

# [There be subjected to certain safety measures](https://assignbuster.com/there-be-subjected-to-certain-safety-measures/)

There are to be no tariff or non-tariff barriers against external trade in merchandise. However, this provision is subject to some “ legitimate” exceptions.

Thus, for example, restrictions or bans may apply to trading in selected items related to defence, health, public morality and social health, patent rights and so on. In this context, restrictions on addictive drugs and certain categories of literature and entertainment media etc. immediately come to mind. Capital Flow: A deeper form of economic integration at global level may cover inter-country capital flows.

These flows correspond to a wide range of transactions, including credit relating to trade transactions, loans, portfolio investment, and foreign direct investment. Integration at this level, in turn, is facilitated by convertibility of national currencies which may extend to their capital convertibility. It should be noted that, as in the case of merchandise trade, capital flows may also be subjected to certain safety measures like preventing speculative transactions, or investment in certain selected services and industries etc. Services: It is very difficult to extend globalisation to trade in services. This is because this segment of integration brings in the issues of migration of labour with a direct impact on the employment position in the trading countries. Monetary and Fiscal Policies: While globalisation is expected to bring in large scale economic benefits including reduction or removal of poverty and inter-country disparities in income and employment levels, it is also seen as a potential source of disastrous ill-effects. If an economic disturbance originates in one country (particularly with a large economy, like the USA) it is likely to engulf the entire world. This can happen because globalisation makes national economies highly interdependent.

Therefore, in order to minimise the intensity of such an eventuality, it is recommended that they should also coordinate their monetary and fiscal policies. As yet, no such pre-determined framework for such coordination exists; its final shape depends upon a large number of economic and non-economic considerations.