

The Economic Contribution of Copyright-Based Industries in Lebanon

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1. Executive Summary

There is a growing trend in international research demonstrating that the economic contribution of copyright-based industries is becoming increasingly important.

Copyright-based industries, according to the World Intellectual Property Organization (WIPO), are industries engaged in the creation, production and manufacture, performance, broadcast, communication, exhibition, or distribution and sales of works and other protected subject matter. WIPO also recognizes that the economic impact can relate to both core copyright industries (those producing goods that are copyright protected) and non-core copyright industries (those that support or are inter-related to core copyright industries). WIPO distinguishes between four sectors of copyright-based industries; core, interdependent, partial, and non-dedicated support copyright-based industries. The core and interdependent industries contribute 100 percent to GDP and employment while the partial and non-dedicated contribute to a lesser extent to GDP and employment figures. The latter two sectors are assigned copyright factors according to their reliance on copyright.

This study considers the total economic contribution of copyright-based industries to the Lebanese economy in 2005 in terms of their value added, contribution to GDP, share of employment, and share of foreign trade. Moreover, the nine sectors that constitute the core industries are studied in depth; Press and Literature, Motion Picture, Music, Arts and Visual Graphics, Photography, Radio and Television, Software, Advertising, and Copyright Collecting Societies.

The press and literature sector in Lebanon has the potential to maintain its commanding position in the region. The strength of the publishing industry lies in the diversity and high quality of products in three languages. The few dominant companies in this sector rely on their export capacity with most of their revenue generated from the sale of school textbooks, dictionaries, religious publications and books aimed at the general public.

Lebanon is certainly one of the countries with the greatest potential for developing a significant film industry especially with all the resources at its disposal such as education, availability of human resources and input. This sector however has been stagnant for a while mainly due to the difficulty of securing financing and strong competition from the US and Egyptian markets.

The music industry in Lebanon is one of the more flourishing sectors with its pool of talent, availability of professionals, and the excellent reputation of its musicians. This sector however suffers from a high level of piracy.

The software sector is an important part of the Lebanese economy. The Lebanese are known to possess the necessary knowledge and professionalism, and to offer high-quality products and services. However, the software industry is suffering from economic slowdown, restricted markets, intense local and regional competition, a brain-drain, lack of a coherent IT policy and incentives from the government, and a high level of piracy. The outlook for the industry in Lebanon depends primarily on the economic recovery of the country, clearly-defined government policies, an ongoing training and education program and the export potential of Lebanese companies.

The study reveals that the copyright industries contribute around US\$1,044 million to GDP with 53.31 percent generated from the core industries. 49,666 workers are employed in the copyright-based sectors with around 46.44 percent in the core industries. The copyright industries contribute 4.75 percent of GDP

and 4.49 percent of employment. The core industries contribute 2.53 percent of GDP and 2.11 percent of employment. The interdependent, partial, and non-dedicated support industries contribute around 0.71 percent, 0.62 percent, and 0.89 percent of GDP and 0.73 percent, 0.7 percent, and 0.95 percent of employment respectively.

The core copyright industries generated US\$555.52 million of value added. This value added is generated from the nine sectors that are made up as follows; Press and Literature (29.8 percent), Music, Theater, Opera (13 percent), Motion Pictures and Video (11.6 percent), Radio and Television (13.3 percent), Photography (1.8 percent), Software and Databases (15.3 percent), Visual and Graphic Arts (9.1 percent), Advertising (6.1 percent), and Copyright Collecting Societies (0.1 percent).

There are 6,236 operators in the core industries employing 23,364 workers. The workers are distributed among the nine core sectors in the following manner; Press and Literature (39.42 percent), Music, Theater, Opera (10.27 percent), Motion Pictures and Video (11.74 percent), Radio and Television (16.66 percent), Photography (1.99 percent), Software and Databases (10.51 percent), Visual and Graphic Arts (5.99 percent), Advertising (3.38 percent), and Copyright Collecting Societies (0.03 percent).

2. Introduction

Intellectual property activities act as a powerful driver for economic growth in Lebanon. The country offers highly educated, skilled and motivated individuals with a strong capacity to develop businesses, generate revenues, and promote investments in various fields of IP.

The creation of knowledge greatly depends on the protection of intellectual property. Property rights are defined as the ability of individuals to own, buy, sell and use their property in a market economy. Copyright protects the form of expression of ideas only, not the ideas themselves. Copyright products and goods have important social and cultural functions, but they also make significant economic contributions by generating economic value.

This study concentrates on copyright-based industries and their impact on the economy through their value added, contribution to GDP, their share of employment and of foreign trade. Copyright protects creative works such as a writer putting words on paper, a photographer taking a picture on film, or a software designer creating a code. Related rights include rights of performing artists, rights of television and radio broadcasters, rights of producers of phonograms, and rights of producers of motion pictures.

The ability to exploit the economic values related to the work or other subject matter is important for the rights holders of protected material. Some protected material, such as literary works, phonograms or computer software can be copied and reproduced relatively easily. Moreover, the growth of the Internet has made it possible to distribute works rapidly and extensively at little or no cost. Copyright protection is needed to ensure that the creator of a work or the rights holder of other subject matter is rewarded for the exploitation of the work or other production. By creating legal safeguards for protected material and by enforcing these protective legislative measures, laws, and legal enactments, nations can transform the development of copyright industries into important business sectors.

There is a growing trend of research demonstrating the increasing importance of the economic contribution of copyright-based industries and their impact on the Lebanese economy. These industries are major contributors to the country's GDP, employment, and foreign trade.

In 2003, WIPO published the *Guide on Surveying the Economic Contribution of the Copyright-Based Industries* to provide a methodology for measuring and assessing the impact of these industries on the development of the economy.

WIPO has defined copyright-based industries and grouped them into four main categories by extent of reliance on copyright activities. Copyright-based industries, according to WIPO, are industries that are engaged in the creation, production and manufacturing, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subjects. It should be noted that the economic impact is not only from the core copyright-based industries, it could also be from other related industries such as interdependent, partial, and non-dedicated support industries.

The following table sets out types of works protected under most national copyright laws:

Category	Sub-categories
Literary works	Novels, short stories, poems, dramatic works and any other writings irrespective of their content, length, purpose, form, and whether published or unpublished...
Musical Works	Songs, choruses, musicals, operettas...
Artistic works	Drawings, paintings, sculpture...
Maps and technical drawings	Cartographic, plans, blueprints, diagrams, electrical and mechanical drawings
Photographic works	Portraits, landscapes, current events...
Motion pictures or cinematographic works	Silent or with soundtrack, irrespective of their purpose, genre, length, method employed, technical process used...
Computer programs and databases	Either as literary work or independently

3. Objective

Lebanon is the first country in the Middle East and North African Region to conduct a survey on the economic contribution of copyright-based industries and to evaluate the economic role of copyright-based industries in the national economy.

This study aims to evaluate qualitatively and quantitatively the performance of the copyright industries and the main problems these industries are currently facing.

The study assesses the impact of copyright industries on the national economy of Lebanon; quantifying the economic contribution of these industries in terms of their value added to the country's GDP as well as their contribution to employment and revenue generated from foreign trade.

The study also analyzes and elaborates on selected copyright based-industries of importance to Lebanon in terms of their national market structure, value chain, supply and demand patterns, labor market, policy framework, support from the public and non-governmental organization sector including the role of collective management societies and other copyright-related organizations, financing mechanisms, etc.

Finally, the study aims to propose an improved policy framework, strategy, and institutional interventions for the protection, development, and growth of this creative sector.

4. Methodology

In order to assess the economic impact of copyright based industries, the study will adopt WIPO's methodology and measure the economic contribution of industries in terms of four basic indicators:

- **Output** of all copyright-based industries
- **Gross Value Added** of all copyright-based industries in value and as a percentage of total GDP
- **Employment** in all copyright-based industries in value and as a percentage of total national employment
- **Foreign Trade** in major core copyright industries in value and as a percentage of total national foreign trade

4.1. Data Collection

The selected year for the survey is 2005 since it is the most recent year with comprehensive data. Despite political disturbances, this year could be considered as an adequate base period for the study.

The Central Administration of Statistics (CAS) used to publish the global statistics of the Lebanese economy including the GDP aggregates. These publications were interrupted by the 1975-1990 war and did not resume until the late 1990s. In fact, the Presidency of the Council of Ministers published the series of GDP aggregates for the period 1996-2004 between 2004 and 2007.

The GDP figures for the period 1996-2005 were computed using general estimates rather than detailed data. Therefore, the GDP figures could not be used as the basis for the study, but served as fundamental indicators to estimate the impact of the creative industries on the Lebanese economy. Hence, the data needed for the study had to be compiled from various sources.

The prime source was statistics collected and computed from tax declaration records by the Ministry of Finance.

The data collected from the Ministry are not made public and do not aim to compute GDP aggregates since the database covers only the turnover, the number of operators, and the number of employees and does not provide the value added by sector of activity. Moreover, the available data accounts only for the formal registered operators who declared their activities in 2005 and excludes informal or non-declaring operators. It should be noted that although this system contains rich and useful data; it is still in the early stages and is being progressively improved. Therefore, this source of information could provide a solid base for future updating of similar studies.

To enhance and adjust the collected data from the Ministry of Finance, the figures were revised and completed from other sources and publications. The main sources include Lebanon's economic accounts statistics for 2003 and 2004 published by the Presidency of the Council of Ministers, the Industrial Survey published in 2000 by the Ministry of Industry, studies conducted by the Ministry of Culture, figures from trade associations, NGOs and estimates from international organizations.

The missing and incomplete data, and specifically the ones related to value added, were computed through estimates, observations, surveys, interviews, focus groups, benchmarking and reference studies.

Two questionnaires have been designed for surveying companies and professionals in order to improve and confirm available data and to determine the appropriate level of economic contribution attributable to copyright industries.

A combination of numerical methods and intuitive qualitative analysis was utilized to derive copyright factors for the non-dedicated support industries where information and data are poor. Factors from previous studies were adopted and adjusted to reflect the characteristics of the Lebanese economy.

4.2. Classification System

The industrial classifications employed in the study are fully compliant with the International Standard Industrial Classification (ISIC) classifications suggested in the WIPO Guide. In fact, the data collected from the Ministry of Finance and the Central Administration of Statistics (CAS) in Lebanon is based on the ISIC classifications.

For more accuracy and to avoid double counting, the study utilized the 6-digit ISIC codes mainly for the core and interdependent copyright industries.

For the foreign trade of core products, the figures are based on the Harmonized System (HS) trade classification used by the Lebanese customs authorities rather than the classification of economic activities.

4.3. Estimation Issues

The problem of availability of reliable and complete data in developing countries such as Lebanon should be highlighted as any researcher must face the challenge of determining the accuracy of the measurable parameters.

Accurate estimates are almost impossible to make, mainly because statistics relating to GDP, value added, employment and income distribution by sector are meager and disaggregated in Lebanon. Difficulty in estimating could be mainly attributed to the following reasons:

- The identification of industries and their activities as relevant to copyright-based industries is not well defined.
- The number and importance of industries vary across time.
- A high number of informal activities in the cultural sector are not accounted for in official data compilations.
- Various seasonal cultural events executed on a part-time basis are not included in global statistics.
- Performers are not involved in their cultural occupation full-time and therefore their copyright-based activities are not reflected in the national accounts.
- Freelance activities carried out for other countries in the region, mainly the Gulf area, are not reflected in the available data. The volume of these activities is rapidly increasing due to their economic boom.

As the estimate of copyright-based industries is expanded to cover non-core copyright industries, data becomes less reliable. In fact, there is a trade-off between completeness and reliability. As suggested by WIPO, a conservative approach was adopted where estimates were needed in order to maintain credibility in findings, even though this may result in understating the importance of copyright-based industries for the Lebanese economy.

5. Defining the Copyright-Based Industries

The activities and industries which produce creations protected under copyright law and the industries that utilize such products are important economic factors that should be assessed as they generate value added.

WIPO has defined copyright-based industries and categorized them according to the extent of their reliance on copyright. WIPO has identified four main categories and 29 industries.

Creations and works protected by copyright do not carry equal weight in the different sectors of the economy. There are industries that are almost totally based on copyright-protected creative works (literature, music), while in other sectors copyrighted creations are only partly represented (the clothing industry, the jewelry industry) or have no role to play at all (machine-tool manufacturing).

The methodological guide published by WIPO distinguishes the following main categories of copyright-based industries depending on the extent of reliance on copyright. The four industries are core copyright industries, interdependent copyright industries, partial copyright industries, and non-dedicated support industries.

5.1. Core Copyright Industries

Core copyright industries are industries that are wholly engaged in the creation, production and manufacture, performance, broadcast, communication and exhibition, or distribution and sales of works and other protected subject matter.

Without copyright, core industries would either not exist or would exist in a different form. Therefore, for core industries **100 percent of the value added** is assigned as the copyright contribution to the national economy. Only that share of the distribution industry which is entirely dedicated to distributing copyrightable materials is included in the core copyright industries. These industries are classified into nine separate categories such as press and literature, music, theater and opera, motion picture and video industries. The following table displays the core copyright industries.

ISIC Codes			
Core Copyright Industries			
Press and Literature	Authors, writers, translators	9214	Dramatic arts, music and other arts activities
		7499	Other business activities (for translation and interpretation)
	Newspapers	2212	Publishing of newspapers, journals and periodicals
	News and feature agencies	9220	News agency activities
	Magazines/ Periodicals	2212	Publishing of newspapers, journals and periodicals
	Book publishing	2211	Publishing of books, brochures and other publications
	Cards and maps, directories and other published materials	2219	Other publishing
	Pre-press, printing, and post-press of books, magazines, newspapers, advertising materials	2221	Printing
		2222	Service activities related to printing
	Wholesale and retail of press and literature (book stores, news stands)	5199	Wholesale of other household goods
		5299	Other retail sale in specialized stores
	Libraries	9231	Library and archives activities
Music, theatrical productions, operas	Composers, lyricists, arrangers, choreographers, directors, performers and other personnel	9214	Dramatic arts, music and other arts activities
		9219	Other entertainment activities
		9249	Other recreational activities
	Printing and publishing of music	2213	Publishing of music
	Production/manufacturing of recorded music	2230	Reproduction of recorded media
	Wholesale and retail of recorded music (sales and rental)	5233	Retail sale of household appliances, articles and equipment
		7130	Renting of personal and household goods
		5199	Wholesale of other household goods
	Artistic and literary creation and interpretation	9214	Dramatic arts, music and other arts activities
	Performances and allied agencies (booking agencies, ticket agencies)	9214	Dramatic arts, music and other arts activities
Motion Pictures and Video	Writers, directors, actors, etc.	9214	Dramatic arts, music and other arts activities
	Motion picture and video production and distribution	9211	Motion picture and video production and distribution
	Motion picture exhibition	9212	Motion picture projection
	Video rentals and sales including video on demand	7130	Renting of personal and household goods
		9211	Motion picture and video production and distribution
	Allied services	2230	Reproduction of recorded media
Radio and Television	National radio and television broadcasting (companies)	9213	Radio and television activities
	Other radio and television broadcasters	9213	Radio and television activities
	Independent producers	7499	Other business activities (for translation and interpretation)
	Cable television (systems and channels)	6420	Telecommunications
	Satellite television	6420	Telecommunications
	Allied services	9213	Radio and television activities
Photography	Studios and commercial photography	7494	Photographic activities
	Photo agencies and libraries (photo-finishing labs should not be included)	2222	Service activities related to printing
		7499	Other business activities (for translation and interpretation)
		9231	Library and archives activities
Software and Databases	Programming, development and design, manufacturing	7221	Software publishing
		7229	Other software consultancy and supply
	Wholesale and retail prepackaged software (business programs, video games, educational programs, etc.)	5151	Wholesale of computers, computer peripheral equipment and software
	Database processing and publishing	7240	Database activities and on-line distribution of electronic content
		7230	Data processing
Visual and Graphic Arts	Artists	9214	Dramatic arts, music and other arts activities
	Art galleries and other wholesale and retail	9214	Dramatic arts, music and other arts activities
	Picture framing and other allied services	7494	Photographic activities
	Graphic design	9214	Dramatic arts, music and other arts activities
		7499	Other business activities (for translation and interpretation)
Advertising Services	Agencies, buying services (the price of advertising should not be included)	7430	Advertising
Copyright collecting societies	Copyright collecting societies	9112	Activities of professional organizations

5.2. Interdependent Copyright Industries

Interdependent copyright industries are industries that are engaged in the production, manufacture and sale of equipment whose function is wholly or primarily to facilitate and support the creation, production or use of works and other protected subject matter. TVs, radios, and musical instruments are examples of the seven interdependent copyright industries.

