book “International Business”. ‘In the early 1990s the province of Ontario levied a tax of $0,10 on each aluminum beer can as the province argued that these cans were not environmentally friendly and that the tax was designed to encourage the use of refillable glass bottles.’ In reality, those glass bottles were more expensive to transport across the country than the aluminum cans due to the weight difference. In this scenario, it is to see that the domestic country can use those “excuses” in order to gain competitive advantage in their domestic market.[2]

Another example is the Hormone Ban in the case EUMEAT, where it has been argued by the EU that the hormones that have been used by US meat industries to improve the growth rate of animals, saving time and money for the farmers, and result in lower costs for both feeding and boarding livestock, would harm and may cause health problems to consumers. But, after scientific research, these fears have made the ban extremely controversial.[3]

Barriers to trade are often introduced on the basis of insufficient research regarding the long-term effects of a given development, or a difference between national production processes. In products produced for trade around the world, changes can be particularly significant. Fearing these improved products, many countries have attempted to ban their importation in an effort to "protect" citizens from their harmful effects.

These barriers however, can differ from country to country. A government might apply restrictions on the imports of products from one country, whilst not applying these same restrictions to a different country. There are several factors where this could be the case. A country might have a competitive disadvantage in the international market due to the fact that the regulations are too much restricted on environmental or health regulations, whereby other countries do not take these factors into considerations and therefore are on the higher level of competition. However, some countries do get government help, by lowering the countervailing duties or introducing less taxes, to stimulate the domestic manufacturers and therefore the domestic economy. Governments might interfere as well if they notice that their country has the ability to be more part of a specific international industry, and might take away the regulations for particular products, with the use of the GATT. Obviously, a government would not want their regulations to interfere and become a disadvantage of their own manufacturers. They might develop other incentives to go against the environmental issues being caused by domestic producers, and invest in this so that they can enhance their productivity at the same time that they innovate on safer, and less polluting ways of production.[4]

To go further on the competition in international trade, I would like to bring up the case of “Embraer vs. Bombardier”. The factors conditions between both countries are being brought up to show us an example of how different

2 Real Case: How environmental regulations can be used as trade barriers

3 http://www1.american.edu/ted/projects/tedcross/xhlth23.htm

4 http://www.ciesin.org/docs/008-067/chpt4.html