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Title	Parallel Imports and Repair Services
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Abstract	<p>This study explores the effect of parallel imports on both domestic and foreign countries when the producer may refuse to provide repair and maintenance services for parallel imported units, or charge higher prices for those services. This service discrimination makes it possible for the producer to weaken intra-brand competition and reduce the degree of price convergence between countries. If this is the case, both the positive effect of parallel imports on consumers in the destination country and the negative effect on the producer and consumers in the source country become weaker. If the quality of the good depends on the producer's investment, permitting parallel imports in the presence of the service discrimination could lower the quality, because lower quality leads to a larger price gap between countries. As a result, it is possible that prices increase, consumers lose, and welfare deteriorates in both countries. This negative welfare effect is more likely to emerge as the liberalization of trade in goods proceeds. The prohibition of service discrimination recovers the positive welfare effect.</p>
Keywords	parallel imports, service discrimination, goods quality, welfare, trade liberalization
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