

## WHAT ARE TRADE AND INVESTMENT POLICES? (III)

### *Conflicting Policies*

Each country develops its own domestic and foreign policies, and therefore policy aims vary from nation to nation. Inevitably, conflicts arise. For example, full employment policies in one country may directly affect employment policies in another. Similarly, the development aims of one country may reduce the development capability of another. Even when health issues are concerned, disputes arise. One nation may argue that its regulations are in place to protect its citizens, while other nations interpret domestic regulations as market barriers. Europe's stance against genetically modified crops and seeds, which critics have called "Frankenstein foods," closes off markets worth several billion dollars a year to the U.S. companies that bioengineer them.

Ongoing disagreements between Japan and China over the safety of imported vegetables are another example. While Japan claims that Chinese frozen spinach, for instance, fails domestic pesticide-residue standards and is unfit to eat, China counters that Japan's use of overly stringent safety standards to restrict imports conflicts with nondiscrimination rules set by the WTO. China's export volume of preserved vegetables to Japan fell by almost 25 percent year-on-year due to recent charges.

Conflicts among national policies have always existed but have only come into prominence in recent decades. The reason lies in the changes that have taken place in the world trade and investment climate.

Czinkota, Michael R., Ilkka A. Ronkainen and Michael H. Moffett. Fundamentals of International Business. Mason: South-Western, 2004.