**HONG KONG RETAIL MANAGEMENT ASSOCIATION****香港零售管理協會**

23 December 1999

The Honourable Margaret Ng
Chairman
Bills Committee on Trade Marks Bill
c/o Legislative Council Bldg
8 Jackson Road
Central
Hong Kong

Dear Ms Ng

TRADE MARKS BILL - CLAUSE 19: PARALLEL IMPORTATION

I am writing on behalf of the Hong Kong Retail Management Association to express our views regarding the captioned subject. Please accept our apologies for not making major representations earlier, but from our studying of the original government proposals, we found them to be reasonably acceptable.

Free Trade

It is our strong view that it would be an enormously retrograde step for Hong Kong to take any action that restricts our market place and in opposite direction to the movement in the rest of the world for free trade. Hitherto certain manufacturers have sought to use Trade Mark Laws to prevent parallel imports. This has brought about restrictions contrary to the interests of the Trade Mark Ordinance and what we believe to be the Government's policy on free trade. All retailers welcome the proposed Clause 19 to clarify the grey areas in the existing laws.

The free market is what Hong Kong has built its reputation on and any restriction on parallel imports of genuine products would create an enormously negative image in the world when China has just been accepted into the WTO after liberalizing its barriers. The world is becoming ever more open now with the internet and international trade. This type of restriction on parallel importation or barrier to entry is exactly the opposite direction the WTO is moving in.

Consumer Interests and Price Competitiveness of Products

The ability to bring any genuine product freely into Hong Kong provides a vital ability for retailers to widen the selection of products offered to consumers and to keep prices low. There are certain products which distributors or agents in Hong Kong do not wish

to import due to what they perceive to be low volume or niche products. However, retailers have succeeded in importing these products into Hong Kong to cater for different segments of the market. In fact, it has been shown on occasion that the goods turn out to be extremely successful in contrast to the suppliers' views. In such cases the retailers have assisted in building the suppliers brand and market penetration. Any effort to restrict importation of parallel goods means all the power would go into the hands of the agents, importers and distributors who could then charge excessive premiums. The customers ultimately would suffer dramatically with higher prices. Clause 19 allows a curb on any of such excessive margins from importers and distributors.

To address suppliers' concerns, there is already existing legislations in place to ensure the quality and safety of the goods and preservation of their trade mark rights.

Europe as an Illustration

Relative to the consideration now going on in Europe regarding parallel imports, we would like to highlight that:


- Parallel imports are totally acceptable within the E.E.C., it is only from the outside of the E.E.C. that you could not parallel import (i.e. a classic trade barrier).
- Common opinion in the interest of consumers would indicate that parallel importation will be allowed completely in Europe in the next few years

Conclusion

In the midst of an economic adjustment where we are experiencing serious price deflation, any restrictions on the importation of genuine products would severely inflate prices again.

We believe that the flexibility in allowing anyone to source and purchase genuine products from anywhere in the world and in selling it at its lowest possible price in Hong Kong should be maintained and our Association is therefore in **full support of the Government on Clause 19 and against any restrictions on parallel imports.**

Yours sincerely,



Philip Ma
Chairman