

**Submission to the Legislative Council
Panel on Trade and Industry**

regarding issues on parallel importation

submitted by

International Federation of the Phonographic Industry

1. We are delighted to have this opportunity to present our view in LegCo Panel Meeting on Trade and Industry on 10 October 1998. To facilitate members' discussions on issues regarding parallel importation, we thereby submit our primary views on behalf of our members on the present market situations, which are no doubt affecting record companies, retailers and other businesses related to the music industry and ultimately consumers.
2. Since the promulgation of the Copyright Ordinance, the market for sound and other audiovisual products has been under extreme hardship because of the economic downturn and rampant piracy. According to our estimation, sales of such products supplied by our members have dropped around 35% during the past 12 months. Fortunately, with the protections against parallel import provided by the Copyright Ordinance, our members are able to conduct their businesses in a less hostile environment and continue to invest on and release titles of local and international talents.
3. The availability of titles through catalogues of our members has also significantly improved since last June. In order to maintain turnover during economic hardship and offset losses due to consumers' unwillingness to spend, our members have invested extensively on and improved their ordering systems to make products more readily available. An electronic indent system has also been developed by major record companies to further improve the efficiency of supplying products to consumers.

4. Meanwhile, published wholesale prices for top artists and popular titles have, with one or two exceptions, remain stable for the last 12 months. In fact, in order to meet demands in a declining economy, our members have increased the number of budget priced titles to give more choices to consumers.

5. By providing an efficient and adequate scheme that has taken into account the interests of consumers, record companies and retailers, we believe the present regulations regarding parallel import are essential in maintaining the balance of the music market.