- Core interdependent are dependent on the availability of copyrighted works. (e.g., TV and TV programs)
- Partial interdependent comprise facilitation equipment. They are linked to multi-purpose technological devices that have other uses outside the use of copyrighted works and other protected subject matter.

The following table shows the interdependent copyright industries.

Interdependent Copyright Industries			
Core interdependent	TV sets, radios, VCRs, CD Players, DVD players, cassette players, electronic game equipment, and other similar equipment	3230	Manufacture of television and radio receivers, sound or video recording or reproducing apparatus, and associated goods
		5139	Wholesale of other household goods
		5233	Retail sale of household appliances, articles and equipment
		7130	Renting of personal and household goods
	Computers and equipment	3000	Manufacture of office, accounting and computing machinery
		5151	Wholesale of computers, computer peripheral equipment and software
		7123	Renting of office machinery and equipment (including computers)
	Musical instruments	3692	Manufacture of musical instruments
		5139	Wholesale of other household goods
		5233	Retail sale of household appliances, articles and equipment
Partial Interdependent	Photographic and cinematographic instruments	3320	Manufacture of optical instruments and photographic equipment
		5139	Wholesale of other household goods
		5239	Other retail sale in specialized stores
		7129	Renting of other machinery and equipment
	Photocopiers	3000	Manufacture of office, accounting and computing machinery
		5159	Wholesale of other machinery, equipment and supplies
	Blank recording material	2429	Manufacture of other chemical products
		5152	Wholesale of electronic and telecommunications parts and equipment
		5233	Retail sale of household appliances, articles and equipment
	Paper	2101	Manufacture of pulp, paper and paperboard
		5149	Wholesale of other intermediate products, waste and scrap
		5239	Other retail sale in specialized stores

5.3. Partial Copyright Industries

Partial copyright industries are industries in which a portion of the activity is related to works and other protected subject matter and may involve creation, production and manufacture, performance, broadcast, communication and exhibition or distribution and sales. These are comprised of 10 industries such as furniture, jewelry, games, and architecture.

5.4. Non-Dedicated Support Industries

Non-dedicated support industries are industries in which a portion of the activity is related to facilitating broadcast, communication, distribution or sales of works and other protected subject matter, and whose activities have not been included in the core copyright industries. The three industries in this category are wholesale and retail, transportation, and telephony and Internet.

The following table shows the non-dedicated support industries.

Non-dedicated Support Industries			
Non-dedicated Support Industries	General wholesale and retail	51	Wholesale trade and commission trade, except of motor vehicles and motorcycles
		511	Wholesale on a fee or contract basis
		513	Wholesale of household goods
		515	Wholesale of machinery, equipment and supplies
		519	Other Wholesale
		52	Retail trade, except of motor vehicles and motorcycles, repair of personal and household goods
		521	Non-specialized retail trade in stores
		523	Other retail trade of new goods in specialized stores
		525	Retail trade not in stores
			General transportation
601	Transport via railways		
602	Other land transport		
61	Water transport		
62	Air transport		
630	Supporting and auxiliary transport activities		
6301	Cargo handling		
6302	Storage and warehousing		
6303	Other supporting transport activities		
6304	Activities of travel agencies and tour operators; tourist assistance activities		
6309	Activities of other transport agencies		
641	Post and courier activities		
6411	National post activities		
6412	Courier activities other than national post activities		
	Telephony and the Internet	6420	Telecommunications
		7240	Database activities and on-line distribution of electronic content

6. The Copyright Factor

The copyright factor is a percentage ratio expressing the share of copyright activities in a given industry; the figure indicates the extent of reliance of an industry on copyright. This indicator can take on values between 0 percent and 100 percent; products that are totally reliant on copyright take on a copyright factor value of 100 percent, whereas products that have no connection with copyright have a copyright factor value of 0 percent.

In order to obtain the value added, output, and the number of employees of copyright-based activities, the copyright factor is multiplied by the value added, output, and number of employees in the industry under study.

The value of the copyright factor in the core and interdependent copyright industries is 100 percent; economic activities in them depend in a fundamental way on copyright protection.

In order to determine the copyright factors for the Lebanese partial and non-dedicated industries, the copyright factors applied primarily by the US, Singapore, Latvian, and Hungarian studies have been utilized. These factors have been adjusted to reflect the specifics of the Lebanese economy.

Lebanon	
	Copyright Factor
Core Copyright Industries	
Press and literature	100%
Music, theatrical productions, opera	100%
Motion pictures and video	100%
Radio and television	100%
Photography	100%
Software and databases	100%
Advertising	100%
Copyright collecting societies	100%
Interdependent Copyright Industries	
Manufacture of TV sets, radios, VCRs, CD players, DVD players, cassette players, electronic game equipment, and other similar equipment	100%
Manufacture of computers and equipment	100%
Manufacture of musical instruments	100%
Manufacture of photographic and cinematographic instruments	100%
Manufacture of photocopiers	100%
Manufacture of blank recording material	100%
Manufacture of certain types of paper	100%
Rental of certain consumer goods	100%
Wholesale and retail of interdependent copyright industries	100%
Partial Copyright Industries	
Apparel, textiles and footwear	2.00%
Jewelry	25.00%
Furniture	5.00%
Household goods, china and glass	2.50%
Wall coverings and carpets	2.50%
Toys and computer games	50.00%
Architecture, engineering, surveying	10.00%
Museums	50.00%
Wholesale and retail of partial copyright industries	6.00%
Non-dedicated Support Industries	
General trade	3.80%
General transportation, storage, communication	4.10%

7. Legal Framework

7.1. Milestones in the Development of Copyright Laws in Lebanon

The Ottoman Law on Privileged Works, enacted on September 11, 1872, was the first law to protect literary and intellectual property rights in Lebanon. During the French Mandate, High Commissioner General Weygand issued Resolution No. 2385, dated January 17, 1924, which regulated the literary and artistic property issues under Article 7, and thus, cancelled the Ottoman Law.

On June 28, 1934, the French Commissariat issued Resolution No. 141/L.R. aimed at implementing the Berne Convention for the Protection of Literary and Artistic Works in all states in the Middle East under French Mandate, including Lebanon. When Lebanon became independent, it joined the Berne Convention on September 30, 1947, and ratified its modifications introduced in Paris in 1971.

On March 1, 1943, the first Lebanese Criminal Code was promulgated. It set out in Articles 722 to 729 the penal sanctions for the infringement of literary and artistic property rights and the crime of piracy.

On July 17, 1959, Lebanon joined the Universal Copyright Convention (UCC) adopted in Geneva in 1951, in order to protect the intellectual property rights of Lebanese authors in countries which were not at that time parties to the Berne Convention, mainly the US and the Soviet Union.

On June 26, 1962, Lebanon signed the Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations. However, this Convention did not become effective in the Republic of Lebanon until May 12, 1977, when it was ratified by the Lebanese Parliament.

Copyright and related rights in Lebanon remained regulated by Resolution No. 2385/1924, the Berne Convention, the Rome Convention, the Universal Copyright Convention and the Lebanese Criminal Code until 1999, when Law No. 75/99, on the Protection of Literary and Artistic Property, was issued. It cancelled Articles 137 to 180 of Resolution No. 2385 and Articles 722 to 729 of the Lebanese Criminal Code. The promulgation of the 75/99 Law was considered a significant achievement for the Lebanese legislative authority, for it produced a modern law to protect literary and artistic property 300 years after The Statute of Anne, the first intellectual property law in the world, issued in England in 1710.

On November 20, 2006, the Lebanese Government signed the Trade and Investment Framework Agreement with the US Government, which is the latest agreement in this field. This agreement has highlighted the intentions of both countries to encourage investment and trade in several fields including intellectual property.

It is noteworthy that Lebanon, although a member of WIPO since 1986, has not joined the WIPO Copyright Treaty (WCT), nor the WIPO Performances and Phonograms Treaty (WPPT), (known as the WIPO Internet Treaties) regulating the digital exploitation of copyrights. Legal amendments are currently being made to the 75/99 Copyright Law for Lebanon to sign the WCT and WPPT.

7.2. Legal Protection of Copyright and Related Rights in Lebanon

The new Copyright Law encompasses most of the legal principles and articles mentioned in the treaties and conventions relating to copyright and related rights to which Lebanon adheres. Moreover, this law regulates new issues that were not stipulated before in internal law, such as the protection of computer programs and data bases, the protection of television and radio broadcasting, especially through cable, and the organization of collective management for copyright and related rights. In general, the current Lebanese legislative framework for copyright and related rights is sufficient to protect these rights, provided it is implemented and enforced in a serious and effective manner by all authorities concerned.

The protection of copyright in Lebanon is based on the following nine main principles:

1. Automatic protection: A work is protected in Lebanon from the moment of its creation, without the need for the creator to carry out any formalities, make any deposit or proceeding, or pay any fee, contrary to the texts of the UCC and the Rome Convention.
2. The comprehensiveness of protection: The law protects every creation of the human mind regardless of its value, importance or purpose and the mode or form of its expression.
3. National treatment: Works originating from one of the states party to the Berne Convention, the Rome Convention, the Universal Copyright Convention, or the Arab League, must be given the same protection as that which Lebanon provides to its nationals for their works.
4. The independence of protection: Works are protected in Lebanon, regardless of the existence of protection in their country of origin.
5. Exclusive rights: Copyright and related rights holders shall have the exclusive right to decide on the divulgation and exploitation of their works. They shall have the sole right to define the manner and conditions of such exploitation and they shall have the exclusive right to authorize or prohibit the use, adaptation, sale, lease, distribution, recording, printing, fixation, translation, performance, modification, broadcasting, transmission or communication to the public of their works in any form.
6. The prohibition of assigning moral rights: This principle aims at protecting the authors – the weakest party in contracts – from inadvertently conceding their moral rights to other contractual parties. Any assignment or concession by the author of his moral rights, whether before or after finishing the work, is considered invalid.
7. The formal condition in contracts: Contracts related to the exploitation of copyright must be drawn up in writing; otherwise such contracts shall be invalid. Contracts should also set out in detail the rights assigned and the duration and territory of this exploitation. They should also state that the author will receive a share in the revenues from this exploitation which must be in favor of the author who will retain all rights that were not expressly mentioned in the contract.
8. The prohibition of assigning future works: The anticipated assignment by the author of his future works shall be considered as void. The objective of the principle is to protect the author from conceding in advance any future creations or works to another contractual party.

9. The restricted application of exceptions: Although legal texts set out some exceptions for the use, in specific cases, of copyright and related rights without the author's consent and without paying him any fee, this use is based on strict conditions that must be respected, otherwise such use will be considered an infringement of copyright.

In addition to the above-mentioned principles, several internal laws have been issued to further protect other aspects of copyright and related rights. The most important being the following:

1. **Customs Protection:** The law prohibits the exportation, importation and stocking of counterfeited works, or any other goods considered to be an infringement of copyright.
2. **Protection through Collective Management:** In accordance with the international principles set out above, the new copyright law lays down the rules for collective management in Lebanon. It allows copyright and related rights holders to establish and join companies and associations to manage their rights, license their works and collect royalties arising out of such exploitation.

There are two collective management societies for copyright and related rights:

- a) **SACEM:** The French Society of Authors, Composers and Music Publishers, SACEM, which has managed the collective rights of Lebanese authors since 1942 through its agency in Beirut where Lebanese authors and composers have joined and become members of the main company in Paris. SACEM manages their works and protects their rights in Lebanon and other countries that have signed mutual representation agreements with SACEM.
- b) **The Lebanese Association For The Production Of Sound Recordings:** With regard to the collective management of related rights in Lebanon, a new association has recently been founded in Beirut to manage the rights of the producers of sound recordings, under the name: The Lebanese Association for the Production of Sound Recordings. However, this Association has not yet started operating due to the absence of regulatory texts.

One of the major gaps existing in the current copyright law is the absence of implementing texts regulating the establishment and operation of collective management bodies in Lebanon. Such texts were to be issued in a decree adopted by the Cabinet, pursuant to the suggestion of the Minister of Culture and Higher Education, within three months from the publication of Law 75/99 in the Official Gazette, i.e. on July 13, 1999, at the latest. Such decree has not yet been issued and the Ministry of Culture is presently working toward the preparation and issuance of this measure.

3. **Regulation of TV and Radio Stations:** Law No. 382, dated November 4, 1994, regulates the establishment and operation of the audiovisual media in Lebanon. This Law prohibits the importation, manufacturing, installation or use of any TV or radio station or transfer of any of their equipment without first obtaining a license from the Cabinet after consultation with the National Council for Audiovisual Media.
4. **Protection through Avoidance of Double Taxation Agreements:** Although Lebanon has not joined the Multilateral Convention for the Avoidance of Double Taxation of Copyright Royalties (signed in Madrid on December 13, 1979), the Lebanese Government has signed agreements to avoid double taxation with 32 countries. The first agreement was signed with France in 1963 and the most recent with Turkey in 2006.

These agreements aim at exempting Lebanese copyright and related rights holders subject to taxation for the exploitation of their works outside Lebanon, from paying taxes again in Lebanon and vice-versa.

5. Protection of Performers: Performers in Lebanon enjoy legal protection under Law 75/99 and the Rome Convention, drawn up in 1961. According to these texts, performers hold the exclusive right to allow or prohibit the broadcasting or communication to the public of their unfixed performances on any tangible material, in addition to selling and leasing recordings of their illegally-fixed performance.

7.3. Enforcement of Copyright and Related Rights in Lebanon

When joining the Berne Convention and the Universal Copyright Convention, Lebanon pledged to take all necessary measures to guarantee sufficient and effective protection of the copyright and related rights holders in literary, scientific and artistic works. Hence, the new Copyright Law set out the enforcement measures to protect these rights and defined the sanctions in the event of any infringement.

1. Enforcement Measures under Existing Laws:

(a) Following the lead of all developed countries, the Lebanese Copyright Law considers the infringement of copyright and related rights a criminal act sanctioned by imprisonment for a maximum period of three years and a fine of US\$33,333 that could be doubled in the event of a recurrence. Hence, the imprisonment period under Lebanese law is the longest of all Arab countries.

(b) In addition to criminal sanctions, the Law obliges the infringer to pay fair compensation for the material and moral damages caused to the copyright or related rights holder, as defined by the courts, according to several elements, including: the commercial value of the work, the damage caused to the rights holder, the loss of profit, and the material profit enjoyed by the infringer.

(c) In parallel with the original sanctions, i.e. imprisonment, a fine and compensation, the Lebanese courts impose collateral sanctions according to the nature of the infringement and the infringer. They vary from the destruction of counterfeit copies and all equipment and machines used in their manufacture, the closure of the production facilities, the location, the commercial outlet, and the TV or radio station which infringed the copyright for a period of one week to one month.

Article 97 of the Copyright Law imposes the implementation of compulsory secondary sanctions in the sentence pronounced in infringement cases such as posting the details at places designated by the court and publishing the sentence in two local newspapers designated by the court at the expense of the infringer. In the event that the convicted party represents a newspaper, a magazine or a radio or television station, the sentence must be published in newspapers, magazines or broadcast on radio or television stations belonging to it.

(d) In order to facilitate the seizure of counterfeit works, Lebanese copyright law has expanded the working scope of the Judicial Police, by bringing the employees of the Intellectual Property Protection Office sworn in to that effect under the auspices of the police and customs officials. These employees shall perform their duties pursuant to an order or a mandate issued by the Public Prosecutor or the Intellectual Property Protection Office. Suspect products may be seized, inventoried and sampled wherever they are found.

(e) As for complaints against the copyright infringer, they can be made either upon the request of the copyright or related rights holder suffering damage, or the Public Prosecutor, or the Head of the Intellectual Property Protection Office. In these cases, a criminal complaint is filed against the infringer, who is then charged. At a preliminary stage, the Judicial Police officers launch an investigation into the infringer, who is then referred to the competent court to be judged and sentenced if found guilty.

