hinrich foundation
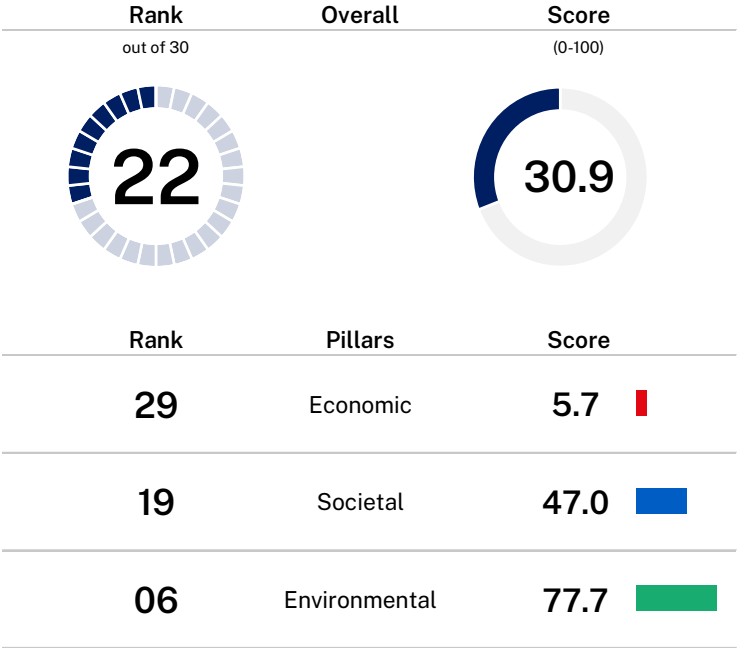advancing sustainable global trade

IMD / World Competitiveness Center

Sustainable Trade Index 2023

Laos

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)
22		**30.9**

Rank	Pillars	Score	
29	Economic	5.7	
19	Societal	47.0	
06	Environmental	77.7	

Background information

Population, millions	7.48 (2022)	Small
Income, GDP per Capita US$	2,529 (2020)	Low
Membership	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	29	23.00	2021	27.8	
1.02	Real GDP Growth per capita, % GDP	22	1.54	2021	65.9	
1.03	Growth in labor force, %	13	1.74	2021	57.5	
1.04	Foreign direct investment, net inflows, % GDP	04	5.69	2020	15.4	
1.05	Gross fixed capital formation, % GDP	-	-	2020	-	
1.06	Tariff & non-tariff barriers	03	-	-	99.9	
1.06.01	Tariff barriers	04	-	-	99.9	
1.06.01.a	Tariff barriers in force	03	5	-	99.9	
1.06.01.b	New tariff barriers 2022	-	-	-	-	
1.06.01.c	Percentage of trade affected by tariff barrier (up to 2018)	-	-	-	-	
1.06.02	Non-tariff barriers	-	-	-	-	
1.06.02.a	Non-tariff barriers in force	-	-	-	-	
1.06.02.b	New non-tariff barriers 2022	-	-	-	-	
1.06.02.c	Percentage of trade affected by non-tariff barrier (up to 2018)	-	-	-	-	
1.07	Trade liberalization	26	-	-	6.3	
1.07.01	Regional Trade Agreements, number in force	22	9.00	2022	12.9	
1.07.02	Capital account liberalization, Index	22	-1.23	2019	0.0	
1.07.03	Investment Freedom, Index	24	35.00	2022	23.1	
1.08	Exchange rate stability, parity change from national currency to SDR, 2022/2020	30	0.49	2020	0.0	
1.09	Domestic credit to private sector, % of GDP	-	-	-	-	
1.10	Foreign trade and payments risk	30	-	-	0.0	
1.10.01	Country credit rating	26	6.00	2022	7.5	
1.10.02	Gross debt, % GDP	28	128.50	2021	51.2	
1.11	Trade costs	27	-	-	12.2	
1.11.01	Logistics performance, index	25	2.40	2018	0.0	
1.11.02	Corruption perceptions, index	23	31.00	2021	12.5	
1.11.03	Rule of law, index	24	27.40	2020	23.3	
1.12	Monetary policy intervention	08	-	-	55.1	
1.12.01	Current account balance, % GDP	04	-6.00	2021	65.7	
1.12.02	Change (1-year) in total reserves (includes gold), % GDP	24	-0.01	2021	4.8	
1.13	Export concentration	25	-	-	26.9	
1.13.01	Export market concentration, Top 5 as % total	28	85.88	2021	7.2	
1.13.02	Export product concentration, Top 5 as % total	14	61.08	2021	58.1	
1.14	Exports of goods and services	30	-	-	0.0	
1.14.01	Merchandise exports, US$	30	7,906	2021	0.0	
1.14.02	Commercial services exports, US$	28	238	2021	1.5	
1.15	Technological innovation	17	-	-	12.9	
1.15.01	R&D expenditure, % GDP	-	-	-	-	
1.15.02	Researchers in R&D, per capita	-	-	-	-	
1.15.03	Patent applications, per million inhabitants	26	1.10	2020	0.0	
1.15.04	High-technology exports, % of manufactured exports	10	23.16	2020	31.8	
1.15.05	Scientific articles, per million people	30	5.53	2020	0.0	
1.16	Technological infrastructure	28	-	-	18.3	
1.16.01	Fixed internet speed, Mbps	24	20.04	2021	7.0	
1.16.02	Internet users, % population	23	62.00	2020	53.2	
1.16.03	Fixed broadband subscriptions (per 100 people)	25	2.03	2021	4.1	
1.16.04	Mobile subscriptions (per 100 people)	29	64.96	2020	11.7	

