

**COPYRIGHT INDUSTRIES IN TUNISIA**

**AN ECONOMIC ANALYSIS**

**Draft Report**

**MOHAMED HEDI LAHOUEL**

**Professor of Economics  
University of Tunis El Manar  
(January, 2003)**

## **Introduction**

The objective of this study is to analyze copyrights industries in Tunisia from an economic perspective, focusing on their contribution to production, investment, employment and foreign trade and on various factors influencing their development. In the emerging economic literature on copyrights the definition of these activities has varied across studies. An influential study for the US (1996) considers a breakdown into core, partial, distribution and copyright-related industries. The core industries are newspapers and periodicals, book publishing and related industries, radio and television broadcasting, cable television, records and tapes, motion pictures, theatrical productions, advertising and computer software and data processing. Partial copyright industries are such as fabric, business forms and architecture. Transportation services and libraries belong to the third type. Finally, related industries produce and maintain equipment used exclusively with copyright material (Computers, radios, televisions and consumer recording and listening devices). The present study is limited to core industries and focused even more narrowly on four activities: book publishing, music recording, the film industry and software development and production.

Analysis of these activities has been so far centered on legal issues, particularly with regard to the protection of copyrights. These issues are very important for the development of these activities, as the following analysis in the Tunisian case will show, particularly for the music industry. However, there are several other important factors such as government policy in areas other than the protection of intellectual property rights, the structure and organization of the market of cultural products and the availability, quality and cost of specialized inputs. There is also a need to assess the contribution of these industries to the national economy. As explained below, this task is not made easy by the paucity of data and by the inadequate treatment of these industries in the National Accounts and household or firm surveys. We will use different statistical sources and aggregates to shed light on this issue, even if the estimates remain rough.

The study is divided in two sections. Section I uses available statistical information to evaluate the contribution of the four industries to the Tunisian economy. Section II addresses the factors influencing the development of these industries. The analysis is structured around the approach in terms of sectoral or national competitiveness, such as it has been developed by M. Porter in his writings (1990), and based on the results of a survey conducted with firms,

artists and on discussions with government officials. The survey involves 30 firms distributed across the four industries.

## **I. The Economic contribution of copyright industries in Tunisia**

Given the paucity of information on the economic contribution of cultural industries in Tunisia, the aim of this analysis is to extract relevant information from alternative data sources in order to shed the maximum of light on this contribution. The following sources are used: household expenditure surveys, production, consumption and trade data from the National Accounts and investment and employment data provided by the Tunisian Investment Promotion Agency. The first two sources do not show separate figures for household expenditures or production of software.

### **I.1. Household expenditure surveys**

The National Statistical Institute conducts an expenditure survey once every five years, detailing the composition of expenditures by type and according to various socio-economic characteristics of the household. Expenditures on leisure and culture, which are lumped together, include the following services and goods purchased by households: art and sport shows: movies, sports, theater, games, culture: magazines, newspapers, books and excursions and leisure instruments: radio, television sets, video, cameras, musical instruments, sport equipment.

Expenditures are not very good estimates of the production or value-added of cultural industries. They include services or goods that belong neither to the core nor to related industries. Services such as sports and excursions do not belong to cultural industries. Furthermore, consumption is not the same as production since part of the former is satisfied by net imports. Lumping together expenditures on cultural services and other leisure services and goods results therefore in overestimating the contribution of cultural industries. However, there is also a downward bias because this aggregate expenditure category does not include the purchase of textbooks and software products.

Table 1- shows the value of these expenditures and their ratio to GDP for three separate surveys done in 1990, 1995 and 2000. The total amount allotted to culture and leisure increase more than twofold between 1990 and 2000, rising from about US\$ 91million to 209 million in nominal terms. The share in total household expenditures rose from 1.56 percent in 1990 to

1.68 percent in 1995 and then declined slightly in 2000 to 1.64 percent. As a proportion of GDP these expenditures are estimated at less than one percent and show a decline from 0.84 percent in 1990 to 0.78 percent in 2000.

**Table 1- Household expenditures on culture and leisure goods and services**

	1990	1995	2000
Culture and Leisure goods & services:			
Total amount in US\$ million	91.3	145.3	208.7
Percentage of total expenditures	1.56	1.68	1.64
Percentage of GDP	0.84	0.85	0.78

Source: Households Expenditures Survey, 1990, 1995 and 2000, Institut National des Statistiques (INS), Tunisia.

**I.2. National Accounts Data: Production, Consumption and Foreign Trade**

National accounts data give production, final consumption and foreign trade for the activities of printing, newspapers and periodicals and production of tapes and CDs. No production data are available separately for the software industry. Production and trade of printed products and recorded tapes and CDs are listed under a manufacturing section called editing, printing and reproduction. This section is in turn broken down into three groups:

- Editing: editing of books, of newspapers, magazines and periodicals and sound recording
- Printing: Printing of newspapers, other printing (presumably of books, etc.), binding and composition
- Reproduction: reproduction of sound recording, videos and of informatics recording.

Our analysis deals with book publishing. Unfortunately, the National Accounts do not show separate data for this activity. The breakdown is into printing of newspapers and periodicals and other printing. It is the latter that corresponds the closest to the book industry, although other printed material may be included. The value of production and trade in printed products other than newspapers and magazines is estimated at about US\$ 74 million for the year 2000

while the ratio of this production to GDP averaged about 0.4 percent over the period 1995-2000 (Table-2). In constant terms, this production almost stagnated. Printed books include school textbooks as well as other types of books. Final consumption is even smaller in relative terms, representing about 0.2 percent of GDP. However, in contrast to production, consumption has increased at the average rate of 3.7 percent over the five-year-period 1995-2000. Compared with newspapers and magazines, other printed products have a value that is twice and a half as large in terms of production and about one and half as large in terms of consumption. The value of production and trade of tapes and cassettes is much smaller, about US million 3.5, in terms of either production or consumption. Total production of printed products and recorded tapes and cassettes is estimated at US\$ 77.5 million, which represents about 0.45 percent of GDP. This production, which barely increased in real terms over the period 1995-2000, has not kept pace with consumption which increased at the annual rate of 4.5 percent during the same period.

**Table-2- Economic Importance of Cultural Industries**

<b><u>Activity</u></b>	<b>Production</b>			<b>Final Consumption</b>		
	Value (2000) in US\$ million	Ratio to GDP (%) (Average) 1995-2000	Annual Growth Rate (1995-2000) in %	Value (2000) In US\$ million	Ratio to GDP (%) (Average) 1995-2000	Annual Growth Rate (1995-2000) in %
Printing	74	0.43	0.08	46	0.22	3.7
Recorded Tapes and cassettes	3.5	0.02	0.4	3.7	0.01	17.2
Printing, Tapes and cassettes	77.5	0.45	0.1	49.7	0.23	4.5
Newspapers & Periodicals	28	0.13	10.3	30	0.14	8.4

Source: Calculations based on National Accounts Data (1995-2000)

Given stagnating production and rising demand the gap is increasingly filled with imports, which increased at the rate of 11 percent per year and averaged a share of over 30 percent of domestic demand during the period 1995-2000. Books (Printed products) represent the bulk of these imports (Table-3). The value of exports of printed products is very small, estimated at about US\$ 3 million in 2000, less than one half of the value of exported tapes and cassettes. It is also worth noticing that the volume of foreign trade in newspapers and magazines has decreased.

