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Economic Performance Of the Arabic Book Translation Industry in Arab Countries

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Summary: Knowledge has always been at the heart of economic growth and development. It is disseminated chiefly through the different stages of education, R&D, the mass media and the translation industry. In Arab countries there has been a widespread impression that there is a low level of translation activities, which in turn has led to a low output of the translation industry in those countries. This paper addresses this issue; its overall objectives are (1) to describe the economic performance of the Arabic book translation industry in Egypt, Lebanon, Morocco, Saudi Arabia, and Syria; (2) to understand empirically the economic performance of that industry, the focus here being on qualitatively analyzing the major determinants (positive and negative factors) affecting the growth process of that industry; and (3) to provide policy makers and business leaders in the Arab region with theoretically sound and evidence-based advice on the issues analyzed in the project.

To provide an empirical base for answering those questions, both published data and fresh new data have been used. For the latter purpose, a questionnaire-based survey was conducted in the year 2005 among 190 experts, covering firm representatives and experts in industry and government. The Porter (Diamond) model has been used as a theoretical background. The empirical results were incorporated in five national case studies. This paper synthesizes the results of the national reports, giving a comparative account of the performance of the Arabic book translation industry in the five Arab countries.

The overall results suggest that the Arabic book translation industry in these Arab countries has not yet achieved the level of development of other developing and developed countries. Underperformance of the Arabic book translation industry is attributable to (among other factors) severe coordination failures. This is a state of affairs in which the inability of the different agents (translators, book publishers, suppliers, customers, and supporting organizations, state, and so forth) to coordinate their behavior (choices) leads to suboptimal outcomes. Since the economic performance of the translation industry often involves complementary investments whose return depends on other investments being made by other agents, coordination is crucial. Obviously, neither market forces nor the state have

undertaken this coordination activity sufficiently. The Arabic book translation industry seems to suffer from both market failure and government failure. In light of these results the Arabic book translation industry offers great economic potential that should be mobilized systematically in the future. This paper discusses how this can be achieved, based on a well-designed and implemented process of upgrading and innovation in companies, industries, and clusters related to translation activities. Public policy, properly understood and adequately implemented, can play an important role in this process.

To overcome, or at least to mitigate, some of the major coordination failures in the Arabic translation industry, it is necessary to select an existing pan-Arab nongovernmental organization (NGO) or to create a new one, whose mission would include two major groups of activities:

The first action would involve the coordination of activities on the *supply* side of the Arabic translation industry. This group of activities would encompass the following:

1. Improving the documentation of Arabic translation needs. This can be achieved by creating a regional Internet-based database that would constitute an information base on what has been translated, what is being translated, and what will be translated from foreign languages into Arabic.
2. Designing and implementing translation support programs (including providing financial means) on a sustainable basis. This would create and maintain a critical mass of translators and publishing companies.
3. Promoting translation quality assessment programs. This would mitigate the widely known problem of poor quality translation.
4. Designing and implementing training programs for translators and publishing companies involved in the translation business. This would increase the number of translators and improve the quality of translation activities.
5. Promoting networks among writers, translators, and publishers that facilitate contacts and create opportunities for new translation projects. Such additional communication channels would spur new project development.

All these measures are intended to strengthen the supply side of the translation industry in Arab countries.

The second action would involve the coordination of activities on the *demand* side of the Arabic translation industry. The suggested NGO should support readership surveys and promote reading programs. This can be done in collaboration with radio and television stations, print media, schools and universities, and so forth. These measures would help to identify the real needs of the reading public and enhance the culture of reading, especially among young people.

1. INTRODUCTION

Knowledge has always been at the heart of economic growth and development. The ability to invent and innovate, that is, to create new knowledge that is then embodied in products, processes and organizations, has served greatly to fuel economic and social development. For this to happen, efficient systems of both production and diffusion of knowledge have to be put in place.

In the context of developing, including Arab countries, international knowledge diffusion is critically important. These countries can take advantage – at relatively low costs- of the knowledge production that has taking place in developed countries. They can draw upon the capital, skills and technology of those countries¹. The knowledge embodied in those factors of production is disseminated chiefly through the different stages of education and the mass media and the translation industry².

In addition to their contribution to international knowledge transfer, translation activities are also economic activities that generate income, create jobs, and contribute to the foreign trade of their countries of origin. In Arab countries there has been a widespread impression that there is a low level of translation activities, which in turn has led to a low output of the translation industry in those countries. Since there has been no systematic collection of data or statistics for verifying this impression, a systematic empirical study is needed to provide scholars, business leaders, and policy makers with sound advice and assist them in making informed policy decisions concerning this important issue.

However, it could have been quite costly and time-consuming to conduct such an analysis for the translation industry for all Arab countries. A selective approach was therefore required. This consisted of choosing five Arab countries (Egypt, Lebanon, Morocco, Saudi Arabia, and Syria) for which to conduct national case studies. Titles of the final reports of these case studies are provided in the attached reference list.

