

Abstract for Workshop “Economic Analysis and Competition Law Enforcement”

“The effects of the legalization of parallel import”

Our research is devoted to the analysis of the potential effects of parallel import legalization in Russia. The topic of the research follows the recent discussions of potential parallel import legalization in Russia – the issue was raised by the Russian Federal Antimonopoly Service and now is discussed at the level of the Eurasian Economic Commission. One of the possible ways to legalize parallel import in Eurasian Economic Union is to do it step by step, legalizing import for some product groups, such as medical equipment; medicines; automobile parts and components; electric and household appliances; clothes and accessories.

One of the possible effects of the legalization of the parallel import is reduction of prices for branded goods as the result of the competition with independent importers of them. This possibility creates the risk of lowering the profitability of local business. It also lowers the incentives for investments and increases the payment period of the investments made.

Our research is devoted to (1) finding that groups that could be chosen as those for parallel import legalization and (2) the analysis of the influence of the system of the copyright protection on the investments of the Russian economy. The analysis showed that right holders from Russia, the USA, Germany, France, Japan, and South Korea use TROIS (the main instrument for trademark protection in Russia) most actively. The main product groups that are protected by TROIS are clothes, shoes and accessories, mechanical, electrical appliances, confectionery, measurement appliances and so on.

The final analysis allowed us to make a conclusion, that the possible product groups for which the parallel import could be legalized are clothes and accessories, printed products, paper products, textile products, optical and photo and film devices. These groups were chosen based on the criteria of the belonging of good to the goods of mass demand, relatively small volume of investments of the copyright owner in the Russian Federation and high value of “protected” import in the Russian Federation.

In addition, analysis showed that the most volume of investments is attributed to automobile and its parts, food, confectionery, machinery and mechanical appliances production. We also analyzed the regional belonging of those investments. Investors and producers of tobacco products, appliances, cosmetics, cleaning products, automobile parts and components more often use the possibility of putting their trademarks into TROIS. The analysis also showed that sometimes producers make investments relative to those brands that are not protected by TROIS. There are also some brands, the production of that is located in Russian despite the fact that they were not protected by TROIS. That is why we can conclude that the protection of trademarks is not the main factor for allocation of production capacities in the country. Investments from copyright owners are mainly explained by the improvement of the economic situation in the country, the growth of incomes of the population, the devaluation of the national currency, the relative reduction of the production costs in the country.