Asia Pacific FDI Network

Attracting sustainable FDI in strategic sectors

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Three Main Points

• What is the Sustainable Trade Index?

• Results from the 2018 STI

• Key take-aways for sustainable FDI
Defining Sustainable Trade

**Sustainable trade**
Engaging in international trade in a way that not only generates balanced economic growth, but also strengthens social capital and provides for environmental stewardship.

- Although trade is an indispensable ingredient in economic development, it cannot be sustainably pursued without responsible environmental stewardship and a commitment to fully developing social capital.

- Based on UN Brundtland Commission
  - 3 pillars: economic, social & environment
Creating the STI

- Evaluates 19 Asian economies + USA across the 3 pillars
- Process
  - Produced by EIU, based on literature review, expert consultations & workshops
- Indicators structure
  - 14 indicators under economic pillar
  - 4 under social
  - 6 under environmental
- All pillars & indicators equally weighed

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2018 Overall results

• Broad regression in sustainable trade
  – Most notable among richer economies

• Improvements in economic pillar offset by backsliding on social & environmental

• Top performer Hong Kong was a bright spot
  – Technological infrastructure and labor force
  – Steady increases in educational attainment, political stability
Overall results

[Bar chart showing overall results for different countries in 2016 and 2018.
Countries listed from top to bottom: Hong Kong, South Korea, Singapore, Japan, USA, Taiwan, Sri Lanka, China, Vietnam, Philippines, India, Malaysia, Thailand, Indonesia, Brunei, Pakistan, Bangladesh, Laos, Cambodia, Myanmar.
At the bottom of the chart, the Hinrich Foundation logo is visible with the slogan "promoting sustainable global trade."}
Key take-aways for Sustainable FDI

• Sustainability crucial for FDI

• Companies are taking the lead, government not always keeping up

• Trade sustainability is NOT just a luxury for wealthy countries
  • Low and middle income countries embracing sustainability
Over-performers & under-performers

- Over / under-perform an alternative measure
  - 10 economies over-perform
  - 6 underperform
  - USA underperforms by 4 places