2. Practical Obstacles facing the Recourse to the Judicial Authorities:

Copyright and related rights holders face many practical and material difficulties and challenges when resorting to the Lebanese judiciary. Some are related to judicial measures, others to the slowness of the investigation procedures, in addition to unfair compensation imposed by the courts:

(a) The first obstacle is usually the necessity to appoint a lawyer to represent the plaintiff in court, which assumes the ability to settle the lawyer's fees and the high judicial expenses incurred during the period of the trial.

(b) Criminal courts in Lebanon take a relatively long time to reach a sentence; legal action taken against copyright infringers often takes up to five years before the handing down of a final sentence.

(c) The stage that precedes the court hearing, i.e. the investigation and charge, can be difficult. In fact, filing a criminal complaint with the Public Prosecutor and referring it to the Judicial Police and police forces, in order to investigate it, takes at least one to two months. Meanwhile, the defendant has enough time to remove any trace of his infringement. In addition, offenders are frequently aware of a forthcoming raid by security officers, and thus have enough time to cover their tracks and disappear.

(d) The awarded compensation is not always equivalent to the damage caused and is not mandatory. This is why the author may refrain from resorting to the court in order to prevent the infringement of his rights at a future date.

(e) When the counterfeit products are not seized and inventoried, the author is unable to precisely define their value in order to prove the damage caused to him and the subsequent loss of profit. This leads to a sharp reduction in the awarded compensation.

(f) The judicial decisions do not provide for custodial sentences; they only impose fines and lay down the amount of compensation to be paid (other than in very rare cases).

3. Absence of Formalities in Lawsuits:

In the event of an infringement, the copyright or related rights holder shall immediately resort to judicial means and request cessation of the infringement and punishment of the offender, even without having deposited the infringed work at the Intellectual Property Protection Office.

4. Legal Preventive Measures:

Lebanese copyright law allows copyright and related rights holders to request that all preventive and precautionary measures be taken in order to prevent the infringement of their rights before the event, and to halt it after such infringement occurs. In such cases, they shall revert to the Judge of Expedited Matters to request a decision pursuant to their demand without calling the defendant, in order to prevent or cease the infringement of their rights. In addition, the law permits the plaintiff to request the court to provide for temporary measures while looking into the legal formalities, such as keeping the seized articles, inventorying them and appointing an official receiver for them.

The Court of Expedited Matters in Lebanon has responded to many requests presented by copyright or related rights holders in cases relevant to the violation of their rights. Among these violations were the infringement of the rights of TV broadcasters, authors and composers, sound recording producers, photographers and societies for the collective management of the rights of authors and composers. The majority of these decisions were issued with a compulsory fine applicable if they were not implemented of up to US\$50,000 for each violation. However, the temporary status of such a measure is not enough to prevent the infringement of copyright, for these decisions contain neither civil obligations nor criminal sanctions.

Several decisions have been handed down by the Lebanese courts ordering the cessation of copyright infringement with compulsory fines of up to US\$50,000 for each violation.

5. Judicial Sentences and Sanctions in Infringements:

Works that are most often pirated in Lebanon are sound recordings, movies, video games, books, publications, computer programs and broadcasts. Criminal courts have started to take into consideration the damage caused to authors and the seriousness of the crime when convicting the infringer. Infringers are being sanctioned by heavy fines which have recently reached US\$150,000. This reflects the intention of Lebanese authorities to fight piracy and protect copyright.

Several judges in Lebanon are now following developments in copyright issues throughout the world. Some of them are even becoming specialists in these matters, which allow rights holders to defend their rights in the courts and receive adequate compensation.

6. The Procedures of the Judicial Police:

In September 2005, a unit specialized in fighting intellectual property crimes affiliated to the Directorate of Internal Security Forces was set up and started work in March 2006. In that year, the unit undertook 500 seizure operations during which it seized 30,000 music cassettes, 50,000 music CDs and 80 machines for copying CDs.

There is no doubt that such steps effectively help to fight piracy and infringement of copyright in Lebanon. However, it is still essential to develop such units by increasing the number of officers and granting them wider prerogatives and powers in order to act faster and independently to investigate such crimes.

8. The Contribution of Copyright-Based Industries to the Lebanese Economy

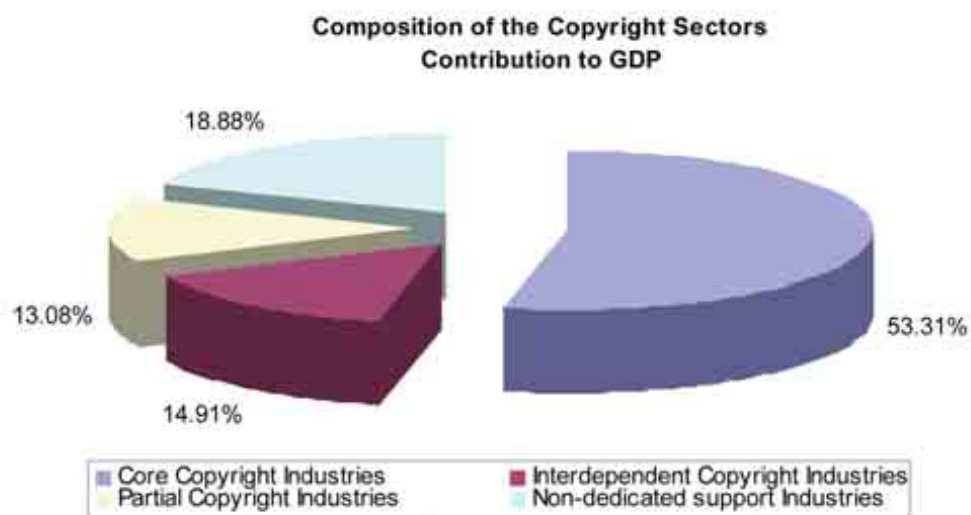
The creative sector has today firmly established itself as a vital component of the Lebanese economy, contributing substantially to its growth and social and cultural development. Data provide solid evidence of the growing importance of the creative industries, which are deeply rooted in copyright protection. These industries are at the same time generating wealth, creating jobs and promoting trade.

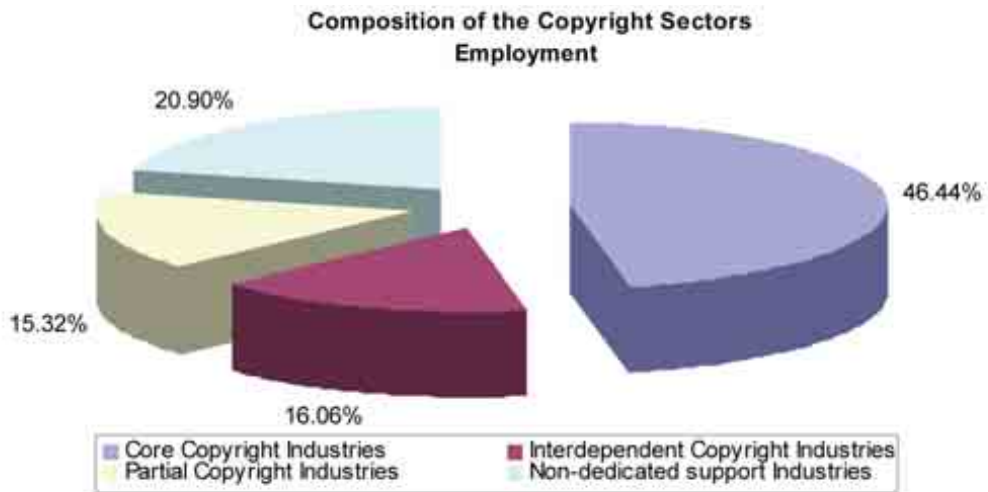
The industries as mentioned above are composed of four sectors; the core, interdependent, partial, and non-dedicated sectors. Core industries constitute the largest sector whether through contribution to GDP or employment of workers.

8.1. Composition of Copyright Industries

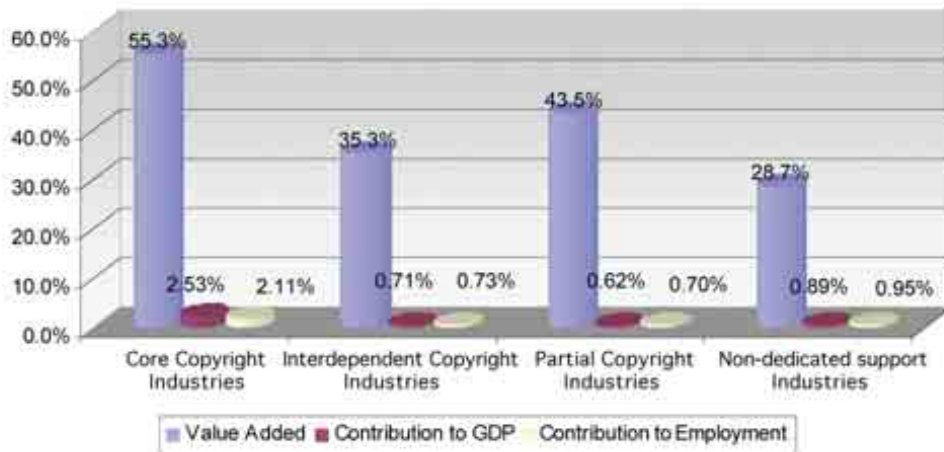
The copyright industry contributes around US\$1,044 million to the Lebanese GDP estimated at US\$21,987 million in 2005. The core industries represent 53.31 percent of the copyright industries' value added, the interdependent industries 14.91 percent, the partial industries 13.08 percent, and the non-dedicated support industries 18.88 percent.

There are 49,666 full-time workers and this includes employees and the self-employed. Workers in IP activities are distributed as follows: 46.44 percent, 16.06 percent, 15.32 percent, and 20.9 percent in the core industries, the interdependent industries, the partial industry, and the non-dedicated support industries respectively.





8.2. Contribution of Copyright Industries



The core copyright industries' turnover is estimated at US\$1,005 million, generating a value added of 55.3 percent and contributing around 2.53 percent to GDP. These core industries employ around 23,364 workers on a full-time basis and consequently contribute 2.11 percent to employment.

The interdependent industries generate a turnover of US\$440 million with a 35.3 percent of value added, and contribute around 0.71 percent to GDP and 0.73 percent to employment.

The turnover of the partial industries is around US\$4 billion generating 43.5 percent of value added equivalent to US\$1,740 million. The average copyright factor of the different activities of this sector is around 7.8 percent contributing around US\$136 million, which is equivalent to a 0.62 percent contribution to GDP. When this copyright factor is applied to the number of workers in the partial sector, it shows that 7,709 employment opportunities are created, constituting 0.7 percent of total employment in Lebanon.

As for the non-dedicated support industries, the total turnover in 2005 reached US\$17,762 million with a value added representing US\$5,094 million. For these activities, the copyright factor shows an average of 3.9 percent representing a US\$196.7 million contribution to GDP that is equivalent to 0.89 percent. Extrapolating this copyright factor to employment in the non-dedicated support industries results in almost 11,000 full-time opportunities, equivalent to 0.95 percent of total employment in Lebanon.

Table 1: Contribution of Copyright Industries to GDP

Industry	Turnover		Value Added		Contribution to GDP	
	In million dollars	In million dollars	%	Copyright Factor %	In million dollars	%
Core Copyright Industries						
Press and literature	373.4	165.8	44.4%	100%	165.8	0.75%
Music, theatrical productions, opera	125.5	72.3	57.6%	100%	72.3	0.33%
Motion pictures and video	107.3	64.4	60.0%	100%	64.4	0.29%
Radio and television	124.0	73.8	60.0%	100%	73.8	0.34%
Photography	18.5	9.8	53.0%	100%	9.8	0.04%
Software and databases	129.0	85.1	66.0%	100%	85.1	0.39%
Visual and graphic arts	71.9	50.3	70.0%	100%	50.3	0.23%
Advertising	58.0	33.8	58.0%	100%	33.8	0.15%
Copyright collecting societies	0.5	0.4	80.0%	100%	0.4	0.00%
Total	1'005.2	555.5	55.3%	100%	555.5	2.53%
Interdependent Copyright Industries						
Manufacture of TV sets, radios, CD players, DVD players and similar equipment	4.0	2.4	60%	100%	2.4	0.011%
Manufacture of computers and equipment	5.0	3.0	60%	100%	3.0	0.014%
Manufacture of musical instruments	0.8	0.5	65%	100%	0.5	0.002%
Manufacture of photographic and cinematographic instruments	1.0	0.6	60%	100%	0.6	0.003%
Manufacture of certain types of paper	1.5	0.75	50%	100%	0.8	0.003%
Rental of certain consumer goods	15.5	9.3	60%	100%	9.3	0.042%
Wholesale and retail of interdependent copyright industries	365.4	138.9	38%	100%	138.9	0.632%
Total	446.0	155.4	35.3%	100%	155.4	0.707%
Partial Copyright Industries						
Apparel, textiles and footwear	321.3	146	45.3%	2.5%	3.6	0.02%
Jewelry	270.9	108	40.0%	25.0%	27.0	0.12%
Furniture	165.0	74	45.0%	5.0%	3.7	0.02%
Household goods, china and glass	254.0	119	47.0%	2.5%	3.0	0.01%
Wall coverings and carpets	80.0	36	45.4%	2.5%	0.9	0.00%
Toys and computer games	3.0	2	50.0%	50.0%	0.8	0.00%
Architecture, engineering, surveying	670.0	570	85.0%	10.0%	96.9	43.58%
Museums	15.0	9	60.0%	50.0%	4.5	0.02%
Wholesale and retail of partial copyright industries	2221.1	677	30.5%	5.3%	36.0	0.16%
Total	3'999.4	1'740.3	43.5%	7.8%	136.4	0.62%
Non-dedicated Support Industries						
General trade	13'890.7	3'481.0	25%	3.8%	131.3	0.60%
General transportation, storage, communication	3'868.6	1'612.6	42%	4.1%	65.4	0.30%
Total	17'762.1	5'093.8	28.7%	3.9%	196.7	0.89%
Total Copyright Based Industries	23'206.7	7'545.0	32.5%	4.5%	1'044.1	4.75%
Total of National Economy					21'987.00	

Table 1: Contribution of Copyright Industries to Employment

Industry	Operators	Contribution to Employment	
		workers	%
Core Copyright Industries	No.		
Press and literature	2'578	9'210	0.83%
Music, theatrical productions, opera	1'237	2'400	0.22%
Motion pictures and Video	852	2'743	0.25%
Radio and television	110	3'892	0.35%
Photography	255	465	0.04%
Software and databases	527	2'456	0.22%
Visual and Graphic Arts	630	1'400	0.13%
Advertising	51	790	0.07%
Copyright collecting societies	1	8	0.00%
Total	6'241	23'364	2.11%
Interdependent Copyright Industries	No.	workers	%
Manufacture of TV sets, radios, CD players, DVD players and similar equipment	30	190	0.02%
Manufacture of computers and equipment	40	480	0.04%
Manufacture of musical instruments	5	55	0.00%
Manufacture of photographic and cinematographic instruments	3	70	0.01%
Manufacture of certain types of paper	12	65	0.01%
Rental of certain consumer goods	210	690	0.06%
Wholesale and retail of interdependent copyright industries	1'419	6'530	0.59%
Total	1'719	8'080	0.73%
Partial Copyright Industries	No.	workers	%
Apparel, textiles and footwear		300	0.03%
Jewelry		474	0.04%
Furniture		310	0.03%
Household goods, china and glass		197	0.02%
Wall coverings and carpets		39	0.00%
Toys and computer games		69	0.01%
Architecture, engineering, surveying		2'884	0.26%
Museums		79	0.01%
Wholesale and retail of partial copyright industries		3'359	0.30%
Total		7'709	0.70%
Non-dedicated support industries	No	workers	%
General trade		8'024	0.72%
General transportation, storage, communication		2'489	0.22%
Total		10'513	0.95%
Total Copyright Based Industries		49'666	4.48%
Total of National Economy		1'109'000	

Note: Operators include establishments and individuals
 Workers include employees and the self-employed

8.3. Foreign Trade

The available official statistics are on visible trade and the import and export of goods like books, paintings, equipment, etc. rather than on invisible earnings like services from live performances or revenues from the film or music publishing industries.