**Table-3- Foreign Trade in Cultural Industries**

<b>Activity</b>	<b>Imports</b>			<b>Exports</b>		
	Value (2000) in US\$ million	Import Penetration (In %) 1995-2000	Annual Growth Rate (1995-2000) In %	Value (2000) In US\$ million	Export Propensity In % 1995-2000	Annual Growth Rate (1995-2000) In %
Printed Products	50	29.1	10.8	3.2	3.0	6.3
Recorded tapes and cassettes	3.2	-	14.4	4.4	117.8	-0.2
Printing, Tapes and cassettes	53.2	30.9	11.0	7.6	8.9	2.0
Newspapers & Periodicals	5.1	22.0	-3.0	0.4	3.8	-19.5

Source: National Accounts, National Statistical Institute of Tunisia

Import Penetration Ratio = Imports/(Production + Imports –Exports)

Export Propensity = Exports/Production

### **I.3 Investment and Employment**

Data on total employment and investment in cultural industries are not readily available. However, firms generally report their investment projects to the Tunisian Investment Promotion Agency “API”. Table-4 shows the number of projects, investments and associated employment over the period 1996-2001. Listed activities do not exactly match the classification of our study into book publishing, music and motion picture, but it is not very different from what the study tries to cover. The data of table-4 include dance, theater and TV production, in addition to music, book publishing and cinema. Projects reported to “API” totaled 262 investment projects over the six-year period, about half of which belong to cinematographic, theatrical and TV production. The amount of cumulated investment over this period was over TD 35 million (US\$ 30 million). Compared to total investment in the economy this amount is very small both in absolute and relative terms. In services other than transportation, telecommunications, hotels and restaurants its share is around 1.5 percent. These projects have generated over 1100 new jobs during the same period. However, most of these projects are small, averaging about US\$ 107 000 and 4 employees.

**Table-4- Investment and Employment in Cultural Industries (1996-2001)**

(Cumulated figures over the period 1996 -2001)

Activity	Number of Projects	Total Investment (in TD)	Total Employment	Average size	
				Investment (in TD)	Employment
Music and Dance	29	510 000	169	17 586	6
Cinematographic, theatrical and TV Production	126	28 500 472	78	226 194	7
Projection of social and cultural films				66 798	-
Video recording and film development	80	3 148 994	21	39 362	3
Other cultural	20	2 581 000	78	129 050	4
<b>Total</b>	<b>262</b>	<b>35 208 051</b>	<b>1118</b>	<b>134 382</b>	<b>4</b>

Source: Calculations based on data provided by Agence de Promotion de l'Investissement "API", Ministry of Industry. The figures are related only to music, theater and audiovisual activities. Publishing is not included.

Regarding software activities they are listed in the National Accounts under services provided to firms. They include the following items: Consulting services in computer systems, production of software, data processing, data storage and maintenance and repair of computer equipment. The software industry is not shown separately in the National Accounts. However, changes in its export performance show that it has expanded at a very rapid pace over the last few years. Exports of software and software related services rose from less than US\$ 2.5 million in 1997 to more US\$ 30 million in 2001<sup>1</sup>. The number of firms has also risen significantly, as witnessed by trends in new projects reported to the Tunisian Investment Promotion Agency. For software development and maintenance the number of projects rose from 58 new projects to in 1994 to 122 projects in 2001, or at an average rate of 11 percent per year over the period 1994-2001 (Table-5). Investment increased even faster, at the rate of over 20 percent per year, and reached almost TD 10 million (US\$ 7 million) in 2001, while employment creation accelerated from less than 270 new jobs in 1994 to 800 in 2001 (over 1000 in 2000). The data entering and handling activity expanded at an even faster pace, at over 45 percent per year in terms of investment and employment. In the aggregate, the

<sup>1</sup> Annual Reports of the Central Bank of Tunisia

industry expanded investment from less than less than TD 3 million (US\$ 2.3 million) in 1994 to more than TD 14 million (US\$11 million) in 2001. There are, therefore, signs of a dynamic emerging software industry in Tunisia, even though it has not been able to avoid the effects of the unfavorable international market conditions that have hampered the expansion of the information technology sector. It is also worth mentioning that important as the expansion of this sector may be, investment projects tend to be relatively small, averaging in recent years less than TD 80 000 (US\$ 60 000) and six employees per project. Employment creation in the sector is far from negligible, almost 1200 jobs annually in the last two years or about 1.5 percent of total new employment, but the contribution of the sector to the employment of skilled labor is still limited due to the small size of most firms.

**Table-5- New projects, Investment and Employment in the Software Industry (1990-2001)**

	1994	1998	1999	2000	2001	Growth Rate (1994-2001)
<b>Software development and maintenance</b>						
Number of projects	58	80	115	150	122	11%
Investment (in TD)	2552700	3418500	5633203	9663200	9898250	21%
Employment	266	409	669	1013	800	17%
Average size						
Investment (in TD)	44012	42731	48984	64421	81133	-
Employment	5	5	6	7	7	-
<b>Data Processing</b>						
Number of projects	10	34	39	50	58	29%
Investment (in TD)	281000	619779	4745116	1473180	4432100	48%
Employment	24	91	283	194	319	45%
Average size						
Investment (in TD)	28100	18229	121670	29464	76416	-
Employment	2	3	7	4	6	-
<b>Total</b>						
Number of projects	68	114	154	200	180	15%
Investment (in TD)	2833700	4038279	10378319	11136380	14330350	26%
Employment	290	500	952	1207	1119	21%
Average size						
Investment (in TD)	41672	35424	67392	55682	79613	-
Employment	4	4	6	6	6	-

Source: Calculations based on data provided by Agence de Promotion de l'Investissement "API", Ministry of Industry

## I.4. Trends in Cultural Industries in Tunisia

### Book Publishing in Tunisia

The economic importance of publishing has been analyzed on the basis of the expenditure surveys and the National Accounts. Another approach to gauge its importance is to analyze the numbers of new publications for each year, such as they are reported by the Tunisian Ministry of Culture to UNESCO according to the Universal Decimal Classification (UDC). Table-6 shows the most recent available data for Tunisia and for other countries for the period 1995-1999<sup>2</sup>. The figures of this table, which are the numbers of titles per one million inhabitants, show increasing production of new titles in Tunisia, from 63 titles in 1995 to 133 titles in 1999, yielding an average number of 92 titles and placing Tunisia first among the Arab countries shown in the table, with almost three times as many titles as in Morocco and Egypt. Its production is slightly less than Turkey's but much lower than the production of countries such as Chile or Argentina. Obviously, we should cautiously proceed with these comparisons because new titles are not good proxies for the number of copies of books produced and even less for their value. They indicate, nevertheless, that the publishing activity has been relatively more active in Tunisia than in other Arab countries.

