

# Trade Sustainability and COVID-19

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# Three issues to unpack

- What is sustainable trade?
  - The Hinrich Foundation Sustainable Trade Index
- COVID-19 and trade
- How is trade sustainability being impacted by COVID-19?

# 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
  - 15 indicators under economic pillar
  - 5 under social
  - 7 under environmental
- All pillars & indicators equally weighed

Hong Kong	India
South Korea	Malaysia
Singapore	Thailand
Japan	Indonesia
USA	Brunei
Taiwan	Pakistan
Sri Lanka	Bangladesh
China	Laos
Vietnam	Cambodia
Philippines	Myanmar

# COVID-19 and trade

- The most important long-term consequence -- impact on the already faltering confidence in trade.
- Traditionally, tremendous confidence across businesses and government in trade
- Confidence has allowed trade to consistently grow at roughly twice the rate of global GDP growth, steadily deepening levels of economic integration and interdependence
- In recent years however, this confidence has suffered from a number of serious body blows.
- COVID-19: an additional straw on the camel's back

# How is the COVID-19 pandemic impacting sustainable trade?

- Some factors suggest optimism
- Increase recognition of importance of key sustainability indicators
  - Export market concentration
  - Export product concentration
  - Environmental dividend from new patterns of work?

# How is the COVID-19 pandemic impacting sustainable trade?

- Some factors suggest pessimism
- Increased pressure on key sustainability indicators
  - Rising trade barriers
  - Labor/environmental standards
  - Income inequality