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COMMITTEE OF GOVERNMENTAL EXPERTS FOR THE PREPARATION OF A  
MODEL FRANCHISE DISCLOSURE LAW

Second session  
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Comments submitted by the People's Republic of China

Rome, October 2001

The delegation of the People's Republic of China considers it necessary to **delete Article 5(G)**.

In developing countries most prospective franchisees have little knowledge of franchising and have a limited investment capability. Some unqualified franchisors offer franchises that require small investments and that therefore are more attractive to prospective franchisees, and collect money from them illegally. If such franchisors are exempted from the obligation to disclose because the payment made by the prospective franchisee to the franchisor is a small sum, the interests of the prospective franchisee cannot be protected effectively, which ultimately would harm the development of franchising in developing countries. For this reason the delegation of the People's Republic of China proposes the deletion of Article 5(G).