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10<sup>th</sup> May, 2007

Bills Committee on  
Copyright (Amendment) Bill 2006  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

Dear Chairman and Members of Bills Committee,

### Parallel Imports

The IFPI Hong Kong Group had continued to defend the industry from parallel import relaxation in Hong Kong since the '90s. We must point out once again that is not about protecting licensee's interest as always a reason cited by proponents to open, but the investments by copyright owners and their business partners, life time career of performers and creators of contents and above all, Hong Kong remains a content export territory, only user (import) territory that has no vision to build for itself a copyright industry can afford to liberalise parallel import.

### In the context of freest economy

We note that from paragraph 4 of the CITB Submission that "with Hong Kong being the freest market economy in the world, it is our long term objective to fully liberalize the use of parallel imports of copyright works in Hong Kong."

With the greatest respect to the Administration, we fail to understand the rationale behind that policy statement. As both the government and Hong Kong People know very well, Hong Kong has been ranked as the freest economy in the world in the Index of Economic Freedom by the US Heritage Foundation since 1995<sup>1</sup>. Hong Kong Citizens are now ranked as the freest people on earth based on economic freedom.<sup>2</sup>

This means that the parallel import policy on copyright has been in place since June 27, 1997 without in any way impedes the ranking. It is understandable as copyright related trade represents a very tiny fraction

<sup>1</sup> The 2007 Index of Economic Freedom

Product of the Heritage Foundation and Wall Street Journal: "At the top of the list is Hong Kong, which is characterized as a "model of economic freedom." Its virtues include a free port with no barriers to trade, simple procedures for starting businesses, free entry of foreign capital and repatriation of earnings, transparency, and all economic activity is governed under the rule of law. Simply put, Hong Kong is an excellent place to live, work and conduct business, and by this measure, its citizens are the freest people on earth".

<http://www.heritage.org/research/features/index/>

<sup>2</sup> Ibid

P.1



of the total trading volume in our economic structure but it represents the cultural heritage and social values of our society. These values will never be static but dynamic and we believe that we have an obligation to cherish our heritage for our future generations.

We do not believe that it is simply right to destroy it in the purported banner of the freest economy or in the context of trade values.

#### In the context of Cultural Heritage Preservation

It appears that the proposed liberalization of parallel import is incongruous with the cultural heritage preservation. The practical effect of such liberalization will discourage, deprive and demoralize any further private investment in our cultural industry. Our children will be brought up and fed with whatever the cultural and social values as may be imposed and selected by the importers of the contents. Hong Kong will lose its own character and cultural identity.

We submit that this has been a difficult topic to explain in short but we will continue to take the challenge just to gain your support to allow Hong Kong's investors to rid of the fear of un-predictably in having to face the threat of opening of parallel imports yet again and again.

Yours truly,

For and on behalf of the International Federation of the  
Phonographic Industry (Hong Kong Group) Limited

Ricky Fung  
Chief Executive Officer

c.c. IFPI (HKG) Committee

P.2

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