This paper synthesizes the results of the national case studies and thereby gives a comparative account of the performance of the Arabic book translation industry in the five selected Arab countries³. The rest of the paper proceeds as follows: section 2 describes the objectives of the study, section 3 outlines the methodology, and section 4

¹ A well known hypothesis advanced by Alexander Gerschenkron of Harvard University suggests that relative backwardness itself may aid development. Because they can lean on the technology of advanced countries, today's developing countries can grow more rapidly than did Britain or Western Europe in the period 1780-1850.

² For a detailed discussion of the knowledge society in Arab countries, see Arab Human Development Report 2003.

³ In this synthesis report and in all national case studies we analyze that part of the Arabic translation industry that consists of books. Translation activities that cover other media and information instruments such as the Internet, mass media (electronic and otherwise) cultural products (for example, movies, advertising, and so forth) have not been explicitly covered in this research project.

summarizes the major results. Section 5 concludes with recommendations for public policy makers.

2. OBJECTIVES OF THE STUDY

The overall purpose of the project is to help estimate the economic importance of the translation industry in five Arab countries, as well as to identify the main problems that the translation industry is now facing. It should therefore be seen as an important step toward fulfilling the following objectives:

- (a) To describe the economic performance of the translation industry in Egypt, Lebanon, Morocco, Saudi Arabia, and Syria, including the contribution of this industry to gross domestic product (GDP), employment, and foreign trade
- (b) To understand the economic performance of that industry, the focus here being on qualitatively analyzing the major determinants (positive and negative factors) affecting the growth process of that industry; the determinants include economic, legal (notably Intellectual Property Rights (IPR), social, technological, cultural and political factors, and last but not least the role of supporting industries and governmental policies related to Arabic translation
- (c) To provide policy makers and business leaders in the Arab region with theoretically sound and evidence-based advice concerning the issues analyzed in the project.

3. METHODOLOGY OF THE STUDY

To achieve the objectives of the study, we have followed a standard approach used in applied economics. Inspired by the latest developments in this field, we first developed a common theoretical understanding of the questions at hand and then tried to find empirical evidence for those questions. Both steps are discussed in more detail below.

3.1 Theoretical Background

To illustrate the economic importance of the Arabic translation industry (the first objective of the study), economists have so far used the following three indicators:

- Gross Added Value of the Arabic translation industry as a percentage of total Gross Domestic Product (GDP)
- Share of employment in the Arabic translation industry as a percentage of total national employment
- Share of foreign trade in the Arabic translation industry as a percentage of total national foreign trade

However, the actual computation of the three economic indicators as applied to copyright-based industries—see, for instance, Miller & Stromberg (1993) and Siwek & Mosteller (1999)—came up against both methodological difficulties and the crucial

problem of a lack of appropriate data (for a good discussion of these issues, see WIPO [2003]).

A major methodological difficulty is that of defining the (upstream and downstream) exact boundaries of the translation industry. In other words, which parts of the value chain of the translation industry should be included in the analysis? For example, connected to the central activity of translating and organizing the production of a translated publication is the manufacture of paper and the retailing of translated books. Should those peripheral activities be included in calculating the economic importance of the translation industry?

Another problem, the availability of reliable data (especially in developing countries such as the Arab countries), has to be emphasized. (For more country-specific data problems, the interested reader is advised to look at the national case studies.)

With regard to the second objective of the study, understanding the factors that affect the economic performance of the translation industry in five Arab countries, we have chosen a theoretical background based on a model (the Diamond Paradigm) developed and used by Michael E. Porter of Harvard University (see Porter 1990). The model is itself derived from the structure-conduct-performance (SCP) paradigm in industrial economics (Bain 1956). According to the model, the economic performance (or competitive advantage) of any industry is affected by the following four major forces:

1. Production factor conditions
2. Demand conditions
3. Related and supporting industries
4. Corporate strategy, structure, and rivalry

Production factors include basic inputs such as land, labor, capital, infrastructure, natural resources, scientific knowledge, and so forth. In addition to these general-purpose factors Porter emphasized the need for specialized inputs that include highly specialized pools of skills, applied technology, infrastructure, and even sources of capital tailored to the actual needs of particular industries. These specialized factors are not natural endowments: firms and governments create them. Their presence or absence in an industry is critical to its economic performance.

The second determinant of competitiveness is demand conditions. They include the contribution of both the size and the character of the home-market demand to the industry's product or service. National and international success grows out of having local customers who are among the most sophisticated and demanding in the world for products and services. Size, while important, is less crucial than character. Sophisticated, demanding local buyers provide a window on advanced customers' needs; they prevail on local firms to meet high standards in terms of product quality, features, and service. By meeting such demands local companies often gain a competitive advantage in foreign markets.

The presence or absence of suppliers and related industries that are internationally competitive is the third point of the Porter Diamond. A firm may not need local suppliers for all of its inputs, but it clearly benefits from having a critical mass of competitive suppliers of specialized components, machinery, and services nearby. Far more significant for competitive advantage than mere access, says Porter, is the advantage that home-based suppliers provide in terms of innovation and upgrading based on proximity and close working relationships. Suppliers and end users located close to each other can take advantage of quick and constant information flow, joint work on improvements, and mutual motivation to progress. In addition to supplier industries, home-based competitors in related industries or industries with similar skills, technologies, or customers provide similar benefits: information flow, technology interchange, and opportunities for sharing, which in turn increase the rate of innovation and upgrading.