**Table-6- Number of titles per one million inhabitants (1995-1999)**

Country	1995	1996	1997	1998	1999	Average (1995-1999)
Algeria		23			4	14
Egypt	38	32	42	23		34
Jordan	111	118		5		78
Morocco	36	34	49	32	14	33
<b>Tunisia</b>	<b>63</b>	<b>79</b>			<b>133</b>	<b>92</b>
Turkey	104	107	82	147	45	97
Chile	174				96	135
Argentina	262	280	297	332		293

Source: UNESCO, 2002

### Films

---

<sup>2</sup> Data are not reported for all years of the period 1995-1999. Therefore averages do not involve the same years for all countries. Comparisons are made difficult because some countries include textbooks in their new titles while others don't.

Production of Tunisian films has been very low, averaging less than two films per year in the nineties. Co-production with foreign producers is also low and sporadic and there has been only one film co-produced since 1997. The number of films shown in Tunisian cinemas has been declining, from 142 in 1993 to 80 long entertainment films in 2000. American films increasingly dominate the market with their share rising from 55 percent in 1993 to over 72 percent in 2000, even though they have also suffered a downward trend in absolute terms (Table-7-). Egyptian and French movies are way behind, averaging respectively eight and five films in recent years. The decline in short films (mainly documentary) has been sharper, from 20 films in 1993 to only three films in 2000. Tunisian producers have produced very few of these films in the nineties.

**Table-7- Films Granted Visa in Tunisia (1993-2000)**

Type of film	1993	1994	1995	1996	1997	1998	1999	2000
<b>Long</b>	<b>142</b>	<b>130</b>	<b>110</b>	<b>102</b>	<b>109</b>	<b>61</b>	<b>66</b>	<b>80</b>
American	78	74	69	71	83	42	48	58
Egyptian	16	9	8	12	12	9	7	9
French	10	15	10	9	5	4	5	7
Tunisian	2	1	2	2	2	2	1	2
Co-production with Tunisian	2	5	3	2	-	-	1	-
Others	34	26	18	6	7	4	4	4
<b>Short</b>	<b>20</b>	<b>12</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>2</b>	<b>3</b>
Of which Tunisian	-	-	-	-	-	3	1	2

Source: Statistical Yearbook of Tunisia, INS, 2000

Attendance and cinema capacity also shows sharply declining trends. Box office declined from about 1.6 million viewers in 1994 to less than 1.3 million in 2000 (Table-8). Several cinemas outside the capital closed down as a result of the activity slowdown. While the number of cinemas and seating capacity remained more or less constant in the nineties, the number of cinemas declined by about a third in other cities.

**Table-8- Attendance and Cinemas in Tunisia (1994-2000)**

	1994	1995	1996	1997	1998	1999	2000
<b>Attendance</b> (Number of viewers)	1 620 000	1 615 000	1 587 000	1 516 000	1 464 000	1 331 000	1 298 000
<b>Number of cinemas</b>	<b>63</b>	<b>55</b>	<b>54</b>	<b>50</b>	<b>48</b>	<b>48</b>	<b>47</b>
Tunis	15	15	15	15	15	15	14
Other towns	48	40	39	35	33	33	33

Cinema attendance is quite low in Tunisia, even when compared to several developing countries. Annual per capita attendance reached 0.17 in Tunisia, against 0.53 in Morocco, 0.49 in Turkey, 0.46 in Chile, around 1 in Argentina and Korea and almost 3 in India which is the largest film producer in the world. The attendance ratio is higher than two in most developed countries (Table-9). Concerning trends attendance has been generally on the rise in developed countries in spite of the existence of stiff competition from other movie media: free of charge and paid TV, Video, DVD, etc. The fact that new movies are shown in their early lives only in cinemas may be part of the explanation. In most developing countries good new movies are not affordable, which means that rare are those that are shown in the first weeks. This is certainly an important factor but does not fully account for declining attendance. There are several developing countries, such as Argentina, Turkey, Korea and many others, where attendance has in fact risen. Tunisian film producers tend to emphasize the inadequate technical and comfort conditions prevailing in Tunisian cinemas. The sector finds itself in a vicious circle: low attendance, low profitability, therefore little investment in renovation and better comfort. The government has provided some grants for such investment but the financial resources required are far above these grants.

**Table-9- Cinema Attendance in Tunisia and in Other Countries**

	Annual attendance per inhabitant	Attendance Trend
<b>Arab Countries</b>		
Algeria (1997)	0.02	Stable
Egypt (1996)	0.17	-

Morocco (1997)	0.53	Declining
<b>Tunisia (1997)</b>	<b>0.16</b>	<b>Declining</b>
<b>Other Developing Countries</b>		
Argentina (1998)	0.90	Rising
Chile (1998)	0.46	-
India (1998)	2.93	Declining
Korea (1998)	1.09	Rising
Turkey (1998)	0.49	Rising
<b>Developed Countries (1998)</b>		
France	2.89	Rising
Germany	1.81	Rising
Italy	2.08	Rising
Spain	2.81	Rising
United Kingdom	2.29	Rising
USA	4.86	Rising

## **II. Assessment of the Factors Influencing the Development of Copyright Industries: the Results of a Firm Survey**

### **II.1. The Publishing Industry:**

For the book industry the surveyed sample comprises firms involved in editing, production and distribution. There is a wide diversity in age distribution, ranging from over thirty-five years to only three years. Most of these firms are very small with employment varying between two to four and 70 employees and averaging 16 employees, whereas their capital is in the range of 50 000 to 163 000 TD (average 97 000 TD). Thus we have been able to interview only a few firms, most of which are very small. An alternative source is the API Data Bank. For the book publishing activity this Bank includes 21 firms with at least ten employees. The average number of employees is about 36 and capital averages 650 000 TD. Sales have grown for all firms at rates varying between 5 and 30 percent per year.

Concerning performance most firms reported stagnant sales, market shares, employment and profit over the last two years. Most of those recording rising or even stagnant performance with respect to any of these variables are satisfied with their performance.