The core activities imports are around US\$68.6 million constituting 0.73 percent of total national imports.

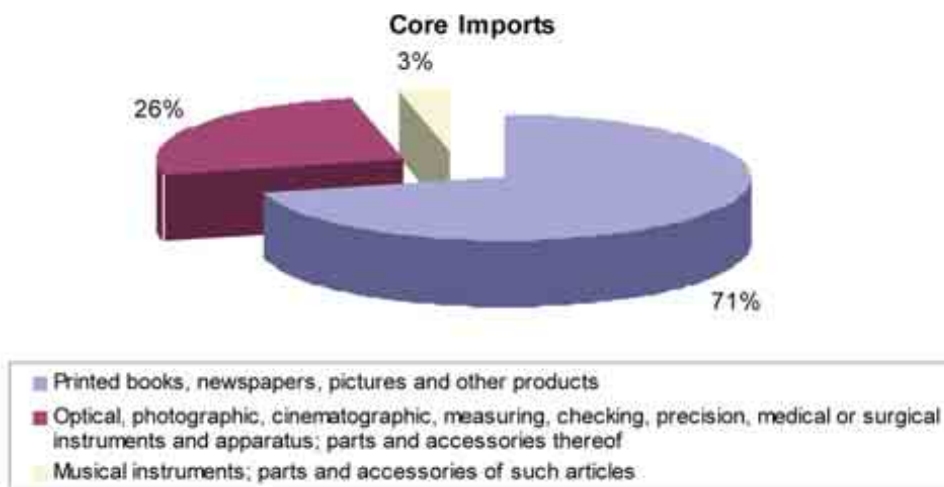
The core exports amount to US\$36.6 million constituting around 1.95 percent of total exports.

Exports and Imports in thousand USD	Import	% Total	Export	% Total
Printed books, newspapers, pictures and other products	48'711	0.52%	35'930	1.911%
Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus; parts and accessories thereof	17'572	0.19%	634	0.034%
Musical instruments; parts and accessories of such articles	2'333	0.02%	69	0.004%
Total Copyright-Based Industries	68'616	0.73%	36'633	1.949%
Total National Economy	9'339'859	100.00%	1'879'764	100.00%

Core Imports

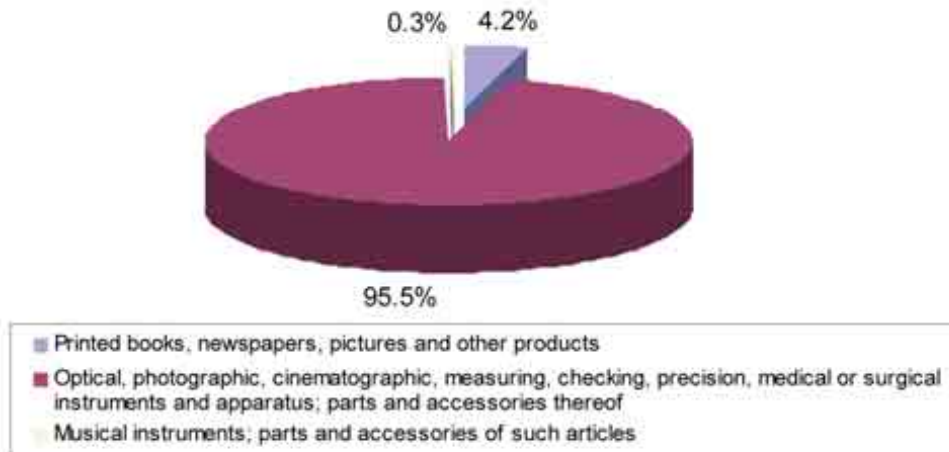
The largest imports sector is that of printed books, newspapers and other similar products constituting around 71 percent of total core imports.

Imports related to photography constitute around 26 percent of total core imports while the music industry only accounts for 3 percent of total core imports.



Core Exports

The bulk of core exports is composed of photography-related items constituting around 95.5 percent of total core exports. Press-related items represent 4.2 percent of core exports while music-related items represent 0.3 percent of total core exports.

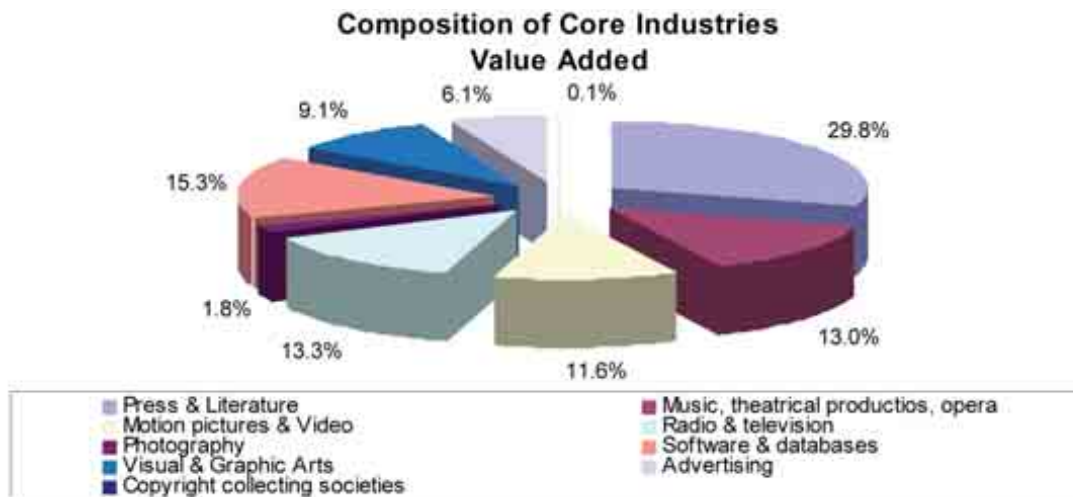


Short Description	Imports	Exports
Photography	17,572	634
Photographic plates and film in the flat, ...	7,160	40
Photographic film in rolls, sensitized, unexposed, ...	3,947	58
Photographic paper, paperboard and textiles...	2,469	15
Photographic plates, film paper, paperboard...	7	0
Photographic plates and film, exposed and developed...	11	63
Cinematographic film, exposed and developed...	1,205	442
Chemical preparations for photographic uses	2,773	16
Total printed books, newspapers, pictures and other	48,710	35,930
Printed books, brochures, leaflets...	27,395	25,480
Newspapers, journals and periodicals...	7,859	2,465
Children's picture, drawing or coloring books	113	11
Music, printed or in manuscript...	7	0
Maps and hydrographic or similar charts of all kinds...	26	13
Plans and drawings for architectural engineering...	7	130
Unused postage, revenue or similar stamps of currency...	7,305	2,681
Transfers (decalcomanias)	1,280	1
Printed or illustrated postcards, printed cards...	287	1,130
Calendars of any kind, printed, including calendar	211	268
Other printed matter, including printed pictures	4,220	3,751
Music	2,333	69
Pianos, including automatic pianos; harpsichords...	885	21
Other string musical instruments...	279	2
Keyboard pipe organs; harmoniums and similar keyboards...	54	0
Accordions and similar instruments; mouth organs	6	2
Other wind musical instruments...	32	1
Percussion musical instruments...	169	4
Musical instruments...	685	27
Musical boxes, fairground organs...	9	11
Parts (for example, mechanisms for musical boxes)	214	1
Total	2,333	36,633

8.4. The Core Copyright Industries

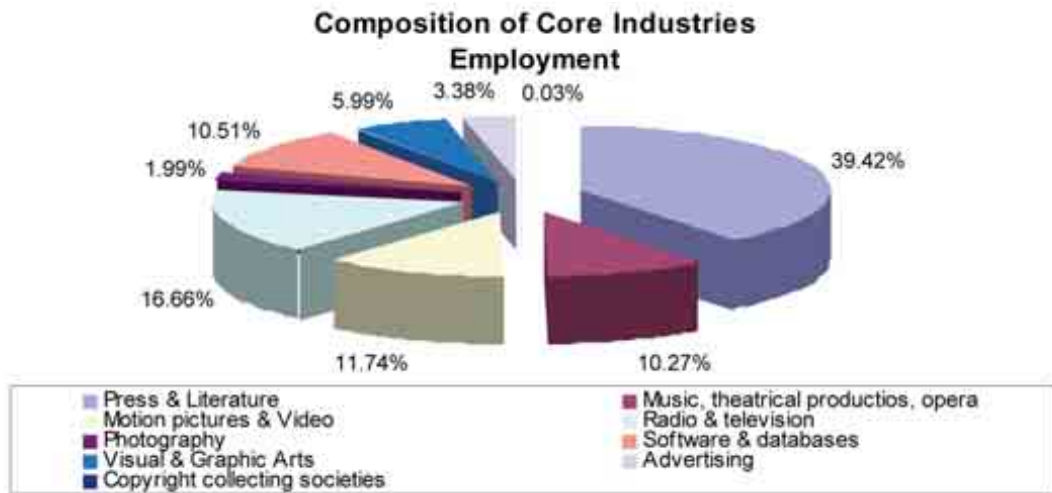
The core copyright industries generated around US\$555 million of value added. The contribution of the nine sectors comprising the core copyright industries is made up as follows:

1. Press and Literature (29.8 percent)
2. Music, Theater, Opera (13 percent)
3. Motion Pictures and Video (11.6 percent)
4. Radio and Television (13.3 percent)
5. Photography (1.8 percent)
6. Software and Databases (15.3 percent)
7. Visual and Graphic Arts (9.1 percent)
8. Advertising (6.1 percent)
9. Copyright Collecting Societies (0.1 percent)



In the core industries, the number of operators is 6,236 which includes companies and individuals. The operators employ a total of around 23,364 workers (employees and the self-employed) distributed among the nine core sectors as follows:

1. Press and Literature (39.42 percent)
2. Music, Theater, Opera (10.27 percent)
3. Motion Pictures and Video (11.74 percent)
4. Radio and Television (16.66 percent)
5. Photography (1.99 percent)
6. Software and Databases (10.51 percent)
7. Visual and Graphic Arts (5.99 percent)
8. Advertising (3.38 percent)
9. Copyright Collecting Societies (0.03 percent)



8.5. Press and Literature

8.5.1. Overview

Before the 1975-1990 Civil War, Lebanon was the leader of the book industries in the Middle East, with a well-established private publishing industry. Due to the instability prevailing at that period, and its adverse impact on the physical amenities of firms and decline in purchasing power of the Lebanese, sales decreased and many companies failed to survive.

After the war, the printing and publishing industry regained some of its dynamics, but remained subject to new and difficult market conditions, high operational costs and emerging competition from other countries in the region, especially Egypt, Saudi Arabia, and other Gulf states.

One of the most significant advantages for Lebanon is that it has the highest literacy rate in the Arab world at around 90 percent, a relatively well-qualified labor force and active entrepreneurs.

8.5.2. Industry Structure

Many firms operate in the market with few dominating it. In the publishing sector four or five publishers generate more than 50 percent of the output. Among bookstores, around 12 market leaders account for more than two-thirds of the total sales volume. The market share of the large bookshops has been increasing in the last two years at the expense of small outlets.

Players in the book industry in Lebanon are authors, publishing houses, printing houses, distributors and retailers. There are a number of related official associations: the Union of Authors, two unions of publishers (books and school textbooks), the Union of Printing Houses, the Union of Booksellers, the Union of Book Importers and the Press Union. The main participants in the Lebanese publishing scene belong to these unions.

Most of the 650 authors write in Arabic but very few of them succeed in Lebanon due to several factors such as the low income expected from writing books, the economic crisis, and the general indifference to culture and reading.

There are 520 publishing houses; however, fewer than 10 private publishing houses control more than 50 percent of the market and around 50 publish in foreign languages, mainly English and French.

Lebanon's printing industry has always occupied a leading position in the Arab world, having been the "printing press" of the region for more than one hundred years: there are 500 printing houses in Lebanon. Around 80 pre-press, printing, and post-press workshops are considered to be active printing operators.

There are 265 retailers and bookshops operating in Lebanon mainly concentrated in the Beirut area. Many bookshops did not survive the economic crisis; they either closed down or added more profitable items such as stationary, toys, fashion items, DVD rentals, and lotteries to their range.

8.5.3. Market Trends

The Lebanese market has diversified: books and magazines are published in the three languages spoken and read in the country, namely Arabic, French, and English. Publications in Arabic represent the largest share of total production. Moreover, the market is expanding into new areas such as brochures, technical publications, advertising and educational materials.

The printing industry has an output of around US\$85 million a year.

In publishing, more than 50 percent of the output is exported due to the small size of the domestic market and a constant and growing demand from the Arab world.

The production of school textbooks and the translation of related publications for children constitute the major activity of Lebanese publishers.

A significant demand exists for foreign non-Arab-language books and magazines, mainly in French and English. This demand is not only generated by the better educated segment but also by the whole population since school and university curricula are based on the French and English systems.

Imported books do not compete with local publications in Arabic, as the products and markets are completely different. Lebanon imports books mostly from France, the US and the UK.

As far as exports are concerned, the market for Lebanese books is evenly distributed among a few Arab countries (UAE, Saudi Arabia, Iran, Jordan). Iraq was an important outlet which disappeared due to market changes after the Western embargo. Exports of books and brochures remained stable from 1997 to 2000. A steady increase has been recorded since 2001.

Selected Countries	1997	2001	2003	2004	2005	2006
United Arab Emirates	631	618	2,214	2,474	2,250	2,794
Saudi Arabia	2,503	584	5,176	4,427	4,618	3,851
Yemen	1,090	48	408	940	663	525
Iran	948	670	327	225	382	462
Jordan	465	515	3,427	1,452	1,839	2,775
Syria	76	98	582	997	4,468	3,836
Egypt	500	1,481	1,507	1,754	2,135	3,007
Algeria	402	533	1,467	2,119	2,360	2,562
Tunisia	591	234	874	970	860	956
Morocco	1,734	726	1,785	1,817	1,917	2,217
Libya	233	600	508	295	279	141
France	888	278	857	783	1,542	1,780
Italy	2,096	6,953	540	25	7	2
United Kingdom	209	489	646	1,229	1,334	1,767
United States	134	311	326	262	244	342
Other Countries	2,990	2,848	8,536	9,922	11,031	14,525
Total Exports	15,490	16,986	29,180	29,691	35,929	41,542

The major Lebanese publishing houses, well-known in the Arab world, rely heavily (up to 75 percent of their production) on exports, mainly of school textbooks, dictionaries and cultural books. Profit margins have been reported to remain static for exported books, but publishers aim at expanding foreign markets and utilizing economies of scale to increase profits.

8.5.4. Employment

The sector constitutes 2,578 operators employing 9,210 workers. Incomes are low compared with other sectors which require comparable skills and responsibilities.

Companies here suffer from the lack of trained employees since there are either no or weak formal education programs in post secondary institutions in Lebanon for this sector.

Unions and professional associations, which purport to help the publishing sectors, have a limited active role in dealing with industry concerns and problems and in developing the profession. Statistics and databases of companies and products, which could help identify the problems and the needs of the industry are poor or incomplete.

8.5.5. Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Lebanese publishers enjoy a good reputation. ▶ The strength of the publishing industry lies in the diversity and high quality of its products in three languages. ▶ Very well-known international publishers are represented in Lebanon, with many brand name titles. ▶ Prompt delivery is a major asset for printing houses. 	<ul style="list-style-type: none"> ▶ Competent professionals are hard to find, sources of information are deficient. ▶ The obstacles to exports are high fixed costs - a minimum volume has to be ensured - censorship and restrictions imposed by religion in some Arab countries, and the lack of exclusive representation abroad. ▶ The slowdown of economic activity in Lebanon is adversely affecting growth and investment in the publishing sector. ▶ Printing houses do not have budgets for marketing.



8.5.6. Economic Impact

The sector generated US\$373.5 million of turnover and US\$165.78 million of value added. The copyright factor for this sector is considered to be 100 percent due to its total reliance on copyright.