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)	13	38.80	2018	38.04	
2.02	Educational attainment	28	-	-	2.40	
2.02.01	Mean years of schooling	27	5.37	2019	9.01	
2.02.02	University education Index	25	0.00	2021	0.00	
2.02.03	Tertiary enrollment	28	12.98	2020	0.74	
2.03	Labor standards	22	-	-	54.73	
2.03.01	Gender non-discrimination in hiring	01	100.00	2022	100.00	
2.03.02	Freedom of association and assembly	26	0.31	2021	9.46	
2.04	Political stability and absence of violence	08	69.81	2020	70.05	
2.05	Goods produced by forced labor or child labor	14	-	-	79.40	
2.05.01	Goods produced by forced labor	14	-	-	79.40	
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	15	5.16	2018	66.14	
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	15	-	-	59.71	
2.06.01	Government response to human trafficking, Criminalization	15	5.00	2021	60.00	
2.06.02	Government response to human trafficking, Strategy	18	46.15	2018	50.00	
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	02	-	-	82.76	
2.07.01	Imports of goods at risk of modern slavery, US$ millions	03	49	2020	67.71	
2.07.02	Exports of goods at risk of modern slavery, US$ millions	01	0	2020	100.00	
2.08	Social mobility, Index	21	43.80	2020	18.02	
2.09	Life expectancy at birth	24	68.06	2021	13.47	
2.10	Uneven Economic Development	17	5.30	2023	50.88	

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	20	22.59	2019	61.49	
3.02	Deforestation, Index	02	0.02	2020	82.48	
3.03	% of wastewater treated	27	10.25	2020	8.79	
3.04	Energy intensity, energy consumed for each 1'000 US$ of GDP in MTOE	21	167.00	2019	57.10	
3.05	Ecological footprint	11	1.84	2018	85.46	
3.06	Renewable energy, %	01	75.60	2020	100.00	
3.07	Environmental standards in trade, count	20	-	-	50.00	
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	21	0	2021	0.00	
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	18	-0.48	2019	19.29	
3.09	Share of natural resources in trade, %	18	25.16	2020	71.24	
3.10	Carbon	22	-	-	45.14	
3.10.1	Carbon pricing	13	0	2022	0.00	
3.10.2	CO_2 emissions per capita	12	2.83	2019	85.69	

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.

hinrichfoundation.com | STI 2023

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.

imd.org | imd.org/wcc