### **Supply Conditions:**

The industry uses essentially semi-skilled and skilled labor both of which represent about 55 percent of total employment. In large firms the share of unskilled labor does not exceed 10 percent of the total number of employees. Firms are evenly distributed between those that do not have any problem finding the right skills and those that complain about the lack of skilled labor and mid-level staff and report difficulties in meeting their demands for such skills. The latter firms secure training for their employees for those skills, financed by their own resources or by the government. The proceeds of the Vocational Training Tax (Taxe de Formation Professionnelle) can be drawn upon but because of cumbersome administrative procedures of refund, some firms prefer to finance the training of their personnel through their own resources rather than seek government's finance. For all firms the quality of their personnel has a significant impact on their overall performance.

For most firms finance is available but not under adequate conditions. Larger firms tend to secure finance under better conditions than smaller ones and a mix of equity and bank loans is the dominant mode of finance, although some firms have relied exclusively on equity. The conditions of access to bank credit seems to be the most important factor influencing the financing decision with the lack of interest among foreign investors and the legal status playing a secondary role. Overall, the availability and conditions of finance exert an influence that is at least as important as the quality of human resources.

Based on the quality and price criteria, energy and postal services are appreciated by most companies, telecommunications and local transportation are appreciated to a lesser extent, while port, airport and international transportation services are the least appreciated, with 60 percent of the firms reporting dissatisfaction. As expected, these services are deemed important for good performance.

### **Demand conditions:**

For about 60 percent of the firms domestic demand is sufficient. They target essentially high and middle-income level households, although a small proportion, about 15 percent, claim not to neglect the low-income households. For those firms reporting that local demand is insufficient (40 percent), the main reasons given are low income and relatively high prices. These two factors are also the main factors shaping local demand. The level of education and tastes seem to be much less important constraints than income and price. Most companies consider buyers as demanding, although those firms that cater more to the needs of low-income buyers think that they are not as demanding as higher-income buyers. However, almost all firms reported that the buying pattern of home customers do not anticipate the needs of foreign buyers who are in this case buyers in other Arab countries. This is equally valid for firms producing exclusively for the local market, which account for two-thirds of the sample, and for those firms that export part of their output, varying between 15 and 30 percent of their total sales. There are no obvious cases where local tastes for domestically produced books, or even magazines, have been an early indicator of buyer needs elsewhere in the Arab world. As a matter of fact, firms that export do so because they have explicitly targeted foreign markets rather than let domestic demand lead their activity to sales abroad. For non-exporting firms there are unspecified barriers to entry in foreign markets.

**Related and supporting industries:**

More than 80 percent of the book publishing firms are satisfied with their suppliers. However, most firms have not developed any products or inputs jointly with their suppliers or with other firms in the publishing or any other related industry. Of course publishing companies have more or less the same input suppliers since the market for the major inputs is highly concentrated with very few firms accounting for most of printing paper supply, machinery or printing capacity. Coordination and joint efforts are lacking in this area simply because input suppliers are mere intermediaries importing semi-finished goods to which they add very little transformation, if any. However, several firms report mutual assistance by making each one's expertise available to other firms. Inputs such as printing facilities, printing paper are available and no particular shortages have been reported.

Several publishers suffer from high printing costs which are set by oligopolistic firms, most of which are state-owned companies. In addition publishers suffer from the lack of professional book distributors. They have either to do the distribution to bookstores themselves and assume the ensuing financial costs or sell to large bookstores (bookstore chains) which deal,

in turn, with retailers. An important issue that needs to be addressed is why the book distribution activity is not yet developed in Tunisia. Receipts from book sales are distributed among the various agents involved roughly as follows: 35% for the retailer, 15% for the wholesaler and 50% shared by the author, the publisher and the printer.

As regards services such as insurance, legal and financial services, about 60 percent of the publishers think that these services lend strong support to their performance while the others find this support rather weak. For most publishers, universities and research institutes are important for their activity, the main reason being that a large proportion of their publishing involves authors working as university professors or researchers in research centers. They also find the content of specialized magazines and newsletters useful and that advertising and marketing have improved their performance. In contrast, less than 40 percent of the firms find the activities of local associations or any other institutions collecting information and data on publishing relevant and important for their own activity. The overall assessment for most publishers is that related and supporting industries exert a significant influence on their performance with respect to quality of their products, cost and honoring their commitments.

#### **Market structure and strategy:**

The Tunisian publishing market is characterized by a large number of firms but also by the dominant position of a few publishers. More than 75 percent of the firms find the level of competition high to very high even though they recognize the existence of great difficulties for new entrants and the lack of resources and access to credit as the most serious barrier to entry. They feel they are challenged by internal competition rather than by imports, probably because they do not consider the latter as high substitutes for the local publications. Publishers do not consider that foreign firms face any particular barrier to entry. Nevertheless, there is very little foreign presence or partnership with local firms in the Tunisian publishing industry, which may be due to the requirement of prior approval by the Tunisian authorities of any request to set up a publishing business. On competition there is the unanimous view that it is beneficial, putting pressure to improve quality, cut cost and protect market shares. Most of them face it with an active price policy and to a lesser extent with aggressive marketing actions. Managers are also aware of the necessity to seek the development of a long-term strategy but, due to their small size, which is the dominant size, more than two thirds of them report that they do not associate anybody else in drafting and implementing their plans. Only

a few managers consider that their strategies have been the result of internal teamwork while none of those interviewed has involved external expertise.

Most publishers mention the quality of their human resources as their main strength. A few publishers consider that the good quality of their equipment gives them an advantage over their competitors. Frequently mentioned weaknesses are inadequate organization, to which they try to remedy, and lack of financial resources for capacity expansion. However, these weaknesses do not seem to have any negative impact on customers' perception of the products they offer. Most of publishers have set quality improvement and the competition for market shares as main objectives and the overhauling of their management structure and methods as the means to reach these objectives.

Only half of the publishers interviewed claim to have an explicit strategy to protect their intellectual property rights. Again, given their small size most publishers do not have full time staff in charge of IPR strategy while larger firms devote more human resources to this activity. Almost all publishers lack internal legal IPR expertise and use external legal services to address their concerns. Because of the availability of the latter services, more than 80 percent of the publishers do not report any major difficulties in the enforcement of IPRs.

### **Government Policy:**

Over 60 percent of the interviewed firms think that the government has made the required efforts to develop the human resources needed in the sector, which is consistent with their answer to the question whether they faced severe difficulties in finding the right skills or not. Concerning science and technology and infrastructure, the publishers' assessment is generally positive although it is not clear what actions in these areas are specific to the publishing industry. For about 60 percent of the companies the government has encouraged the demand for their publications, essentially through purchases by school and public libraries. It is to be recalled also that the government subsidizes printing paper. Two thirds think that the government has encouraged investment.

