

WIPO-LAS/IP/JOURN/CAI/05/3

ORIGINAL: English

DATE: May 10, 2005



LEAGUE OF ARAB STATES



WORLD INTELLECTUAL
PROPERTY ORGANIZATION

WIPO/LAS NATIONAL SEMINAR ON INTELLECTUAL PROPERTY FOR JOURNALISTS AND MEMBERS OF THE MEDIA

organized by
the World Intellectual Property Organization (WIPO)
in cooperation with
the League of Arab States (LAS)

Cairo, May 23 and 24, 2005

PERFORMANCE OF CULTURAL INDUSTRIES IN EGYPT

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Cultural Industries in Egypt¹

We aim at providing a portrayal of the status of four main cultural industries in Egypt, namely **1)The Book Publishing Industry (BPI), 2)Music Sound Recording (MSR), 3)The Film Production Industry (FPI), 4)The Software Industry (SWI)**. Moreover, it aims at investigating the economic importance of such industries in the Egyptian economy. Lack of data prevented arriving at a clear cut estimate for the contribution of such industries in the Egyptian economy. However, it can be safely argued that the contribution of such industries in the Egyptian economy does not exceed 0.5% by all means. This is mainly confined to the core industries themselves without being entangled with related industries. The contribution of such industries to employment and international trade was rather an impossible task due to voluminous problems related to unavailability of data, engagement of workers in these industries in more than one job, seasonality of some of the industries (FPI), etc. whereas data on international trade in such industries is rather absent. Nevertheless, estimates whenever available were presented. We deal mainly with the various aspects of the industries in terms of investigating the demand and supply conditions, the role of supporting industries, government support, and finally the status of intellectual property rights (IPR) protection with special emphasis on piracy status. The market structure of each industry in specific, together with the business strategy of the firms is discussed. Finally, expectations of the industry and recommendations are put in place.

There are many reasons that initiated this presentation. Among which is that the Cultural Industries in Egypt are well reputed for their long lasting history in the Arab countries. Ranging from being accounted as one of the largest producers of Film Industry in the World, and a well-established Book-Publishing Industry, a flourishing Sound Recording Industry to a dynamic Software Industry, the role of Cultural Industries in the Egyptian economy is on a rising trend. However, and despite such importance Cultural Industries in Egypt remain understudied. The untapped potential such industries have and the positive contribution they can provide to their economies triggered the initiative in WIPO to study such industries, not only in Egypt, but as well in other Arab countries and in other regions all over the world as well.

The results we present depended mainly on interviews with experts and firms' owners in the field based on a standard questionnaire. It is complemented by the available data (national and international) and literature on those industries, which are scarce. Hence, the results of the report follow to a large extent the opinion of the performers in the market, experts (independent and in the government). The number of interviews undertaken reached 37 interviews distributed unevenly among industries. For example the number of interviews in the FPI and SWI exceeded the number of interviews undertaken for the MSR and BPI.

Cultural Industries share a number of cross cutting themes that have been revealed by the interviews: Among such cross cutting themes is Intellectual Property Rights (IPR) enforcement which is relatively weak, a problem that has been identified by the majority of interviews undertaken, however, its urgency differed from one industry to another where it ranked high for the MSR, imported software, and FPI, and low for BPI and software development. Moreover, the high taxes on advertising seem a major problem identified by

¹ Based on a study undertaken by the author for the WIPO.

all firms. Given the nature of cultural products and the heavily dependence on advertising especially when compared to other industries in general this seem to be a major bottleneck. Inconvenience of obtaining loans from banks is a shared theme in the Cultural Industries, mainly due to the intangible form of their products. They suffer from the scarcity of high skilled labor. Despite the availability of educational institutions, the graduates are not equipped with the necessary skills required in such industries. The demand conditions related to cultural industries are highly vulnerable to the prevailing economic and political conditions. They have high price and income elasticities.

The cross cutting themes among the Cultural Industries should not lead us to jump to the conclusion that they are identical in everything. On the contrary, every Cultural Industry has its own specificity which makes it impossible to provide "one size fits all" solutions.

The Cultural Industries suffer from weak governmental support. They share weak institutional and political support. Hence, governmental policies affecting them have been either not effective or counter effective. Recently, the attention devoted by the government to some of such industries (as SWI and FPI) started to take place hence anticipating a better performance. The government was not appraised in any of the industries for its efforts to enhance the industry with the exception of the Software Industry (SWI). In many cases, despite that government policies were rather neutral (i.e. neither negatively affecting the industry nor positively supporting it), the role it played in the related and supporting industries deprived the core industries under investigation from reaping the full benefits due to the existence of several bottlenecks in the related and supporting industries. The Book Publishing Industry (BPI) reveals this case. In other cases, the institutional role of the government as preserving competition and/or protecting the copyrights in an effective way was a major obstacle. The anticompetitive behavior was predominant in the case of the Cinema Industry while the weak enforcement of copyrights protection was prevalent in the Music Sound Recording (MSR) Industry. Hence, the role expected from the government to play to promote the cultural industries in Egypt differs according to the status of each industry. Despite the fact that there are major common concerns, the urgency of these matters and their impact on the performance of the studied industries differ significantly. This report helps to identify such major differences among the studied industries.

The role played by supporting industries was crucial in some of the Cultural Industries as marketing in the BPI and FPI. In general, there was no bottlenecks identified with the exception of marketing in the above mentioned industries. Nonetheless, a better supporting industries' infrastructure especially regarding ensuring finance will help such industries to flourish.

Despite such deficiencies in the governmental policies, the expectations for such industries to flourish are rather high and optimistic. Recommendations for better performance of Cultural Industries include securing a better means of finance, effective implementation of anti piracy polices, and establishing a database on the national level.

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