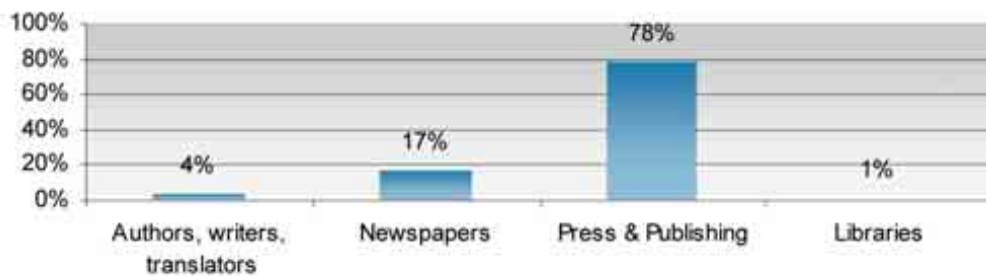
School and university textbooks, dictionaries and reference works generate the highest percentage of sales. However, income is also generated from sales of political, historical, and religious works. Foreign literature sells better than Arabic literature, indicating the preferences of the majority of Lebanese readers. The expected yearly sales figure for a foreign book on the local market varies from 800 to 1,000 copies and can reach 2,000 copies for a well-known author. New publications in Arabic sell only between 200 and 400 copies.

The markets for school textbooks and cultural and practical books are far more profitable. Publishers start with 5,000 copies and frequently reprint. Dictionaries and school textbooks represent more than 50 percent of the output of the three largest publishing houses in Lebanon.

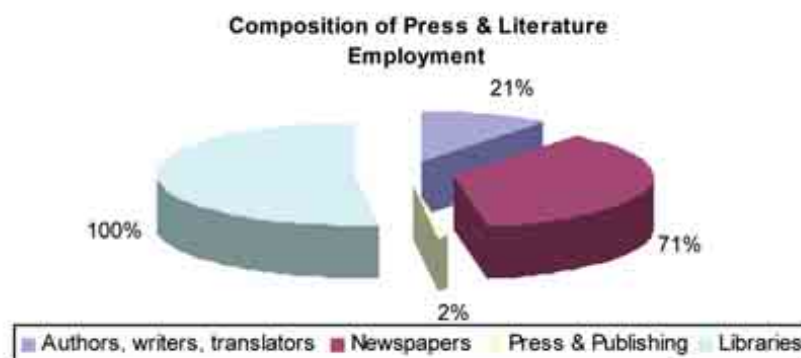
The press and literature sector contributes on average 0.75 percent to GDP.

	Contribution to GDP (in million USD)	Number of Workers
Press and Literature		
Authors, writers, translators	7	650
Newspapers	55	1,900
Press and publishing	309	6,510
Libraries	4	150
Total	374	9,210

Composition of Press & Literature Value Added



The sector consists of 2,578 operators and employs 9,210 workers. Press and literature contributes around 0.83 percent to employment.



8.6. The Motion Picture Industry

8.6.1. Overview

This sector encompasses film showing and making.

In recent years the number of cinemas has risen and is now close to 100. Most have state-of-the-art audio and visual equipment and show the latest releases (90 percent of the market), while the rest still depend on basic equipment and show old movies. *Circuit Empire* (41 outlets) and *Circuit Planète* (26 outlets) operate the majority of movie theaters; the rest are independent. In 2005, the *Circuit Empire* group was the market leader in film distribution with a 65 percent market share.

Film production in Lebanon has been meager throughout its recent history. After experiencing a golden age between 1929 and 1957, when 500 films were produced, and then stabilizing its output to seven or eight films a year, the film-making industry has been unable to turn out more than one or two films a year since 1990.

8.6.2. Industry Structure

American movies represent 95 percent of the Lebanese market. US film studios have local agents who sell the rights to the movie theaters. In Lebanon the two largest distribution companies (*Circuit Empire* and *Circuit Planète*) own 90 percent of all cinemas and at the same time control almost all of the market. While the war had a serious impact on business, these companies have made a comeback since it ended.

Film-making in Lebanon has always consisted of a few individuals struggling desperately to produce a film without government support. The film-making industry is so limited that market analysis is not relevant. Although the human factor (performers and technicians) is available, the absence of infrastructure, the shortage of funds, the absence of government support, censorship, obstacles to entering the Arab markets and the lack of outlets are major problems in its development. Moreover, neither the Lebanese public nor the local film distributors support the industry by attending or distributing Lebanese films. They are totally influenced by the international trends that favor American movies.

8.6.3. Market Trends

Personal relations are very important for securing new projects. Production houses make films on demand, and this depends on the general condition of the market for consumer products and the general economic health of the country. In the last two years local demand has fallen owing to economic stagnation, and many production houses have been working below capacity.

Some large firms generate about 95 percent of their business volume abroad. Major clients are in the Gulf, and the regional market is still expanding with the growth of satellite TV.

The cinema market in Lebanon is limited to the same 200,000 to 250,000 filmgoers who watch movies regularly. The demand is seasonal with peaks in winter, especially in January, when a large number of new movies are usually released, and smaller audiences in June, when students are taking their final exams and when outdoor activities are preferred. Moreover, people prefer to watch a DVD, most frequently pirated, imported from Asia or illegally produced locally, rather than go to see a movie at the cinema.

There is a lack of interest in locally-produced movies. Local demand has never been sufficient to help the film-maker cover the cost of producing his film.

8.6.4. Employment

The whole motion picture industry consists of around 852 operators employing around 2,743 workers. There are around 450 to 500 actors and creators (actors, writers, directors, etc.). The film production and video, film distribution and cinema industries, and the allied services, video rental, and sales employ around 1,500 workers, 350 and 500 workers respectively.

Most of the employees are skilled and specialize in film and video production. There are, however, a few unskilled workers in the film distribution and rental sector.

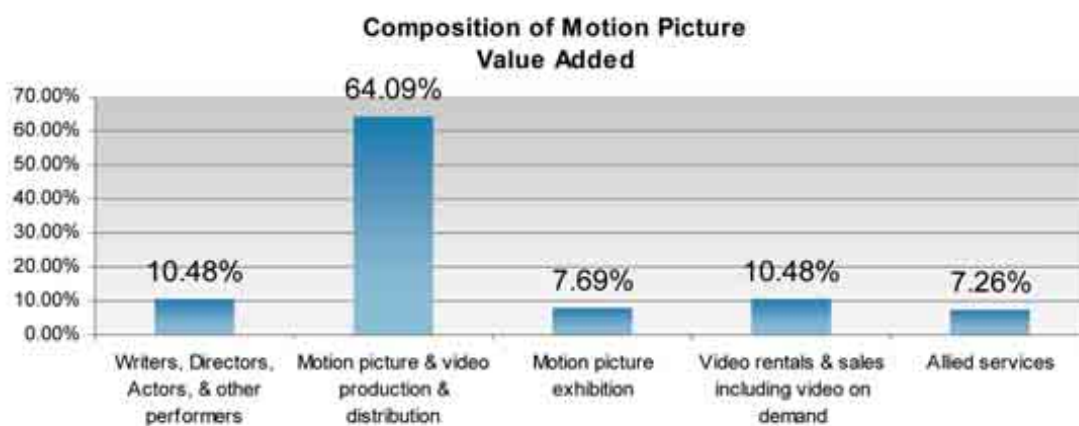
8.6.5. Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ In the region, Lebanon offers the best quality of service at a competitive price because the related costs are low. ▶ Lebanon now has an impressive number of film schools and programs which are constantly supplying the market with new blood and resources. Lebanon thus has a strong advantage compared with some Arab countries that have no facilities for preparing students in this field. 	<ul style="list-style-type: none"> ▶ Lack of interest in locally-produced movies on the part of the Lebanese. ▶ People prefer to watch a DVD, most often pirated, rather than go to the cinema. ▶ Insufficient financing capacities for film production considered to be a high risk business. ▶ Obstacles to film distribution in the Arab region. ▶ Film directors are available but there is a dearth of technicians and semi-skilled employees. The Gulf market is very attractive for the Lebanese film industry.

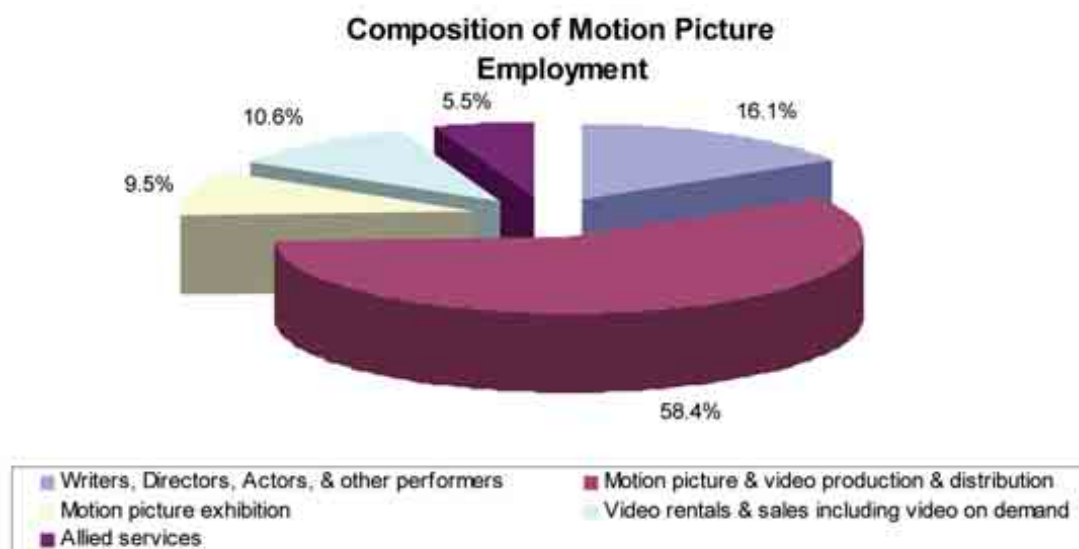
8.6.6. Economic Impact

The sector generated US\$104 million of turnover and US\$64.4 million of value added. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.29 percent to GDP.

Copyright Industries	Contribution to GDP (million USD)	Number of Workers
Writers, directors, actors, and other performers	7	441
Motion picture and video production and distribution	41	1,601
Motion picture exhibition	5	260
Video rentals and sales including video on demand	7	291
Allied services	5	150
Total Motion Picture and Video	64	2,743



The sector consists of 852 operators employing 2,743 workers. The sector contributes around 0.25 percent to employment.



8.7. Music, Theater, Opera

8.7.1. Overview

The music business has been steadily growing and improving for the past 50 years as new players have been modifying its output. Lebanon's music industry has the potential to become one of the leading music industries in the Arab world. People in the business are expanding as far as they can into new, untapped markets in Syria, Jordan, Tunisia, Morocco and Algeria.

The music industry in Lebanon is attracting substantial investment from abroad, but as in many other sectors, obtaining accurate numbers and statistics is a virtually impossible task. A decline has been noticed in terms of sales of recorded music attributed to piracy and to the economic crisis that the country is enduring.

8.7.2. Industry Structure

The music production sector in Lebanon consists of many firms with a few dominant ones, mainly the representatives of the international production houses and the Saudi-owned Rotana. The former are also the largest importers of foreign-branded records. The dominance of the star performers makes market access difficult, although there are no restrictions on new entrants.

Lebanese, Arabs and representatives of international companies share the music market in Lebanon: a Saudi-owned firm owns 80 percent of the Arab repertoire. Each of the five main international music companies, Sony Music International, EMI, BMG, Warner Music and Universal Music, controls about 15 to 20 percent of the music played in Lebanon. A small share of the market remains in the hands of small, privately-owned Lebanese studios.

Being the "identifiers" of talent, agents are not in direct competition with the major production companies, which deal with established performers. They have thus also grown substantially in the past few years, seeing their returns improve and the numbers of their employees grow.

Concerts are the big money-spinners. A popular performer can charge up to US\$35,000 for a one-night performance in the Gulf, and US\$20,000 in Lebanon. Concerts for Arab singers have seen their popularity and audiences increase in the past few years with the growing popularity of Arab music among Lebanese and Arab youth. Concerts for foreign performers have been stagnating if not decreasing, given the relatively high costs incurred in promoting such events, and the difficult economic situation affecting purchasing power.

8.7.3. Market Trends

The level of domestic demand is far below the expectations of music producers, who aim to cover the cost of production and promotion and make a profit. Piracy is the main reason why demand is low as it costs the market an estimated half of all potential sales. Apart from that, the economic recession is severely limiting the amount of income individuals have available to spend on recorded music and entertainment.

The real return on the music publishers' investment comes from their foreign sales, given the growing popularity of Lebanese performers in other Arab countries, where intellectual property laws are in place and sales can be controlled. Other markets are made up of Lebanese expatriates. Lebanese producers target mainly Saudi Arabia and Egypt. CDs sell better than cassettes in the Gulf, while in Egypt cassettes are more

in demand. Lebanese music is not always easy to sell in Egypt, where there is a strong preference for local music. With the recent worldwide trend in favor of Arab music, Lebanon can now find buyers as far afield as the Far East. One Lebanese music producer has been able to export to Japan: the quantity might be small, but it is by no means insignificant.

Imports of international music have grown substantially in recent years. This can be attributed to several factors, including the increasing number of retail stores, the opening of the Virgin Megastore, the removal of customs duties and the younger generation's wider taste in music.

8.7.4. Employment

In 2005, the sector employed around 2,400 workers. A substantial labor force is available for the music industry in Lebanon, especially for oriental music, both as artists and technicians. The expansion that the Lebanese National Conservatory has witnessed has led to major improvements in the skills of the work force. From singers to all types of musicians, a large pool of labor is available at a reasonable cost.

8.7.5. Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Lebanon's music industry has the potential to become one of the leading music industries in the Arab World with the local and regional recognition of talent. ▶ The expansion that the Lebanese National Conservatory has witnessed has offered major improvements in the skills of the work force. 	<ul style="list-style-type: none"> ▶ The market is dominated by one major player accounting for almost 90 percent of production and reliance on the main singing stars. ▶ The domination of star performers makes market access difficult.

8.7.6. Economic Impact

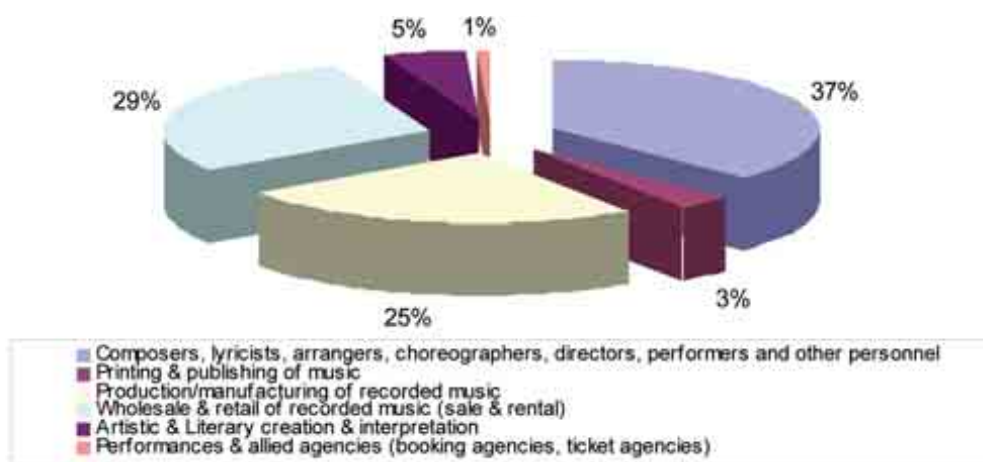
The sector generates US\$125.5 million of turnover and US\$72.26 million of value added. One Arab-owned company dominates the market with a total share of 90 percent. The sector has witnessed a decrease in local sales due to pirated CDs. Most of the revenues are generated from sales abroad specifically in the Gulf region where IP is better enforced and regulated. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.33 percent to GDP.