There are four forms of support that the Ministry of Culture gives to the publishers: subsidies on printing paper, purchases of cultural books by the Ministry, Support for publishing and prizes for literary and scientific production. The first type of subsidy takes the form of subsidized paper on the basis of limited quotas. Thus publishers do not have unlimited access

to subsidized paper. The second form consists of the Ministry buying a number of copies of books at discount prices with the number set by the Ministry itself. Under the third type of support the Ministry buys 1000 copies of selected books provided the publisher prints at least 2500 copies. Finally, prizes vary between 1000 and 3000 TD for the best publications in various fields.

However 45 percent of the firms interviewed would like to see the government to do more to protect intellectual property rights while more than half think it should be more forceful in competition policy. This assessment is in line with the general state of enforcement of competition law which is unsatisfactory even though the law has been enacted since the early nineties. More than 75 percent of the firms think that the publishing market is still highly regulated even though price control has been lifted, for books other than the ministry of education textbooks, since the late eighties. One obstacle is the cumbersome procedures needed to get the license to publish. Several public institutions are involved, the main ones being the Ministry of Culture and the Interior Ministry.

Firms also consider that trade policy has both liberalized imports and encouraged exports but that no significant actions have been taken to attract FDI to the publishing industry. This industry has not been indeed the target for Tunisia's FDI policy which has focused rather on apparel, footwear and other leather products and electrical auto-parts, all for sales abroad, to the neglect of almost all other manufacturing and other activities serving the local market, including publishing.

### **Expectations:**

In general firms are optimistic on the growth of the industry. About 75 percent of those interviewed expect their sales, market shares and profits to rise over the next two years, 2003 and 2004, with increases in sales ranging from 20 to 50 percent for about a third of the firms. The remaining 25 percent expect a decline in these performance indicators. Most firms are however reluctant to hiring more personnel with no more than 25 percent of them planning to increase their labor force while the remaining firms are equally split between those which expect to reduce it and those which plan to keep it constant over the next two years. The industry seems to count on improvements in productivity, which is likely to lead to a more or less stagnant demand for labor in the publishing business.

## **II.2. The Film Industry:**

### **Performance:**

The sample of firms interviewed comprises producers, distributors and those who are both producers and distributors. Most companies are relatively young and small, both in terms of capital and employment, with the creation of at least one company dating back to the early sixties. The performance of the sector is poor with respect to all indicators. About 60 percent of the firms report declines in sales and profits, 25 percent stagnation and only 15 percent a rise in these indicators over the last two years. Market concentration seems to be stable with each firm maintaining more or less its share in a stagnant market. Because of this performance the film industry has not been a source of employment expansion. This is corroborated by the absence of new hiring by interviewed firms during the last two years. More than two-thirds of these firms are not satisfied with their overall performance.

### **Supply conditions:**

This industry is skill-intensive, employing very little unskilled or little-skilled labor. More than 60 percent of the employees are either technicians or managers and 30 percent are semi-skilled or skilled employees. Firms report difficulties in meeting their needs for highly skilled labor, engineers and managers. However, most of them (60 percent) do not involve their staff in any training program. Those firms participating in training involve only their high-level managers, do not commit any of their own financial resources and secure financing either from the Tunisian government or from foreign sources such as the European Union.

Most firms (about 80 percent) report facing financial constraints making them rely essentially on their own resources. Some of them have financed about half of their investment by bank credit but most of them do not have any bank long-term debt. Some firms, a minority, have benefited from foreign sources, namely the EU, but none of the firms interviewed is in joint venture with a foreign firm. The choice of financial arrangements is restricted due to a lack of interest among foreign firms and to inadequate credit conditions. Overall, both producers and distributors report that their financial conditions have hampered their performance.

Film producers struggle to cover the cost of their works even when they expect relatively high attendance. The cost of a film is generally high and government subsidies cover only a small part of the cost. The following example highlights the difficulties involved. A recent long entertainment film cost TD 500 000 (US\$ 350 000), which is a below average cost for

Tunisian films. The government provided a grant of 40 000 to 50 000 TD. The Television board “RTT” helped with some logistics, technicians, equipment, but negotiations between the two parties took a long time before an agreement is reached. Two French TV stations contributed to financing the film too but the biggest donor was a French Center of cultural film promotion which provided a grant covering 25 percent of the total cost. By the standards of good cinema attendance for both Tunisian and foreign movies, this film was a success, drawing 100 000 box office viewers. Based on a producer’s share of 15 percent of box office receipts, this will yield an income of about TD 30 000, which is a modest income. One other additional source of income for the best films and the lucky producers are the prizes that he may win abroad in film festivals. This example illustrates the financial challenge facing Tunisian film producers.

Financial assistance used to be partly provided by the Ministry of Culture, with “SATPEC”, the state-owned firm holding the monopoly of production and distribution, covering the remaining cost. SATPEC dried out of funds and the national Radio and TV board “RTT” has become since an important support for the production of films through its assistance in kind, in addition to the Ministry of Culture’s grant. Other public institutions, such as the National Tourism Board or the ONAT, bring their support, but not always in a transparent way according to producers. All this local support is, however, not enough, and foreign financial resources are badly needed to make the Tunisian film succeed, according to some well-known Tunisian producers. Some mechanisms may be quite efficient: for-sale to European TV stations, public financing mechanisms available in some EU countries for producers from developing countries, co-production. There are of course conditions to access these funds: good quality work and the credibility of the producing firm. Securing EU finance does not only allow covering cost but also to access the European market and other related markets as well, according to producers (in the case of France almost all the Francophone markets).

Concerning public utilities and transportation services, most firms are satisfied with electricity, postal services, local transportation as well as with port and port services. They are however much less satisfied with telecommunications, which some consider even very unsatisfactory, and international transport.

**Demand conditions:**

The assessment of all firms interviewed is that the domestic demand is insufficient for the sustainability of their activity. This inadequacy is a concern for the distribution of foreign films, which suffer from the competition of highly substitutable alternative media such as video and television, and a deeper concern for both the production and the distribution of Tunisian films. Demand insufficiency has become a structural problem for this industry. Producers see the still low level of education as one of the main factors limiting demand while distributors emphasize the nature of tastes as limiting the range of films they can distribute to movie theaters while securing minimum profitability. Firms consider that income and prices account very little, if any, for the insufficiency of demand. As a matter of fact, they do not target any particular income group, although they consider that the low to very low-income groups are less likely to be less movie-viewers than the higher-income groups. Furthermore, distributors are attentive to the preferences of customers whom they consider as very demanding. For more than half of producers domestic demand anticipates foreign demand. The meaning of this effect is not clear but should have some relevance for the Arab film market both in other Arab countries and among the Arab population living in Europe. This conjecture is corroborated by the main motivation of exporting firms, which make up half of the producers interviewed and which claim to target and take integrate in their strategy Arab markets abroad in addition to the domestic market. For non-exporting producers the main constraint is the high level of competition that prevails in foreign markets.

