hinrich foundation
advancing sustainable global trade

IMD / World Competitiveness Center
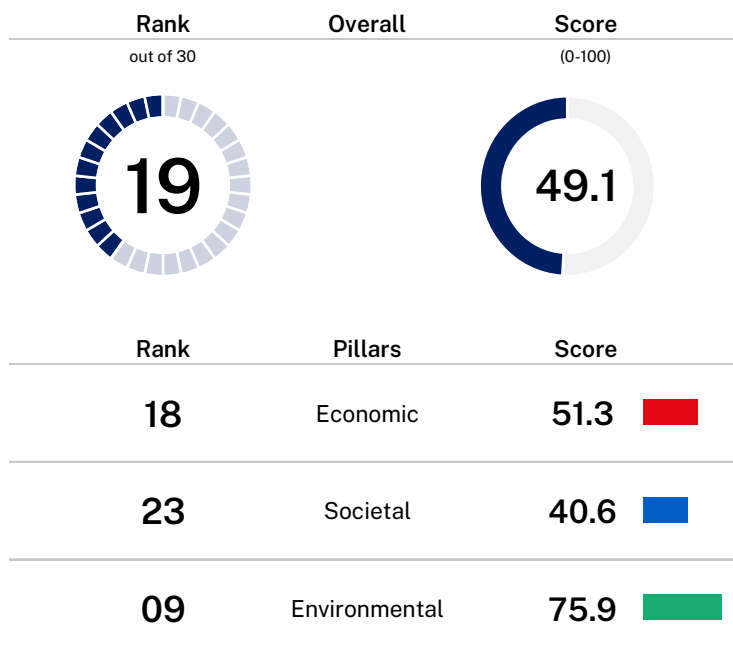
Sustainable Trade Index 2023
Indonesia

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

Rank	Overall	Score
out of 30		(0-100)
19		49.1

Rank	Pillars	Score	
18	Economic	51.3	🟥
23	Societal	40.6	🟦
09	Environmental	75.9	🟩

Background information

Population, millions	274.86 (2022)	Large
Income, GDP per Capita US$	4,798 (2022)	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	09	4.20	2021	83.3	
1.02	Real GDP Growth per capita, % GDP	06	4.31	2021	82.2	
1.03	Growth in labor force, %	10	2.14	2021	63.2	
1.04	Foreign direct investment, net inflows, % GDP	18	1.79	2020	4.9	
1.05	Gross fixed capital formation, % GDP	06	30.81	2020	61.8	
1.06	Tariff & non-tariff barriers	20	-	-	61.9	
1.06.01	Tariff barriers	20	-	-	78.4	
1.06.01.a	Tariff barriers in force	20	441	2021	91.4	
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)	19	20.88	2018	59.7	
1.06.02	Non-tariff barriers	23	-	-	48.8	
1.06.02.a	Non-tariff barriers in force	19	4,665	2021	97.4	
1.06.02.b	New non-tariff barriers 2022	19	601	2021	43.6	
1.06.02.c	Percentage of trade affected by non-tariff barrier (up to 2018)	20	67.47	2018	19.1	
1.07	Trade liberalization	19	-	-	30.6	
1.07.01	Regional Trade Agreements, number in force	16	13.00	2022	25.8	
1.07.02	Capital account liberalization, Index	16	-0.16	2019	30.3	
1.07.03	Investment Freedom, Index	19	50.00	2022	46.2	
1.08	Exchange rate stability, parity change from national currency to SDR, 2022/2020	05	0.02	2021	95.2	
1.09	Domestic credit to private sector, % of GDP	22	37.00	2020	8.9	
1.10	Foreign trade and payments risk	12	-	-	55.9	
1.10.01	Country credit rating	17	36.00	2022	52.2	
1.10.02	Gross debt, % GDP	10	39.90	2021	85.4	
1.11	Trade costs	19	-	-	31.6	
1.11.01	Logistics performance, index	17	3.00	2018	31.6	
1.11.02	Corruption perceptions, index	21	34.00	2021	17.2	
1.11.03	Rule of law, index	19	46.63	2020	44.0	
1.12	Monetary policy intervention	19	-	-	46.6	
1.12.01	Current account balance, % GDP	18	1.00	2021	54.2	
1.12.02	Change (1-year) in total reserves (includes gold), % GDP	15	-1.80	2021	6.1	
1.13	Export concentration	06	-	-	78.2	
1.13.01	Export market concentration, Top 5 as % total	11	53.02	2021	69.5	
1.13.02	Export product concentration, Top 5 as % total	06	43.80	2021	85.9	
1.14	Exports of goods and services	16	-	-	55.9	
1.14.01	Merchandise exports, US$	16	291,979	2021	54.2	
1.14.02	Commercial services exports, US$	17	23,006	2021	52.9	
1.15	Technological innovation	22	-	-	5.2	
1.15.01	R&D expenditure, % GDP	20	0.28	2020	3.3	
1.15.02	Researchers in R&D, per capita	17	0.40	2020	4.3	
1.15.03	Patent applications, per million inhabitants	22	5.31	2020	0.1	
1.15.04	High-technology exports, % of manufactured exports	20	7.20	2020	8.9	
1.15.05	Scientific articles, per million people	20	120.48	2020	4.9	
1.16	Technological infrastructure	23	-	-	30.7	
1.16.01	Fixed internet speed, Mbps	25	18.59	2021	6.2	
1.16.02	Internet users, % population	22	62.10	2020	53.3	
1.16.03	Fixed broadband subscriptions (per 100 people)	24	4.54	2021	9.8	
1.16.04	Mobile subscriptions (per 100 people)	13	133.65	2020	47.2	