Copyright Industries	Contribution to GDP (in million USD)	Number of Workers
Composers, lyricists, arrangers, choreographers, directors, performers and other personnel	50	895
Printing and publishing of music	1	75
Production/manufacturing of recorded music	10	600
Wholesale and retail of recorded music (sale and rental)	9	690
Artistic and literary creation and interpretation	2	120
Performance and allied agencies (booking agencies, ticket agencies)	1	20

Copyright Industries	Contribution to GDP (in million USD)	Number of Workers
Total music and theatrical productions, operas	72	2,400
Composers, lyricists, arrangers, choreographers, directors, performers and other personnel	50	895
Printing and publishing of music	1	75
Production/manufacturing of recorded music	10	600
Wholesale and retail of recorded music (sale and rental)	9	690
Artistic and literary creation and interpretation	2	120
Performances and allied agencies (booking agencies, ticket agencies)	1	20

The sector consists of 1,237 operators employing 2,400 workers. The sector contributes around 0.22 percent to employment.

Composition of Music, Theatrical productions, & Opera Employment



8.8. Radio and Television

8.8.1. Overview

Lebanese radio and TV have shown substantial growth over the last two decades and their TV channels are considered the most successful in the Arab world. Satellite broadcasting has facilitated the reception of Lebanese channels in all Arab homes and cities. All the national hertz channels have a sister company through satellite.

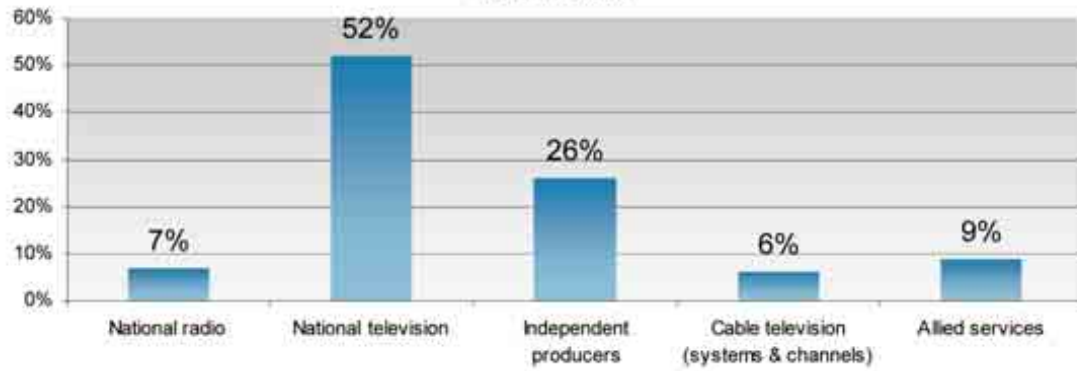
Contributions from Arab countries largely compensate for the declining local advertisements revenues due to the political instability that is straining advertisement budgets.

8.8.2. Economic impact

The sector generated US\$124 million of turnover and US\$73.8 million of value added. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.34 percent to GDP.

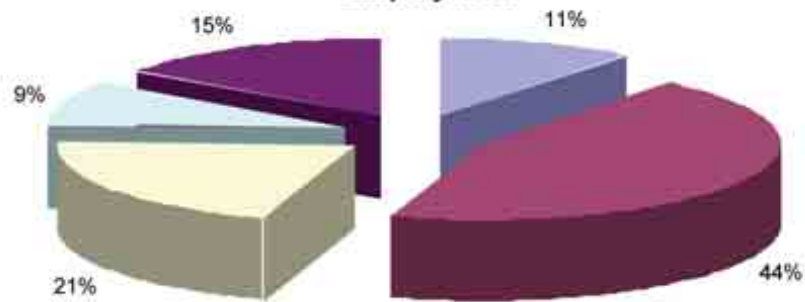
Copyright Industries	Contribution to GDP (million USD)	Number of Workers
National radio	5	420
National television	38	1,722
Independent producers	19	800
Cable television	5	350
Allied services	7	600
Total Radio and Television	74	3,892

Composition of Radio & TV
Value Added



The sector consists of 105 operators employing 3,892 workers and it contributes around 0.35 percent to employment.

Composition of Radio & TV
Employment



8.9. Software and Databases

8.9.1. Overview

The high-tech industry in Lebanon emerged in the early 1980s. The country now has a fairly well-developed software sector with a potential for growth.

Despite the economic slowdown resulting from the war, the small size of the local market and the intense competition from cheaper imported products, Lebanon has a fairly well-developed software sector with good growth potential if conditions are favorable. Many Lebanese software companies are well placed, not only because they offer good products and services, but also because they can operate in several cultural and linguistic environments.

The predominance of services in the Lebanese economy has been beneficial to the software industry. Since banking, finance, trade and tourism generate the largest part of total output, applications for management, accounting and finance, stock management, communication and software for personal computers dominate the market, while software applications and development for industry and scientific research are non-existent. Programming has evolved into an industry since the 1970s: it was previously essentially performed in-house, in banks and private institutions.

8.9.2. Industry Structure

The computer industry consists of approximately 527 firms, including 374 software companies. Experts estimate that the five leading companies cover more than 50 percent of the market. Many firms fail within their first years of existence. Software firms are concentrated in Beirut, the capital, and its suburbs. The quality of services varies considerably from one firm to another; some provide excellent quality, but many lack expertise and perform below established standards.

8.9.3. Market Trends

The leading users of software are large companies and small and medium-sized enterprises whose managers started to invest in software and hardware, perceiving the value added it could bring to their businesses. Almost all banks use the basic software applications, as do the large hospitals and an increasing number of companies in different fields (wholesale and retail trade, advertising, hotel management, etc.). Government consumption has also had a significant impact on the growth of demand, since the government has launched a reconstruction program and adopted a policy of modernization in its public administration offices and structures. Government demand is estimated to be over 20 percent of the total IT market.

The level of domestic demand is estimated to be insufficient to absorb domestic output, and many Lebanese firms operate below capacity. There is a potential demand for imported software, but it remains highly price-sensitive. Very few companies export software and services; those that do sell abroad generally do not exceed 10 percent of total sales.

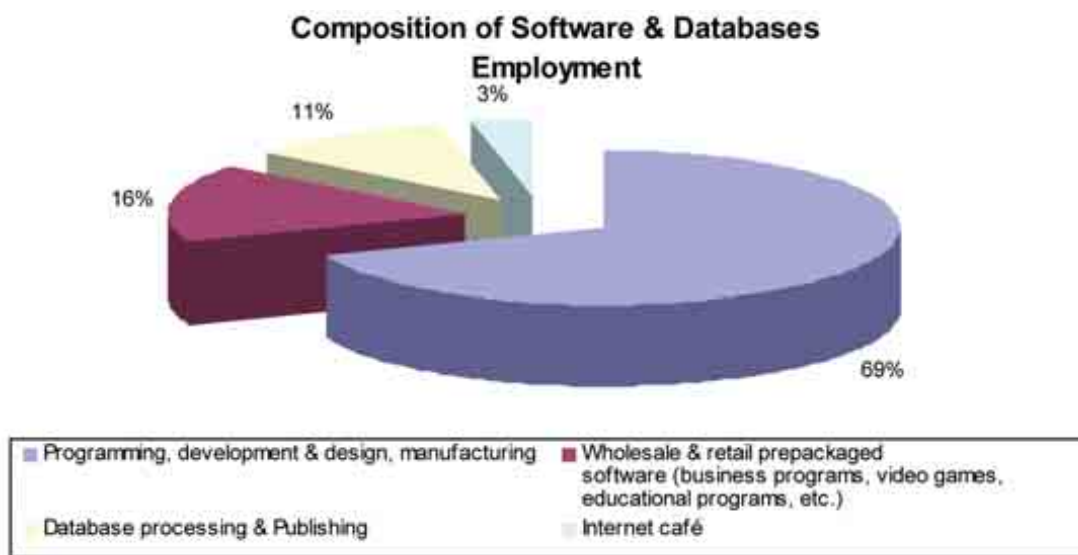
8.9.4. Employment

The IT sector in Lebanon employs 2,456 people, with software companies employing less than half - computer engineers, programmers, technicians, marketing staff and administrative employees. The software workforce is young and predominantly male (60 percent).

Software development firms require both highly-skilled and semi-skilled workers. Qualified computer engineers and technicians are available on the Lebanese market, although more than half of all new graduates leave the country for postgraduate studies or for jobs abroad, hoping for better careers and higher salaries. Locally, about 10 percent of employees do not work in the field for which they are qualified, and 20 percent of them leave the country within the two years following their graduation.

There seems to be a shortage of qualified software professionals among the newly-hired, which may be explained by competition from other technological industries such as telecommunications and by the external brain-drain, involving mainly students who go abroad for their studies and do not come back.

IT workers are not unionized: there is no official union for the IT or software industries in Lebanon.



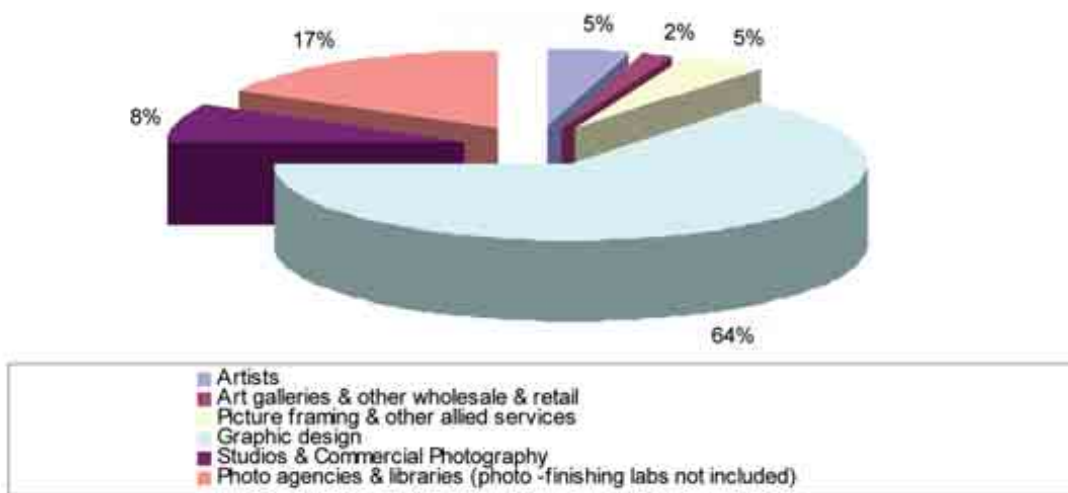
8.9.5. Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Schools, universities, private companies and public administrations are investing in new equipment to keep up with international trends. ▶ Taxes on IT products have decreased, and special offers and payment facilities on hardware and software are now available. ▶ Telecommunications, despite their high cost, are more and more reliable. ▶ There are many software companies in Lebanon that provide very high-quality software and services. 	<ul style="list-style-type: none"> ▶ The cost of developing and marketing software applications - with consequently high prices compared with other countries in the region, and with products made in the Far East. ▶ Local software firms mention that some large companies in Lebanon prefer to buy an expensive imported package rather than a local product, because they are biased against that which is "made in Lebanon". ▶ The prevalence of piracy causes Lebanese output to be undervalued and discourages local investors, especially those with limited financial means, as well as foreign companies.

8.9.6. Economic Impact

The sector generated US\$129.7 million of turnover and US\$85.13 million of value added. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.39 percent to GDP.

Composition of Visual, Graphic Arts, & Photography Value Added



The sector consists of 527 operators, employing 2,456 workers and contributes around 0.22 percent to overall employment.

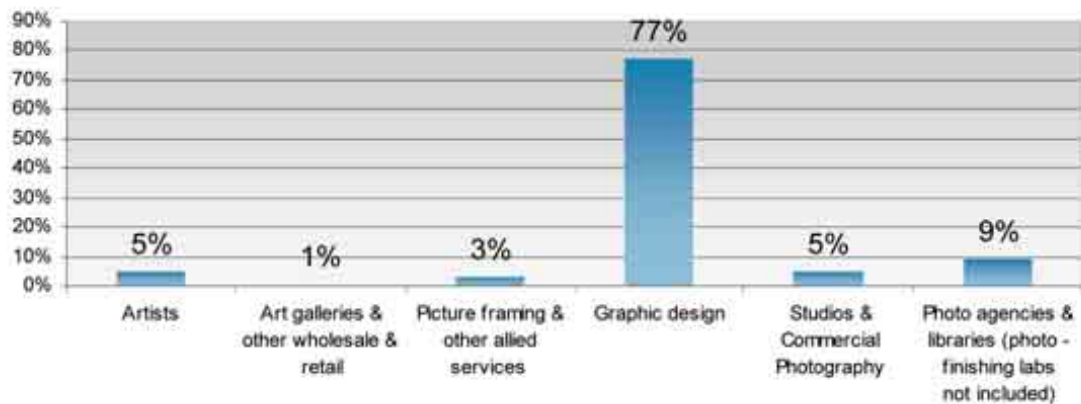
8.10. Visual, Graphic Arts and Photography

8.10.1. Economic Impact

The visual and graphic arts sector generated US\$71.4 million of turnover and US\$50.33 million of value added. The photographic sector generated US\$18.625 million of turnover and US\$9.79 million of value added. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.27 percent to GDP.

Copyright Industries	Contribution to GDP (million USD)	Number of Workers
Artists	3	85
Art galleries and other wholesale and retail	0	30
Picture framing and other allied services	2	85
Graphic design	45	1,200
Studios and commercial photography	3	150
Photo agencies and libraries (photofinishing labs not included)	5	315
Total Visual and Graphic Arts	59	1,865

Composition of Visual, Graphic Arts, & Photography Value Added



The sector consists of 720 operators employing 1,865 workers; 255 operators are in visual and graphic arts employing around 465 workers, and 630 operators are in the photographic sector employing around 1,400 workers. The sector contributes around 0.17 percent to employment.

8.11. Advertising Services

8.11.1. Overview

The Lebanese advertising film industry is unusual due to its size and small number of operators. There are roughly 50 firms, of which about six dominate. Price competition is very tough, and few companies make substantial profits. Some foreign companies (Italian, South African, French or British) occasionally obtain big projects in Lebanon. At the regional level, Cairo and Dubai are Lebanon's main competitors; Cairo has unbeatable prices, but quality remains far behind Lebanese standards, so Lebanon still offers the best price/quality ratio.

Advertising films dominate the Lebanese market, with around 80 percent of local film and video businesses devoted to producing TV commercials. Lebanon is still the center for the advertising industry in the Middle East. The advertising film sector, considered one of the engines of the Lebanese economy, has an estimated annual turnover of US\$58 million and employs a substantial number of people.

During the past few years however, the sector has been stagnating owing to a depressed economic situation, a proliferation of small production houses congesting the market and the poor financial state of production houses, caused by payment delays.

8.11.2. Market Structure

There are 51 operators with only six major firms in the advertising industry. Each of the top firms employs around 20 permanent staff and 30 to 60 freelancers.

New entrants are rare although no formal restrictions exist: there are, however informal barriers, such as lobbying and the use of personal relations to obtain contracts and to retain market share.



8.11.3. Market Trends

Most TV commercials are produced locally, sometimes with the help of foreign professionals, at a cost ranging between US\$10,000 and US\$300,000. A few films are produced entirely in Europe. Post-production may take place overseas (in Amsterdam, Paris, London, and sometimes Cairo) for some 35mm films, and also when complicated special effects or the skills of a foreign director are required.

According to industry sources, around 60 percent of all TV commercials produced in Lebanon are for Saudi Arabia.

- **Employment**

The advertising industry employs about 790 workers. Lack of professionalism is considered a major problem: the market lacks skilled photographic directors, special effects directors, art directors, cameramen and assistant cameramen, and the same problem applies to actors and clients. There is also a dearth of actors prepared to play the less glamorous roles.

Domestic universities and institutions provide their students with the requisite theoretical background and know-how, but graduates lack practical experience in the field and many companies bring in foreign professionals to train local employees, and often invite producers from abroad to inject a new spirit and expertise.

8.11.4. Strengths and Weaknesses

Strengths	Weaknesses
<ul style="list-style-type: none"> ▶ Lebanese advertisers are distinguished by their creativity, which facilitates their entry into the Middle Eastern and North African markets. 	<ul style="list-style-type: none"> ▶ Graduates have acquired the theoretical background and know-how but lack practical experience. ▶ Lack of professionalism; the market lacks skilled photographic directors, special effects directors, art directors, cameramen, assistant cameramen, actors and clients. ▶ Dearth of actors prepared to play less glamorous roles.

8.11.5. Economic Impact

The sector generates US\$58 million of turnover and US\$33.64 million of value added. The copyright factor is 100 percent due to the total reliance of the sector on copyright, and hence the sector contributes around 0.15 percent to GDP.

