10.02	Gross debt, % GDP	05	33.40	2021	87.9	
1.11	Trade costs	22	-	-	27.7	
1.11.01	Logistics performance, index	17	3.00	2018	31.6	
1.11.02	Corruption perceptions, index	17	36.00	2021	20.3	
1.11.03	Rule of law, index	21	33.17	2020	29.5	
1.12	Monetary policy intervention	16	-	-	49.0	
1.12.01	Current account balance, % GDP	07	-4.50	2021	63.2	
1.12.02	Change (1-year) in total reserves (includes gold), % GDP	30	7.11	2020	0.0	
1.13	Export concentration	20	-	-	38.4	
1.13.01	Export market concentration, Top 5 as % total	17	63.51	2021	49.6	
1.13.02	Export product concentration, Top 5 as % total	22	74.88	2021	35.9	
1.14	Exports of goods and services	21	-	-	31.7	
1.14.01	Merchandise exports, US\$	20	58,675	2021	26.5	
1.14.02	Commercial services exports, US\$	24	5,506	2021	34.8	
1.15	Technological innovation	24	-	-	2.9	
1.15.01	R&D expenditure, % GDP	22	0.17	2020	0.9	
1.15.02	Researchers in R&D, per capita	-	-	-	-	
1.15.03	Patent applications, per million inhabitants	23	4.73	2020	0.1	
1.15.04	High-technology exports, % of manufactured exports	23	4.79	2020	5.4	
1.15.05	Scientific articles, per million people	24	80.66	2020	3.2	
1.16	Technological infrastructure	19	-	-	42.3	
1.16.01	Fixed internet speed, Mbps	18	52.53	2021	24.6	
1.16.02	Internet users, % population	20	71.11	2020	65.0	
1.16.03	Fixed broadband subscriptions (per 100 people)	21	8.94	2021	19.8	
1.16.04	Mobile subscriptions (per 100 people)	14	127.92	2020	44.8	

Societal pillar

Social factors matter in an economy's capacity to trade internationally over the long term. Economies are measured on the environment that encourages and supports the development of human capital, such as the extent of education and labor standards.

This pillar also captures factors that influence public support for trade expansion. These include income inequality, political stability, goods produced by forced and child labor, and the government response to human trafficking.

Indicators

		Rank	Value	Year	Score	
2.01	Inequality (Gini coefficient)	15	40.20	2021	30.43	
2.02	Educational attainment	14	-	-	41.79	
2.02.01	Mean years of schooling	15	9.89	2019	57.53	
2.02.02	University education Index	23	0.92	2021	0.76	
2.02.03	Tertiary enrollment	11	70.74	2017	57.39	
2.03	Labor standards	06	-	-	91.93	
2.03.01	Gender non-discrimination in hiring	01	100.00	2022	100.00	
2.03.02	Freedom of association and assembly	06	0.74	2021	83.86	
2.04	Political stability and absence of violence	19	32.08	2020	29.44	
2.05	Goods produced by forced labor or child labor	24	-	-	59.33	
2.05.01	Goods produced by forced labor	24	-	-	59.33	
2.05.01.a	Goods produced by forced labor, number of goods categories	23	3.00	2021	83.33	
2.05.01.b	% population in forced labor	22	7.10	2018	49.83	
2.05.02	Goods produced by child labor, number of goods categories	19	5.00	2021	80.00	
2.06	Government response to human trafficking	09	-	-	75.54	
2.06.01	Government response to human trafficking, Criminalization	04	6.00	2021	80.00	
2.06.02	Government response to human trafficking, Strategy	06	55.13	2018	70.59	
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	-	-	28.17	
2.07.01	Imports of goods at risk of modern slavery, US\$ millions	11	3,363	2020	32.96	
2.07.02	Exports of goods at risk of modern slavery, US\$ millions	23	7,857	2020	32.52	
2.08	Social mobility, Index	19	49.90	2020	33.50	
2.09	Life expectancy at birth	19	72.38	2021	34.92	
2.10	Uneven Economic Development	23	6.20	2023	35.09	

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	27.18	2019	50.51	
3.02	Deforestation, Index	23	0.00	2020	14.23	
3.03	% of wastewater treated	16	48.65	2020	47.82	
3.04	Energy intensity, energy consumed for each 1'000 US\$ of GDP in MTOE	10	92.00	2019	79.76	
3.05	Ecological footprint	14	2.36	2018	78.42	
3.06	Renewable energy, %	08	28.80	2020	38.10	
3.07	Environmental standards in trade, count	09	-	-	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, million tonnes carbon	15	-2.76	2019	19.60	
3.09	Share of natural resources in trade, %	26	69.52	2020	18.44	
3.10	Carbon	19	-	-	49.22	
3.10.1	Carbon pricing	13	0	2022	0.00	
3.10.2	CO2 emissions per capita	08	1.64	2019	93.43	

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 an 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
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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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