

Introduction

I am Logan Taylor representing the Hong Kong Retail Management Association. The HKRMA was founded in 1983 and is the major retail association in Hong Kong. For the past 15 years, we have played a vital role with a long term mission to promote the retail industry. Today, our membership represents over 500 major retail chains covering more than 5,000 retail outlets and employing a total of 150,000, more than half of the total retail workforce in Hong Kong. Member organizations are engaged in various types of retail business ranging from department stores to supermarkets, convenience stores, drug stores, food, fashion and accessories, and specialty stores.

On behalf of the Association, we thank you for the opportunity to speak here again on the subject of Clause 19 of the Trade Marks Bill. We would like to further elaborate on some of the points we made in our first presentation to this Bills Committee on 28 December 1999.

Prices

We have stated during our first presentation that parallel imports only exist when there is significant price differential before it is worthwhile for any importer to undertake parallel importing. The price of the identical products sourced overseas include all local advertising and marketing costs, shipping and other overhead costs of the importer. In order for it to be viable for the parallel importers, this price must be lower than that charged by local suppliers. This is feasible only if the local suppliers are charging huge premiums. If the prices of local suppliers are competitive, then there is no need to parallel import. (In fact, in most cases that is the position.)

Choice

The other area where parallel imports exist is when local suppliers do not supply the product due to low volume or low margin on such goods (examples). As retailers, we intend to bring a wide choice of products to cater for all segments of our local community and to meet demands of all consumers (examples).

A greater availability of products and choice can only benefit consumers. We would also like to reemphasize that we are talking about identical genuine products and not counterfeits or even sub-standard products. Hong Kong consumers are fully aware of any difference in products between locally supplied products and parallel imports of genuine products from the same trade mark owner - any difference will only be a matter of taste rather than of substance or quality.

Health/Safety Requirements

All products, whether parallel imports or not, must comply with safety and health laws and regulations in Hong Kong. There are a number of laws and regulations in place to protect the interest of consumers. We understand that consumer protection is to be further enhanced by the proposed bill for Civil Liability for Unsafe Products.

As responsible retailers our members always ensure that products are up to and go beyond the statutory requirements. In fact, the HKRMA has its own code of practice which sets out recommended policies relating to the sale of goods and product safety. In particular, our members who sell electrical products offer warranties and ensure compliance with the standards imposed by the Electrical Products (Safety) Regulation.

In our experience, consumers who are not satisfied will always complain to retailers as their first port of call and only if they fail to get adequate response do they go to Consumer Council or manufacturers. The HKRMA Code of Practice also recommends the course of action to be taken by members to act in the best interest of consumers. We do not believe any extra burden is placed on local distributors in practice.

Labelling

We support the TIB's paper which concluded that no further labelling is required.

Free Trade

Hong Kong is known for its free trade status and the wider choice of products and lower prices can only enhance Hong Kong's image as a shoppers' paradise. This clarification in the law will be in the best interests of all consumers in Hong Kong.

Conclusion

The Hong Kong Retail Management Association continues to be in full support of the liberalization of parallel imports as set out in Clause 19 of the Trade Marks Bill, and in further promoting our Code of Practice amongst retailers to safeguard the best trade practices in the interests of consumers.

Thank you.

Logan Taylor

Executive Committee Member of

Hong Kong Retail Management Association

(key spokesman representing HKRMA on the subject of Trade Marks Bill)

HONG KONG RETAIL MANAGEMENT ASSOCIATION CODE OF PRACTICE

SALES OF GOODS

1. Goods Replacement, Returnable, Refund Policy - in line with the Exemption Clause in the Common Law, members are required to protect consumers by allowing goods which do not meet standards to be returned, replaced or refunded. Customers may however be asked to produce evidence of purchase.
2. Price Tagging - Member companies are required to price tag individual item or exhibit item price at prominent places.
3. Out – Of - Date Goods - Members are required not to sell out-of-date merchandise, if out-of-date items are purchased by mistake by consumers, member companies are obligated under all circumstances to refund or exchange with proof of purchase.
4. Conversion Table - For retail members which sell merchandise from different parts of the world with varying standards of measurement and size, member companies are recommended to display conversion tables or standards at prominent places for easy reference.
5. Sales to Minors - HKRMA members are not to sell any product restricted by law to minors under eighteen years or less such as:
 - Liquors
 - Cigarettes
 - Adult videos and publications
 - Addictive medicines
 - Adult computer software
6. Sales of Prohibited Goods - HKRMA will not admit retailers which sell prohibited goods, products, merchandise which are in contravention with the law.
7. Retail Members - are required to adhere to all other legislation and ordinance related to the sales of goods.
8. Pricing - Members are advised to exercise constraints on the level of mark-ups and on the degree of mark-down during sales periods.
9. Issue of Receipt - Member companies are advised to issue proper receipts, where possible, to customers for any purchase of goods.

PRODUCT SAFETY

10. Product Safety - Member companies are required to source, carry or sell products which meet basic safety standards stipulated in the legislation. When in doubt suppliers should be requested to carry out tests at approved laboratories. Members are required to adhere to the Consumer Products Safety Ordinance.

11. Toys & Children's Products Safety - Members are to adhere to the Safety Standards as laid out in the Toys and Children's Products Safety Ordinance.
12. Sales of Electrical Appliances - Members are required to adhere to the Electrical Products (Safety) Regulation.

SERVICES IN CONJUNCTION WITH SALES OF GOODS

13. Compensation And Responsibility to Track Responsible Supplier For Damages - Member companies are required to trace and track responsibilities for compensations if damages are inflicted on the consumers by faulty or unsafe products. (Members may set their own requirements for proof of purchase.)
14. After-Sales Support - Retail members are obligated to provide after-sales support directly or through the suppliers.
15. Misrepresentation - Members are required not to misrepresent the public by falsified advertising, publicity materials, promotion, and or other publicity media.
16. Unconscionable Conduct - Members should not engage in unconscionable conduct when dealing with customers.
17. Service Courtesy - Member companies are required to offer their customers most courteous and friendly service.
18. Proactive - Members promise to take a proactive stance in handling matters related to consumers and will address, attend, treat, to consumer matters, no matter how trifle they may be.
19. Customers Personal Information - Member companies are required to safeguard the security of personal information of customers (such as personal data of credit cards).
20. Honest & Fair Sales - In promoting sales, member companies are to refrain from engaging in any unethical or illegal behaviour (such as offering illegal commissions) and to compete on the basis of price, quality and efficiency.
21. Complaint Channel - Member companies should establish a formal channel of complaint and make known to all customers. In case of suspected criminal offences (such as bribery) they should be reported to appropriate government authorities.

OTHERS

22. Environment Protection - HKRMA requires member companies to impose self discipline on environmental protection issues. Members are requested not to carry merchandise which are possible environment pollutants.
23. ICAC's Code of Conduct - It is believed that honesty, integrity and fairplay are important company assets in business. It is therefore important for all members to ensure that the company's reputation is not tarnished by dishonesty, disloyalty or corruption. Members should therefore also abide by the guidelines stipulated in ICAC's Code of Conduct.

(as of Nov 99)