The sector consists of 51 operators employing 790 workers and it contributes around 0.07 percent to employment.

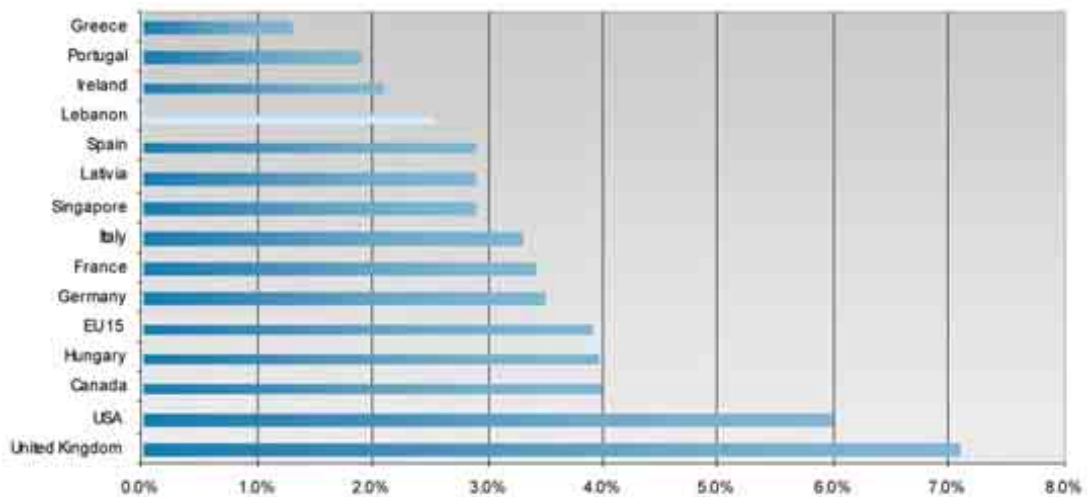
9. International Benchmarking

This section compares the economic contribution of copyright-based industries in Lebanon with other countries. Comparison with EU countries is only possible for the core and interdependent copyright-based industries due to the limitations of the available data.

9.1. Core Copyright Industries

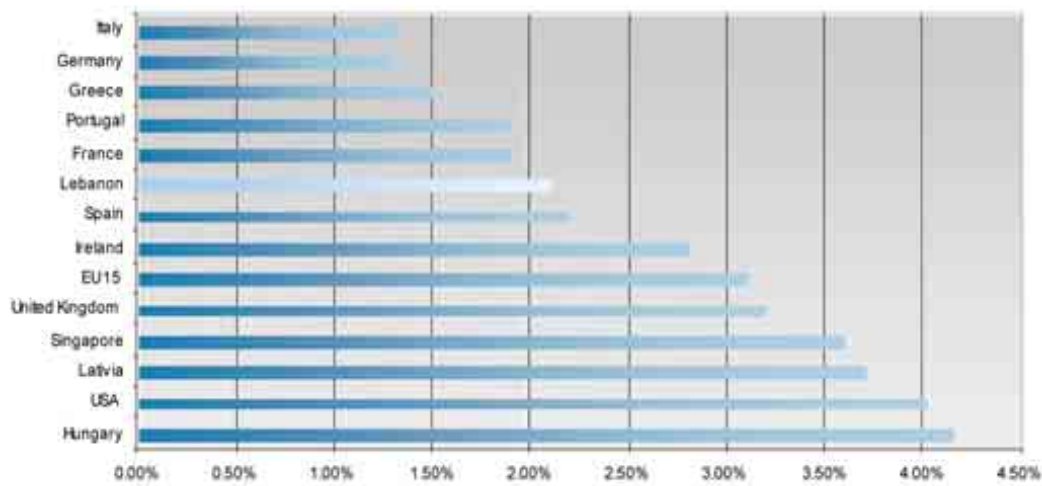
The core industries in Lebanon contribute around 2.53 percent to GDP whereas the core industries in France, Germany, and Italy contribute around 3.4 percent, 3.5 percent, and 3.3 percent to GDP and 1.9 percent, 1.3 percent, and 1.3 percent to employment respectively. Moreover, the core industries in the UK, the US, and Ireland contribute 7.1 percent, 5.98 percent, and 2.1 percent to GDP and 3.2 percent, 4.02 percent, and 2.8 percent to employment respectively.

Contribution of Core Copyright-Based Industries to GDP



As for employment, the core industries in Lebanon contribute 2.11 percent, whereas the core industries in France, Germany, and Italy contribute around 1.9 percent, 1.3 percent, and 1.3 percent respectively. In the UK, the US, and Ireland the core industries contribute 3.2 percent, 4.02 percent, and 2.8 percent respectively.

Contribution of Core Copyright-Based Industries to Employment



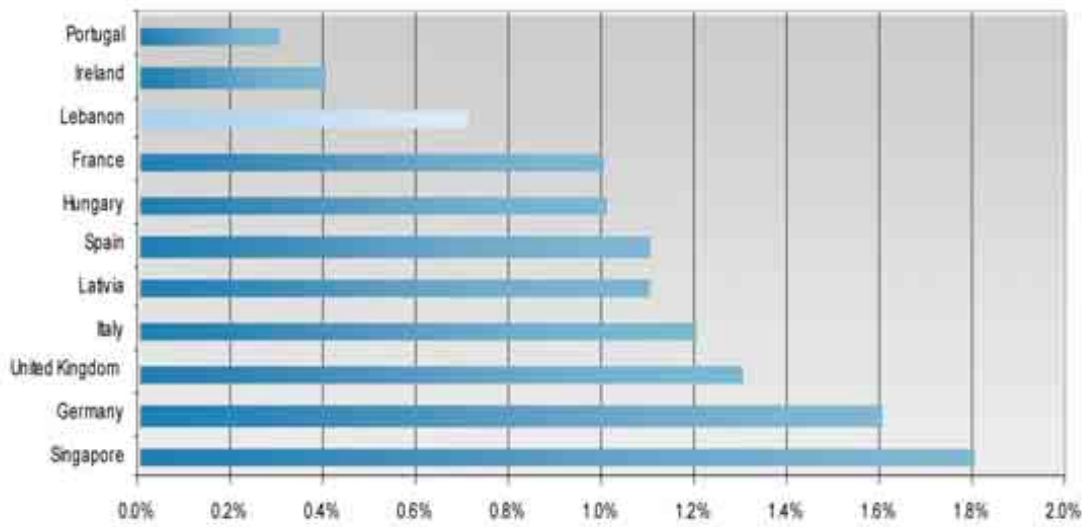
As mentioned earlier, Lebanese data for the core copyright sector are in some measure underestimated due to the following:

- the difficulty in distinguishing and identifying activities related to copyright Industries;
- the lack of figures for informal activities in the official data;
- the lack of figures for part-time seasonal cultural events;
- the lack of figures for freelancing activities for international markets, mainly in the Gulf area.

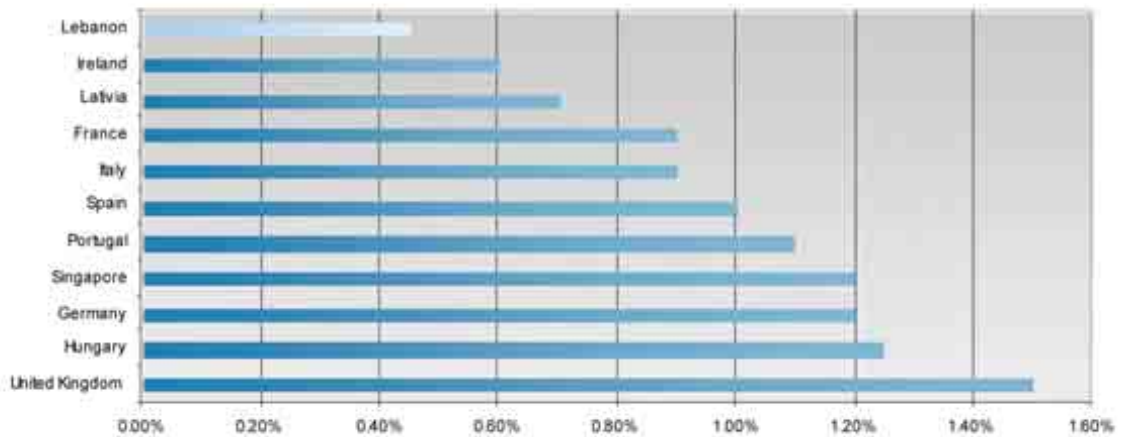
9.2. Interdependent Industries

The interdependent industries in Lebanon contribute around 0.7 percent to GDP and 0.45 percent to employment, whereas the interdependent industries in France, Germany, and Italy contribute around 1 percent, 1.6 percent, and 1.2 percent to GDP and 0.9 percent, 1.2 percent, and 0.9 percent to employment respectively. Moreover, the interdependent industries in the UK, Spain, and Ireland contribute 1.3 percent, 1.1 percent, and 0.4 percent to GDP and 1.5 percent, 1 percent, and 0.6 percent to employment respectively.

Contribution of Interdependent Copyright-Based Industries to GDP



Contribution of Interdependent Copyright-Based Industries to Employment



Comparison of the entire scope of copyright-based industries with the US, Latvia, Singapore, and Hungary is only possible by using the results of the latest studies. The tables below show the contribution of the four copyright-based industries to GDP and to employment.

The total copyright industries contribute 4.75 percent to the Lebanese economy in comparison with 11.96 percent, 6.67 percent, 5.06 percent, and 5.67 percent for the US, Hungary, Latvia and Singapore respectively.

Economic Contribution to GDP					
Country	USA %	Hungary %	Latvia %	Singapore %	Lebanon %
Core Copyright Industries	5.97	3.96	2.90	2.85	2.53
Interdependent Industries	3.75	1.01	1.11	0.97	0.71
Partial Copyright Industries	0.31	1.25	0.28	1.76	0.62
Non-dedicated Support Industries	1.93	0.45	0.77	0.09	0.89
Total	11.96	6.67	5.06	5.67	4.75

The total copyright industries contribute 4.49 percent to the Lebanese employment in comparison with 8.43 percent, 7.10 percent, 5.77 percent, and 5.8 percent for the US, Hungary, Latvia and Singapore respectively.

Economic Contribution to Employment					
Country	USA %	Hungary %	Latvia %	Singapore %	Lebanon %
Core Copyright Industries	4.02	4.154	3.70	3.64	2.11
Interdependent Industries		1.078	0.71	0.74	0.73
Partial Copyright Industries		1.253	0.53	1.24	0.70
Non-dedicated Support Industries		0.617	0.83	0.18	0.95
Total	8.43	7.102	5.770	5.8	4.49

10. Regional Benchmarking

Creative activities protected by copyright and related rights laws are also economic activities that generate income, create jobs, and contribute to the foreign trade of their countries of origin. In Arab countries it is widely believed that there has been a decline in creative and artistic activities and this has led to a decline in the output of copyright-based industries in those countries.

The contribution to GDP, employment, and foreign trade by the book publishing, recorded music, film, and software industries, differs amongst countries.

Share of Copyright to GDP for Selected Countries in %				
Selected Arab Countries	Lebanon (2005)	Jordan (2000)	Morocco (1999)	Tunisia (2000)
Book Publishing	0.75	0.2	0.30	0.37
Music Recording	0.33	0.1	0.16	0.02
Film Industry	0.29	0.1	0.05	0.09
Software	0.34	0.4	0.03	0.16
Total	1.71	0.80	0.54	0.64

Share of Copyright to Employment for Selected Countries		
Selected Arab Countries	Lebanon %	Jordan %
Book Publishing	0.83	0.1
Music Recording	0.22	0.1
Film Industry	0.25	0.1
Software	0.35	0.2
Total	1.65	0.5

The Book Publishing Industry: The Book Publishing Industry in Lebanon contributes around 0.75 percent to GDP compared with 0.2 percent, 0.3 percent, and 0.37 percent in Jordan, Morocco, and Tunisia. In all countries the enforcement of IP rights in book publishing is weak and copyright protection is not widely used as a positive means of enhancing the economic performance of the industry.

The Music Industry: The Music Industry in Lebanon contributes around 0.33 percent to GDP compared with 0.1 percent, 0.16 percent, and 0.02 percent in Jordan, Morocco, and Tunisia respectively. In all countries the enforcement of IP rights is very weak, which appears to be seriously detrimental to the economic performance of the industry.

The Film Industry: The Film Industry in Lebanon contributes around 0.29 percent to GDP compared with 0.1 percent, 0.05 percent, and 0.09 percent in Jordan, Morocco, and Tunisia respectively. In most of these countries, the enforcement of IP rights is weak. The impact of copyright-based protection on the economic development of the industry is perceived as negative.

The Software Industry: The Software Industry in Lebanon contributes around 0.34 percent to GDP compared with 0.4 percent, 0.03 percent, and 0.16 percent in Jordan, Morocco, and Tunisia respectively. Of all the copyright-based industries, only the software industry has been seen as performing well. Corporate expectations are good in all countries. The persistence of piracy and illegal use of software in the Arab countries, especially Lebanon and Morocco is a negative factor and IP rights enforcement is weak.

11. Recommendations

Success in the new global economy depends on approaching economic development with a new sense of creativity and innovation and emphasis on a more competitive business climate and improved quality of life. As Lebanon faces significant economic challenges, the sustainability of growth and development requires leveraging on existing resources. All sectors in Lebanon have been suffering from lack of resources and the economy needs to receive a serious “second look” in conformity with the emergence of the “New Economy” which emphasizes knowledge, creativity and innovation as keys to competitiveness. The copyright-based industries are a key aspect of this new strategy.

11.1. New Vision

Until recently, the copyright-based industries had been under-valued and not viewed as a significant economic driver and source of growth, despite their significant contribution to the Lebanese economy. Therefore, they do not receive the consideration they deserve from economic policies; a situation which needs to be changed. Economic policy makers and all players and stakeholders in the copyright-based industries must be made aware of the importance and weight of this sector. Furthermore, the socio-economic power of copyright-based industries is out of proportion to its economic weight, and has a privileged role in improving the quality of life.

- Cultural economic development policies are part of economic development strategies, with their complexity, structure, regulations, and protocols; utilizing resources originated from both the for-profit and non-profit segments of the cultural sector. They are driven by all aspects of culture including heritage, arts, legacy, tourism, education or the environment.
- For Lebanon it will be extremely challenging to transform its creative activities from a very enterprising sector with a large number of new businesses being established, but with little sense of innovation and based on the imitation of local market entrepreneurs, to an entrepreneurial sector, driven by creativity and innovation seeking to develop international opportunities.
- Under the auspices of the Ministry of Culture, a development strategy should be introduced to coordinate the multiple government institutions (the Ministries of Tourism, Education, Information, Economics and Finance), the trade unions and professional associations, and all players and stakeholders in the different sectors.
- To implement and ensure follow-up of any strategy, a cultural industries development council could be set up with representatives from each of the cultural industries through their respective trade and professional associations and with *ex-officio* government representation.
- Lebanon could be the leader of vital regional collaboration activities in creative industries, coordinating and facilitating trade, control and regulation among the different countries in the MENA region. The regional dimension has always been a major driver for the Lebanese creative industries.

11.2. Development Strategies

- The success of any cultural strategy is based on a dual approach combining economic growth and community development. This policy and investment approach to support the physical and human resources of cultural activities, has been labeled the creative economy, which includes (but is not limited to) the arts, film, music, heritage preservation, design, and IT industries. Such a global investment by the public and private sectors will create a stronger, more competitive economy and a vibrant community.
- Competitive copyright-based industries depend on the efficacy of the suppliers of goods and services. Many modern economies operate as a complex network of firms supplying to, and buying from, each other. Therefore initiatives that support improvement in competitiveness are essential for improving the efficiency of domestic markets and facilitating export and import of goods and services. They make productive use of scarce resources, such as capital, and support long term economic growth and wealth creation.
- In Lebanon the copyright-based industries face much the same constraints and issues that hinder other forms of economic activity. However, these branches need specific development actions to facilitate their capability to create jobs and to grow.
- Development of a common forum through which industry-wide issues can be cooperatively discussed and addressed. This will utilize existing infrastructures where appropriate and may require support staff to carry out certain tasks and fine-tune strategies.
- To improve the efficiency of any strategy, the public authorities will support the implementation of an annual data-gathering process designed to measure the type, variety, quantity, and sales trends of Lebanese cultural products. This process will take place in collaboration between the Central Administration of Statistics (CAS) and the cultural industries' associations.