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)	11	37.90	2021	42.93	
2.02	Educational attainment	22	-	-	23.64	
2.02.01	Mean years of schooling	21	8.56	2019	43.24	
2.02.02	University education Index	25	0.00	2021	0.00	
2.02.03	Tertiary enrollment	19	36.31	2018	23.63	
2.03	Labor standards	13	-	-	77.84	
2.03.01	Gender non-discrimination in hiring	01	100.00	2022	100.00	
2.03.02	Freedom of association and assembly	15	0.58	2021	55.68	
2.04	Political stability and absence of violence	21	27.83	2020	24.87	
2.05	Goods produced by forced labor or child labor	21	-	-	64.74	
2.05.01	Goods produced by forced labor	21	-	-	64.74	
2.05.01.a	Goods produced by forced labor, number of goods categories	20	2.00	2021	88.89	
2.05.01.b	% population in forced labor	20	6.70	2018	53.16	
2.05.02	Goods produced by child labor, number of goods categories	21	7.00	2021	72.00	
2.06	Government response to human trafficking	18	-	-	57.95	
2.06.01	Government response to human trafficking, Criminalization	04	6.00	2021	80.00	
2.06.02	Government response to human trafficking, Strategy	12	50.00	2018	58.82	
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	25	-	-	19.85	
2.07.01	Imports of goods at risk of modern slavery, US$ millions	12	6,280	2020	27.80	
2.07.02	Exports of goods at risk of modern slavery, US$ millions	27	31,467	2020	22.08	
2.08	Social mobility, Index	20	49.30	2020	31.98	
2.09	Life expectancy at birth	25	67.57	2021	11.03	
2.10	Uneven Economic Development	12	4.40	2023	66.67	

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	16	18.07	2019	72.30	
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	147.00	2019	63.14	
3.05	Ecological footprint	09	1.72	2018	87.13	
3.06	Renewable energy, %	09	26.70	2020	35.32	
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	13	-3.94	2019	19.77	
3.09	Share of natural resources in trade, %	22	37.30	2020	56.79	
3.10	Carbon	01	-	-	100.00	
3.10.1	Carbon pricing	01	2	2022	100.00	
3.10.2	CO2 emissions per capita	10	2.19	2019	89.83	

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.

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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 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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