**Related and Supporting Industries:**

More than 80 percent of the producers and distributors interviewed report that they have reliable suppliers but that their relationship is limited to the buyer-supplier one with no product or service developed jointly between the two parties, contrary to the horizontal cooperation that several firms report they engage in, including pooling their expertise to develop common products. In addition, difficulties are encountered in finding appropriate specialized inputs used by the industry. Almost all firms are aware of the importance of the related and supporting industries for their performance.

Concerning services such as insurance, legal services, universities and research centers and business associations, most firms consider that they have generate little value-added to their performance, in contrast to advertising and other forms of marketing which are considered important for the expansion of sales.

**Market Structure and Strategy:**

At the production stage the market is characterized by a large number of firms with a very few companies holding together a dominant position. At the distribution stage the number of operators is smaller but no single distributor dominates the market. Overall, most firms consider competition as relatively moderate, even though all firms interviewed consider that market entry by new firms is a difficult task and that there are serious barriers to entry such as high fixed costs and very cumbersome administrative procedures. Foreign firms face additional barriers to entry, which restrict their market share in terms of both production and distribution. Almost all firms report that competition has a positive influence on their behavior and performance and none of them considers it as inducing negative effects.

Working with an explicit strategic plan is not widespread in the industry. Only half of the firms interviewed claim to have developed such a plan either by the manager himself or by using external expertise. No internal strategic teamwork is reported and most firms do not seem to have well thought out objectives. Some producers have set for themselves the objective to maximize the number of films in order to revitalize an industry facing a serious risk of decline. Some of these producers have argued that they have the means to face this challenge, such as highly performing workshops conducive to creative production, even though they report the need for major improvements in skills. Some distributors have also argued that they hold an important advantage over alternative media which is their high quality choice of films, enabling them to respond to the tastes of highly demanding customers.

Even though most firms consider that competition in the Tunisian domestic market is moderate they tend to engage in targeted advertising in order to keep or expand their market shares. For producers the most relevant competition is not that which may exist between local films but rather the tough challenge coming from imported films. Even though producers find this challenge very difficult to meet, they try to upgrade their activity, mainly through improvements in techniques which are one of the pillars of the success of film making in the world.

The protection of IPRs does not seem to be of much concern for most firms interviewed. For producers piracy of their own work is not yet a serious issue since the Tunisian film is not the object of illegal video or DVD use. As for distributors of foreign films piracy is an issue that

goes much beyond the range of films shown in movie theaters and its monitoring would be too costly for them. Distributors recognize that compliance with copyrights legislation is important for their activity but that it is the government's job to secure such compliance.

### **Government Policy:**

Most firms recognize that the government has been forthcoming in helping the industry develop needed skills even though they consider that the lack of specialized skills is one of the main weaknesses inhibiting the development of film production in Tunisia. They also consider that the government has made appreciable efforts in building appropriate infrastructure. However, for half of the firms interviewed public policy has been short on incentives to stimulate investment in an industry considered in decline.

State subsidies to the film industry, including production of both for long entertainment and short documentary films averaged about US\$ 750 000 annually during the period 1990-1998. The state provides its support through different channels. If the application for financial support is approved the Ministry of Culture grants a subsidy of up to TD 240 000 (US\$ 180 000) for each long entertainment film. The Tunisian Agency for the Promotion of Audiovisual Production provides an additional subsidy covering 10 percent of the production cost. Public Television brings an additional support mainly in kind, making its equipment and technical skills available to the producer. The film industry also benefits from fiscal incentives: exemption from the value-added tax and from import duties on imported equipment, reimbursement of training cost and exemption from social security taxes for the first five years of employment. The investment incentive law also provides a ten-year tax holiday proportional and duty-free imports of inputs proportional to exports. Grants are also allocated periodically for the renovation of cinemas. In 1995 31 cinemas located outside the capital received a total of about US\$ 620 000 and in 2001 Tunis cinemas were allocated the equivalent of about US\$1 250 000 for improvements in the technical and comfort conditions.

As stated earlier there is still not enough interest among both producers and distributors in the protection of copyrights. There is almost no reaction to the question as to whether the existing legal system is adequate or not. Most firms do not either a position on whether the government has done enough or not to foster competition in the industry. Again, anti-

competitive practices are not an urgent issue for producers. Most firms also consider that the industry is still very regulated.

Concerning foreign trade all firms consider that imports have been liberalized even though that this policy is not feared as a threat to local films. The government has also encouraged exports, which is recognized as a positive contribution by almost all firms interviewed. It is also acknowledged by most of them that it has tried to attract FDI to the industry even though the results have so far fallen short of expectations.

### **Expectations:**

No more than half of the producers and distributors have high expectations concerning their sales and profits over the next two years. Most of them expect their employment to stagnate. Firms having optimistic expectations think that their sales abroad both in Arab and in other countries will be on the rise.

### **II.3. The Software Industry:**

The activities in which the firms interviewed are engaged in are the production and distribution of software, the production of websites as well as training. Some of these firms are subsidiaries of multinationals founded as early as the beginning of the twentieth century but most of them are very young, created after 1994 and many of them as late as the years 2000 and 2001. Their size varies widely from very small units employing between five and seven employees to much larger firms with almost two hundred employees, with an average staff of thirty. Capital varies widely too, from 1 million TD to less than 20 000 TD.

### **Performance:**

The sector has been dynamic with most firms reporting high growth in the last years, which is confirmed by the rapid expansion of investment and employment analyzed in Section I. More than 80 percent report higher sales and rising or constant market shares in the last two years. About 50 percent have increased employment while the other 50 percent have kept it constant. These favorable changes have been accompanied by rising productivity and thus a higher degree of competitiveness. Profits have also been on the rise for more than 60 percent of the firms interviewed while less than 20 percent reported declining profits. Overall, most firms interviewed are quite satisfied with their performance.

**Supply conditions:**

The software industry is highly intensive in skills and employs essentially engineers, high-level technicians and managers. These categories make up on the average 90 percent of the total number of employees. Given rising unemployment among university graduates, even with computer skills, and the high skill intensity of this industry, its development can significantly help alleviate this problem. The right skills are, however, not always found and some of the interviewed firms have reported difficulties in having their demands met for high-level managers and technicians. In contrast to other cultural industries, most firms (more than 85 percent) seem to be keen on improving the quality of their staff through appropriate training, financed mostly by their own resources and supplemented in some cases by government resources. The quality of human resources is considered one of the key factors in securing success.

The development of this industry has been relatively rapid but about 40 percent of the firms interviewed have complained about the inadequacy and the restrictiveness of the finance conditions. Capital is mostly equity-financed with the debt-equity ratio averaging about 30 percent and only half of the firms using both equity and bank credit. The small share of credit is due to stringent conditions imposed by banks, particularly with regard to collateral while some firms have tried but did not succeed in getting foreign firms interested in joint ventures. For one third of the firms interviewed performance has suffered from restrictive financial conditions.