11.3. Facilitate Access to Funding

The primary constraint is of course access to funding, which if readily and economically available would allow the copyright-based industries to undertake activities that facilitate their growth and improve their competitiveness, productivity and export market share.

Unlike firms in traditional sectors, which may have direct access to capital markets, copyright-based industries are often excluded because of the lack of awareness of the banks of this non-traditional sector and the lack of knowledge of the different operators and professionals in the cultural sector on how to prepare a proposal for obtaining bank loans. High risks and higher management costs of the credits allocated are also obstacles to traditional financial managers.

Measures to support access to credit for copyright-based industries are numerous, the most important of which are:

- To promote private sector involvement through existing financing encouragements such as subsidy loans, and guarantees, and also through total or partial tax exemptions or tax reductions, and sponsoring.

- To strengthen the role of the guarantor *Kafalat* to guarantee the funding of the copyright-based industries that have difficulty in obtaining ordinary bank loans.
- To encourage the creation of specialized funds (equities and loans) to invest in the copyright-based industries through guaranties, total or partial tax exemptions or tax reductions, and sponsoring.
- To allocate within the public budget a global subsidy for the copyright-based industries, equivalent to 60 percent of the total taxes paid by these sectors during the previous exercise.
- Part of the funds allocated will help to create a guarantee fund for equity investment in the copyright-based industries.
- To set up a simple and equitable management scheme for this fund that can be administered at a low cost and with minimum political intrusions: *Kafalat* could be a privileged partner in the management of the fund. Private equity funds and financial institutions will be very interested in investing in cultural products and services if their participation comes with guarantees.
- To support High Potential Start Ups which bring new expertise, technologies and management skills, thus increasing the overall competitiveness of the sectors in which they operate. A grant of 50 percent to a maximum of US\$50,000 could be offered to qualifying companies. Half of this amount would be in the form of a grant and half would be repayable after three years. The repayment element would be in the form of redeemable, convertible, preference shares with an agreed conversion rate.
- Seed equity could be also allocated for High Potential Start Ups through a public/private partnership with 50 percent being contributed by each party. The private sector would be allowed to write off its investment against personal or corporate income tax over five years. New funds are under discussion and are ready to participate in such projects with international donors showing interest in such operations.
- To encourage TV stations to invest in film production and to broadcast Lebanese productions to respect their commitment to a minimum of transmission and cultural preferences.
- To benefit from co-operation with international organizations and the European Union and from the loans granted to Lebanon to increase those loans earmarked for the copyright-based industries.
- To encourage discounting facilities on pre-sale operations which would finance receivables and would also negotiate soft repayment terms with suppliers to improve cash positions. The Lebanese market would be able to implement such financing tools if the risk element were partially carried or guaranteed by any agency. This could be implemented very quickly and would substantially improve liquidity for copyright industries.

11.4. Tax Incentives

Major developed countries and many developing countries have adopted comprehensive programs in the medium and/or long term for the set-up of a tax system that introduces incentives to the copyright-based industries. The different systems are based on regional development, social equity between taxpayers, collection and administrative simplicity.

They could include specific measures for preservation of cultural heritage, and national preferences. Tax exceptions should be differentiated from the transfers and subsidies allocated to the different activities of the creative industries. The impact of certain measures could be perceived in short-term programs, whereas other measures would only yield results through medium and long-term policies.

The measures to be taken could be simple corrections or modifications to laws, or could require the creation of a new infrastructure to support the cultural industries.

The major actions could be summarized as follows:

- Cultural products and services cannot be a source of finance for the public sector. Therefore any taxes collected from the copyright-based industries have to be rerouted and allocated to support these activities.
- Customs and taxes on professional equipment dedicated to cultural industries should be removed.
- Eliminate or drastically reduce taxes for control of cultural material. Costs generated by security, moral or administrative controls should be supported from the public budget. Cultural producers do not have to financially support collective concerns.
- Allow tax exemptions for sponsoring culture by businesses and raise the authorized sponsoring ceiling to 15 percent of profits.
- Set the regulatory framework to allow for the creation of cultural foundations to help in sponsoring cultural projects and activities. A project is in preparation and could be accelerated in the short term.
- Work with the cultural industries' associations to design and establish a private investor tax credit program that will enable and encourage individuals to make equity investments in cultural businesses.
- Use government real-estate properties to set up media and cultural villages and cities in urban and rural areas. Local authorities will be encouraged to take charge of the promotion of such projects. Some of the projects could be set up with the support of international donors.
- Grant these areas a special fiscal status with attractive tax exemptions. Link the exemptions to the use of technically-advanced equipment, to R&D expenses and to training, to insure better efficiency.
- Encourage regional and international investors, through tax exemptions and social charge reductions, to invest in and reinforce cultural production in these specific areas.
- Implement an employment tax credit to strengthen job structure in some fragile copyright-based industries.
- Maintain and enhance financial support for cultural events organized by private and local partners, so that they may support local cultural programs and initiatives.
- Restructure funding mechanisms and governance models for the public service TV broadcaster in line with best international practices with a clear charter for public interest programming.

- Grant tax breaks and soft loans for mergers in cultural activities mainly in broadcasting and the media, to encourage more competition.
- In Ireland, the Taxes Consolidation Act, 1997 provided a fiscal incentive to taxpayers to invest in film production. The scheme allows tax relief on investments in film projects certified under the Act. The legislation requires that a minimum of 75 percent of the work on the production of the film be carried out in the country. This tax break on investments in the film industry has helped to create a vibrant film industry.

11.5. Human Resources

An integral and often invisible component of the creative sector is made up of the artists, performers, writers and other creative workers whose skills and vision bring to life our nation's genius and ideas.

Human resources remain the major source of wealth in the Lebanese economy and particularly in the creative industries. It is impossible to improve economic and social productivity without reinforcing the educational, administrative and technical qualifications of individuals in these industries. Human resources improvement programs will cover the double goals of reactivating the educational and cultural instruments on the one hand and supporting the training and capacity building programs on the other. Among the proposed priorities:

- Education curricula should be updated and improved in order to better suit the market.
- Awareness campaigns should be developed in order to enhance the business culture among the creative communities. For instance, a producer should be trained in how to be a businessman not only an artist, through presentation of business plans and not only productions. Trade unions and chambers of commerce and industry would mentor such programs.
- A better linking of vocational and technical education with the creative industries and market requirements and available employment opportunities should be ensured. The productive enterprises must participate in setting up the programs and assist in the training of technicians and experts.
- Training and capacity building processes on the job and during the operational period should be adopted to incorporate the new technical developments. For that purpose, skills development programs could be introduced with a partially repayable grant (35 percent to 50 percent of costs and a maximum of US\$25,000) to undertake specific internal training programs designed to increase productivity and competitiveness.
- A modern production culture based on professional responsibility and quality assurance to all productive and labor resources should be encouraged to introduce transparency in ownership structures, donations, and subsidies.
- The role of women in the copyright-based industries should be strengthened to facilitate opportunities for more effective participation in the productive process, be it as freelancers or on a contractual basis. Creative industries offer jobs easily adapted to female profiles in a traditional society.
- Modern technologies and the training associated with them should be introduced, especially in IT and telecommunications, to accompany globalization and participate in the creative process.

- Work should be carried out on developing mentalities to adapt to the new economic and social trends, for improving the image of the technical, manual and handicraft professions on the one hand and for adapting to the new employment factors on the other. Among the bases of a modern economy is the simplifying of the transfer from a specialized job from one sector to another, or from one geographic area to another.
- Employment laws and regulations to facilitate employment in the copyright-based industries characterized by a high degree of seasonality and recourse to temporary and part-time contracts should be adopted.
- Seminars and workshops to facilitate professional training with the support of international institutions and developed countries should be promoted. Regional collaboration could be developed for training programs.

11.6. Trade Facilities

For Lebanon, the introduction of culture into global trade rules and governance is an issue of immense concern and opportunity. In many respects it is a contest between the liberalization of trade in cultural goods and services and the promotion and protection of cultural diversity.

Core copyright activities are export oriented and Lebanese creative industries benefit from an excellent image in the different MENA countries, as well as in international markets. Lebanese creative industries can leverage on their intangible assets and set performing, marketing and distribution strategies.

Development strategies may incorporate international trade development:

- The convergence of telecoms, telephony, the Internet and cultural content has revolutionized product sales and marketing. However, these gains are dependent on wider access to Internet services, the growth of broadband and wireless access, and the expansion of digital distribution channels and consumption devices (mobile phones, iPods). All of this would not be possible without digital rights management which facilitates consumer usage rights while protecting the works of creators from unauthorized distribution and unfair use.
- The creative industry niches are becoming one of the fastest growing sectors of the world economy. This growth is accounted for by rapid technological changes in products, manufacturing, and distribution, the convergence of the media and the fast growth of the digital economy.
- Electronic commerce is growing in importance and is changing the pattern of trade in creative goods and services. The rapid pace of technological change through providing online services like ring tones for cell phones, is but one example of how the trading arena is being diversified and how supply capabilities must be strengthened in order to maximize market access opportunities that are opening up in non-traditional forms.
- Trade and border measures that raise the cost of inputs/imports and business or delay competitiveness and exports are common in MENA markets. A coordinated regional distribution network is required to minimize the logistical challenges posed by the geography of the region and also to collect meaningful trade data. This intervention may have to include products from the creative industries to achieve the

critical mass required for eventual sustainability. Duties or any charge whatsoever on cultural products that move within the Arab countries should be removed, making this regime transparent to all operators and customs authorities in the region.

- Recourse to export risk insurance is unusual in Lebanon and particularly for the export of cultural products. The development of a competitive insurance market to support exports, particularly to regional markets, would have immediate and major benefits for Lebanese creative products.

11.7. Control and Censorship

- Government authorities must reduce interference in production content and allow access to any news source.
- Independent cultural producers must be allowed to operate with access to outside news and information services. Laws and practices restricting cultural producers in their right to freely gather and distribute cultural products must be relaxed.
- The public should enjoy the freedom to receive foreign cultural products and services with no interference or censorship.
- Foreign performers and artists should be allowed to travel freely, participate in any creative production and deliver services in Lebanon while complying with Lebanese employment and fiscal laws.
- Restrictions on the free entry to any cultural activity through licensing or other certification procedures must be lifted.
- The market for publications should be liberalized by issuing licenses for new and independent publications. Any license procedures should be fair, transparent, and simple.
- Lift any censorship and costly preventive controls. Any charges in control should be paid for by the public administration and not by the operators.
- Encourage the use of new tools and up-to-date technology to help improve the quality of cultural products.
- Encourage coverage through country-wide distribution networks.
- Establish standardized and modern media research centers to ensure scientific and objective quantification of media reach, consumption, audience share, advertising efficacy, audience demographics.

11.8. Fighting Piracy

In general, one can say that the Lebanese legislative framework for copyright and related rights, whether stipulated in the local laws or in international agreements and treaties, is sufficient to protect these rights, provided it is implemented and enforced in a serious and effective manner by the relevant authorities.

However rights holders face many practical and material difficulties and challenges when resorting to the Lebanese judicial system: Some are related to judicial measures, others to the slow investigation procedures, in addition to the unfair compensation imposed by the courts. Lebanon should address these deficiencies with a number of important judicial measures namely:

- To issue recommendations from the Ministry of Justice to judges and criminal courts to apply strict sanctions against offenders convicted of infringement of copyright and related rights, in particular, a custodial sentence whenever it is possible.
- To issue recommendations from the Ministry of Justice to the criminal courts to accelerate legal procedures and rulings in copyright cases and to sanction the party delaying the prosecution by imposing heavy fines.
- To publicize court sentences delivered on infringements of copyright in audiovisual media for awareness and intimidation purposes.
- To issue recommendations from the Public Prosecutor to the judicial police in order to crack down on piracy and infringements and enforce rogatory commissions.
- To reinforce the newly-established police unit attached to the Ministry of the Interior, specializing in fighting intellectual property crimes, by increasing the number of its officers and conducting intensive training sessions for them, in order to be aware of the intellectual property details and the related crimes, and the means of sanctioning them.
- To adopt customs exemptions for all copyright and related rights holders, in particular those whose works are being pirated (musical and cinematographic producers, authors, publishers, computer programmers and video games companies, and legal cable providers) when importing or exporting their works or equipment.
- To adopt exemptions or tax reductions, particularly for copyright and related rights holders in order to encourage them to continue creating and to fight the piracy of their work, in the face of the State's inability to reduce this piracy, and to assist them to pursue their lawful business.
- To immediately launch a national campaign to fight copyright and related rights piracy. To extend the decision to all the piracy fighting units in the Ministry of the Interior, Ministry of Justice, Customs Directorate, Intellectual Property Protection Office at the Ministry of the Economy, and to establish a special body to follow up the implementation of this decision.
- To reach a national political consensus to remove immunity on any party, person, company or body on Lebanese territory involved in piracy of copyrighted works, or any infringements of these rights, and deny them any political or security protection.

The Lebanese legal system governing and protecting copyright is one of the most advanced and developed systems in the Arab world. However, its enforcement is still related to national political decisions regarding the necessity of fighting piracy and infringement of these rights. In case these recommendations are implemented, even in phases, there is no doubt that the infringement of copyright in Lebanon will steadily decrease, and lead to a rise in the rights holders' revenues and profits. This will positively reflect on the national income and the image of Lebanon as an advanced country and one of the leaders in the Arab world in protecting and respecting intellectual property rights.

12. Conclusion

Lebanon is one of the most culturally-diverse and advanced states in the MENA region and one of its major assets is its human resources and their special talents and abilities. This cultural strength offers a large number of economic opportunities that will ultimately invigorate the country's economy and create competitive new products and successful and competitive enterprises. The products and jobs that grow out of the Lebanese cultural industries are an essential component for a healthy and dynamic countrywide economy.

Cultural economic activities should be viewed as valuable, creative and flexible resources for job creation and economic growth, as well as a source of entrepreneurship and community revitalization since these activities are easily extendable to urban, suburban and rural communities. Consequently, copyright-based industries play an important role in fostering income stability, growth, and employment.

This study is the first analysis in Lebanon to outline and quantitatively estimate the importance of the copyright-based sector in the Lebanese economy regarding performance and level of employment. According to these findings, copyright-based industries are of essential importance in the overall national economy, both when compared to other sectors of the economy and when compared to other countries in the MENA region.

This study has found that copyright-based industries are significant to the growth of the national economy with around a 4.75 percent contribution to GDP and a 4.48 percent contribution to employment. The copyright industries contribute around US\$1,044 million to GDP with 53.31 percent generated from the core industries. 49,666 workers are employed in the copyright-based sectors with around 46.44 percent employed in the core industries.

The total contribution to the national economy by copyright-based industries was 4.75 percent of the national economy's gross value added: 4.68 percent of the gross output and 4.48 percent of the employment rate were from this sector. Copyright-based industries are very labor intensive, particularly in Lebanon, and therefore, involve lower capital costs associated with the creation of jobs.

Even in an international context, the weight of the copyright-based industries in the economy regarding performance and rate of employment is high and this fact allows Lebanon to be at the forefront of the MENA countries.

These activities are undergoing profound and multifaceted changes. Certain goods that were previously only available directly from the cultural institutions are now widely available (e.g. newspapers, books or music downloads via the Internet). Consequently, cultural products have become available even to those people who are not close to the cultural centers.

However, some direct culture consumption (the number of book or newspaper readers, the number of theater and cinemagoers) has dropped. Because of this trend, a simultaneous growth and reduction in culture consumers has been experienced. Following international trends, the structure of the cultural supply in Lebanon has shifted towards a less intellectually-demanding type of product and light entertainment genre.

Lebanon's cultural production has grown and developed tremendously. Private capital plays an increasing role in the sector, while foreign capital has appeared in some of the more profitable segments.

The importance of copyright-based industries to economic growth, dynamism and stability is well recognized and derives from their flexibility and ability to grow and cope with adverse economic conditions.

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