**Demand conditions**

For more than 60 percent of the sample's firms demand is sufficient regardless of whether they export or not. The whole industry is in fact in a relatively early stage of its development and the use of specialized and adapted software by Tunisian firms is still limited. Those firms facing demand constraints invoke mainly the superiority of their technology, combined with high prices, as a factor limiting domestic demand. Some of the local and foreign products are targeted to high to middle-income customers but targeting aims rather at firms, mainly banks and other financial institutions as well as large industrial and other service companies. Public enterprises such as the Electricity and Gas Company and the Post are particularly targeted. All

customers, be they households or firms, are considered as very demanding. However, according to the firms interviewed they tend to follow rather than anticipate changes in demand and new products appearing on foreign markets.

Tunisian software producers have recently had a strong orientation towards foreign markets. Software exports have risen from an insignificant amount as recently as 1997 to more than US\$ 23 million in 2001. More than two-thirds of the interviewed firms export a significant share of their output, varying between 30 and 80 percent of their total sales. As stated earlier, domestic demand for personalized software is concentrated in the financial sector and among large public enterprises, which has so far reduced domestic opportunities. Software producers have therefore targeted foreign customers both in EU countries and in some Arab countries as well, both to respond to their specific needs and to benefit from economies of scale for products developed initially for the local market. Firms with no export experience lack competitiveness and find it extremely difficult to penetrate foreign markets due to much stronger competition than in Tunisia. The main factors shaping demand are, according to interviewed firms, technological superiority and quality. These firms recognize also that all these demand conditions: size, attitude of their customers and opportunities abroad exert a significant influence on their performance.

**Related and supporting industries:**

The quality of input supply does not hamper the development of the film industry, although highly specialized and up to date equipment for film production and cinemas is not always readily available. Almost all producers, who share almost the same suppliers, and distributors are satisfied with their suppliers, even though most of them do not develop any product jointly with them. There is however a tendency to pool expertise and engage in co-production actions although more often between local and foreign producers than between the local producers themselves. The best know producers think that the prospects are not very bright for the Tunisian film outside a strategy of co-production with foreign producers.

Regarding services such as insurance, legal and financial services, the assessment varies widely between adequacy and insufficiency. Firms also have relations with institutions such as universities, and business associations, but they consider these relations as weak at best. In contrast, they report that marketing and advertising, which are costly, are of paramount

importance, before the appearance of a new film on the market and in the first week or so of its appearance.

### **Market Structure and Strategy:**

Since the number of films produced in Tunisia is very small, market structure in production does not have much meaning. However, out of the 35 registered firms in the production activity only three to four of them are active. The concentration ratio in cinema ownership is also high with three to four owners accounting for the bulk of existing capacity. Film development and montage are also held by a state-owned monopoly, the “Gammarth Laboratories”. Still, for about half of the interviewed firms<sup>3</sup>, there are no dominant firms in a market they consider involving a large number of firms, and according to the majority of firms there is competition, albeit moderate.

There is a consensus among both producers and distributors that entry to the market is difficult and that there are serious barriers to entry into the sector, the most restrictive of which are high fixed production and marketing costs and the paucity of distribution channels. Foreign firms are also constrained in their presence in Tunisia, the obligation being for nationals to hold the majority. Due to such restrictions, foreign participation has been very low.

Not all firms have a strategic approach to their activity. About 40 percent work without designing a clear strategy. For those with strategy it is the manager, sometimes with the help of an external expert, who designs it. In general, firms are worried about the future of the film industry in Tunisia and according to some producers and distributors maximizing the number of films produced or broadcasted would be one way to revive it. Technical improvements for some producers and a better selection of movies for some distributors should also help towards the regeneration of the sector. Furthermore, given the importance of marketing for the film, most firms have reported aggressive advertising actions. Foreign films dominate the local market, mainly American films which make up over 70 percent of the films broadcast annually in Tunisian cinemas. Domestic producers do not therefore compete among themselves but with imported films that are produced with incommensurable resources.

---

<sup>3</sup> The sample of firms comprises firms producing series for the TV channels as well as advertising spots.

Once again Producers consider marketing and distribution as very important and that the first impressions viewers get are crucial for the success or failure of a new movie. A good advertising campaign is thus important before the first show and during the first weeks.

For some producers the Tunisian film cannot be profitable unless it is exportable because the local market is too small and cannot cover more than 10 percent of the cost. The main factors that make a film exportable or not are artistic and technical qualities and a marketing strategy. One strategy put forward is to sell the film abroad on the basis of the script, before it is produced, or to seek joint venture or co-production so as to provide the film with two or several nationalities. One serious pitfall of the film production in Tunisia is that producers get to the final stage without having thought through a marketing strategy.

### **Government Policy**

The government has helped the industry to develop skills, through local training and the subsidization of training abroad and the beneficiaries think that this contribution has helped the industry. They also think that the government has adequately invested in infrastructure. On the other hand, about a third of them find that the government policy has been short of stimulating local demand which has been steadily declining since the early nineties. Half of the firms also find that public policy has not stimulated investment, perhaps because the funds needed for film production or for upgrading cinemas are far above available grants. Concerning competition there is obviously no competition policy dealing specifically with the film industry but there is not a single case involving this industry that has been brought before the Tunisian Competition Authority since its creation in 1991. Half of interviewed firms report however that the government has not stimulated domestic competition. In addition, price setting is not free in principle, as ceilings are set for each category of cinemas. In practice, however, prices are more or less unregulated, even though the decline in attendance has imposed severe limits on prices cinemas can charge. As stated previously, Tunisian films face competition from foreign films. There are no quotas on imports but distributors are required to contribute to the production of national films, proportionately to their imports. For interviewed firms these are not considered as restrictions on imports. For producers, government policy to promote exports has been generally positive, with financial support to participate in film festivals as the main policy instrument. About two-thirds of the firms have also reported that the government has stimulated foreign investment in the industry, although

very little tangible FDI has been recorded. The ownership constraint may account for this lack of success but other factors may also be involved.

### **Expectations**

Given the poor performance of the industry in terms of local film production and cinema attendance, it is no surprise that producers and distributors are not optimistic about future sales and profits, although some of them predict a rise in their sales in other Arab markets. They also expect employment to decline or at best to stagnate in the industry<sup>4</sup>.

### **II.4. The Music Industry**

Since the survey was done mainly with a small number of singers and composers and only two recording firms, the firm format of the questionnaire is not appropriate. That is why the qualitative assessment of the state of the music industry in Tunisia is more important and instructive than quantitative analysis.

#### **Performance**

In principle the music recording process involves writers, composers, singers, producers and distributors. In Tunisia music recording turns around the singer who takes most of the risk involved. He is often the producer and the distributor as well. We do not find the specialization that generally exists in developed countries and in some other developing countries such as Egypt. Songwriters do not derive their income mainly from writing songs. Their song writing skills procure them some pecuniary benefits but their main occupation is generally elsewhere. The composer is generally an instrumentalist who earns his living by other activities such as performing in restaurants, cabarets, etc.

Production and recording local songs are generally not profitable and very few of such songs are indeed recorded. Most performers are not even interested because they can earn much more through concerts, mainly in the summer season public festivals or private ceremonies. While there are singers who record their new songs and finance recording through their own means they tend to do it mainly for prestige or in order to have some visibility abroad, particularly in Egypt in the hope of finding profitable opportunities there<sup>5</sup>.

---

<sup>4</sup> Producers of television series and advertising spots have optimistic expectations, Contrary to film producers or distributors.

<sup>5</sup> A similar behavior is found in editing where some writers commit their own resources to publish their own works, even if they find great difficulties in selling them. There are

### **Supply Conditions**

Music is an activity intensive in talents, specialized technical, managerial and marketing skills. As previously stated recording original songs has low profitability, but the few recording companies and distributors try to address the problem of inadequate supply of high-level technicians by financing training through their own resources. Regarding finance firms have varying degrees of access to funds but artists, singers and composers, report that banks are very reluctant to provide them with loans in an activity they are not used to finance and which they consider not profitable. Firms as well as artists report also that foreign firms are not interested in investing in the industry while artists benefit from modest financial assistance from European cultural institutions.

### **Demand Conditions**

For artists demand in the organized market is very inadequate and does not encourage creativity. The issue is essentially one of how to organize and monitor compliance with copyrights laws. Artists with socio-political messages find that demand is limited for cultural reasons and some other artists think that demand is constrained by low incomes, but the main reason mentioned is inadequate organization of the industry. Tunisians are also considered demanding customers, although many performers recognize that they do not pay enough attention to their preferences due to the poor prospects of profitability in the local market. Those who aspire to commercial success prefer targeting the foreign Arab markets, especially the Egyptian market, even though very few artists end up succeeding in those markets.

### **Supporting and related industries**

Singers and composers are not always satisfied with the quality of equipment and of the technical skills involved in music recording in Tunisia. Some artists prefer recording their works in European countries, particularly in France where technicians are believed to have a better adaptive capacity than some Tunisian technicians who, they argue, have greater difficulties in adapting their services and lack the technical means to respond to the specific needs of the artist. Singers and composers recognize that the cost of European recording is

---

“unrecognized” poets who are willing to spend as much as 4000 to 5000 TD to produce CDs that they end up distributing to their friends free of charge.

higher than in Tunisia but on occasions, such as international festivals, they receive subsidies from French municipalities and cultural organizations.

In any case many singers and composers think that recording studios are not cheap and not easily affordable, given poor market prospects. Studios charge TD 240 (US\$ 180) per hour of use for recording songs. In order to record a CD a singer or a group of musicians need five hours. In addition, instrument players, a minimum of five, need to be hired at about 150 to 200 TD per player. With the new technology music can accompany the singer electronically and the need for instrument players is not as important as it used to be. Still artists consider that the sales prospects do not justify the required cost.

Regarding finance credit is considered expensive and often inaccessible. Artists commit their own funds and occasionally seek, in addition to government support, the assistance of foreign institutions such as the British Council and the French Cultural Council.

### **Market Structure and Strategy**

The music recording and distribution industry was a state monopoly until the early eighties. In the sixties and seventies the Tunisian Radio and Television Board “RTT” used to produce works of artists according to contracts signed between the two parties. The first distribution firm, “Ennaghem”, was set up in the seventies as a subsidiary of “RTT” and was the first firm to produce records in Tunisia. It was granted the monopoly of reproduction while the Tunisian Radio and Television “RTT” continued to hold the recording monopoly. Ennagem then started producing tapes around the years 1977-78, a few years after tapes appeared on the international market (around 1972-73). When “Ennaghem failed and went bankrupt in the mid- eighties, newly created private firms took over the market. However, many of these firms have closed down in recent years due to very insufficient demand, others are currently experiencing great difficulties and are even under the threat of bankruptcy, while only one or two firms largely dominate the market and are even selling the products of competitors in financial distress.

Musicians are not organized such as in Egypt where the musicians’ union is very strong, owing its prestige to former chairpersons who were the most famous singers not only in Egypt but in the whole Arab world. The union protects local performers from foreign competition, by charging a levy of only 15 percent on the receipts from a concert by Egyptian performers

as opposed to 40 percent of the receipts of a foreign concert. The only other Arab country coming close to having a strong union defending performers is Lebanon.

.Artists have IPR problems among themselves. Singers do not always respect the composers and the writers' rights. Some Tunisian famous composers have even stopped composing for any singer because their copyrights have been violated and the legal costs to defend them quite high.

The volume of foreign trade in music has remained low. Empty tapes and cassettes are generally imported with some assembling made in Tunisia. Pirated CDs do not have the same quality of sound as the original ones. They are copied while the original ones are stamped and produced out of moulds. There are very few Tunisian songs that are recorded and reproduced legally, generally abroad, and sold by few distributors.

### **Government Policy**

Artists report that government financial support to music has been rather limited. The main subsidies come occasionally in the form of purchases by the Ministry of Culture of quantities of recorded tapes or CDs. In addition, a state-owned center of performing arts is made available for rehearsal.

According to some musicians, the role of the Ministry of Culture was more pro-active in the first half of the eighties than it is today. The Government used to levy an alcohol tax to subsidize cultural works. The Ministry's discourse has changed since then, emphasizing that culture in general and music in particular must be commercially profitable and stand, to a large extent, on its own feet. In order to succeed, this strategy requires, according to artists, a firm stand on protection of copyrights and a market much larger than the Tunisian market .

In addition to sporadic purchases of tapes and cassettes new form of government support have been developed. Musicians can apply for the Ministry of Culture support for recording. If the application is accepted the Ministry takes in charge up to the full recording cost. Higher training in music is also provided by the state. There are three higher education music schools in the three main cities of Tunis, Sousse and Sfax. Students aspire mainly to become music high school teachers where the needs are great and where government and EU funds are expected to strengthen the teaching of arts at school over the next several years. Other students aspire to be themselves performing artists.

Musicians claim that the conditions required to deposit any original work are not always easy to meet. An artist needs to have five certificates of official performance in order to aspire to the protection of copyrights. Even the official public radio and television board, the RTT, often refuses to deliver such a certificate of a performance done under its auspices. The RTT does not always have the same strict interpretation of the implications of the copyrights law as the copyrights owners. The situation in Tunisia is still far from that prevailing in developed countries where radio and television stations are under the regulators' surveillance and are obligated to comply with copyright laws.

**Conclusion (to be completed)**

**References (to be completed)**