The fourth determinant of performance and competitive advantage and the fourth point of the Porter Diamond are corporate strategy, structure, and rivalry. These determinants encompass the conditions in a country that govern how companies are created, organized, and managed, as well as the nature of domestic rivalry. According to Porter, intense local rivalry is one of the most significant pressures on companies to innovate and upgrade.

The four determinants of the diamond—production factor conditions, demand conditions; related and supporting industries; corporate strategy, structure, and rivalry— shape the environment for competing in particular industries. The determinants themselves are subject to the influence of two other variables: (1) government and (2) chance. It would be tempting, as Porter has argued, to regard government as a fifth determinant, especially because its role is so prominent in most discussions on competitiveness. Yet this would be wrong: government is best seen not as an independent determinant of competitiveness but as an agent that makes its presence felt through the four determinants of the diamond. The other outside influence on the diamond is chance. Such events as major technological discontinuities and significant shifts in key factor costs such as energy, not to mention wars and other massive economic and political dislocations, alter conditions in the diamond and can cancel out the advantages of entrenched competitors. While chance events may make for shifts in competitive advantage in an industry, the attributes of local environments determine which nation, state, or city exploits them. The locality with the most favorable diamond will be the most likely to convert chance events into competitive advantage.

Another point Porter emphasizes a great deal is that the four determinants of competitiveness constitute a dynamic system that is as important as its parts—or perhaps more so. The effect of one part of the diamond on competitive advantage depends on the state of the others. Serious weakness in any one determinant will hamper an industry's potential for advancement. The four determinants are thus self-reinforcing. In sum, the system (diamond) can work both as a virtuous and as a vicious circle of mutually supporting forces at industry level.

The last point in the Porter model that should be mentioned here is the relationship between the diamond and the building of clusters. On the basis of numerous industry

case studies, Porter observes that a firm's ability to perform and upgrade continuously is strongly influenced by its proximity to advantages in the diamond. Having capable rivals, suppliers, sophisticated customers, and providers of specialized factors nearby ensures more rapid information flow, more fluid working relationships, and greater pressure to perform. Such dynamics lead to the formation of clusters of nationally or internationally competitive industries (including at a regional level involving two or more countries). Clusters of industries that compete nationally and internationally are the driving force behind economic development in a nation or region; their mutually reinforcing character energizes performance, fosters upgrading, spawns new firms and new industries, and stimulates demand for local industries.

3.2 Empirical Approach

With regard to the first objective of the study—estimating the economic importance of the Arabic book translation industry—we have relied basically on facts and figures published by national and international institutions. Unfortunately, data on the Arabic book translation industry from those sources are either unreliable or insufficient in the Arab countries under consideration. This is attributable to several factors: first, relevant economic data, if available, are highly aggregated (national accounts data), and cannot therefore be used for assessing the economic importance of the Arabic translation industry. Second, since the existing Standard Industrial Classification (SIC) used by national statistical agencies for collecting data at corporate and industry levels is also highly aggregated (mostly at the three-digit level), it is not suitable for adequately analyzing the value chain of the Arabic translation industry. Third, additional statistical sources (such as corporate and household surveys data) are not available in all five countries, and even if they are, they use heterogeneous definitions, concepts, sampling methods, and so forth.⁴

This last point is unfortunately also true for the national research teams working within the present study. They have not, for instance, always used the same definitions, sampling methods, and so forth for their country studies. For example, while the Saudi Arabia study considers the Arabic book translation industry exclusively in terms of the production of translated books, the other national case studies look also at the distribution and retailing of those books. For a comparison of the similarities and differences among the industry studies in the five Arab countries, see Tables 1 and 2.

⁴For example, in the terminology of publishers these sources always mention the number of printed copies, which does not reveal the value of their sales.

Table 1: Activities of the Arabic Translation Industry (Value Chain) covered by the study (x: covered by the national case study; 0: not covered by the national case study)

| | Egypt | Lebanon | Morocco | Saudi Arabia | Syria |
|---|-------|---------|---------|--------------|-------|
| Initiation of a translating idea, including funding | x | x | x | x | x |
| The act of translation | x | x | x | x | x |
| Production of translation | x | x | x | x | x |
| Distribution | x | x | x | 0 | x |
| Retail [sale] | x | x | x | 0 | x |
| (Academic translation training) | x | 0 | x | 0 | 0 |
| Translation of documents and work of interpreters | x | | | | |

The consequences of these problems are first, that we can say very little in quantitative terms about the economic importance of Arabic book translation industry in the selected Arab countries, and second, that, even if data are available at the national level, comparisons between the countries are very difficult to make. Finally, since the present study analyzes only the Arabic translation of books, the results can only partly reflect the importance of the entire Arabic translation sector in the economy; apart from which it is not appropriate to make international comparisons.

As for the second objective of the study—understanding the factors affecting the economic performance of the Arabic book translation industry in five Arab countries—the research teams collected original qualitative and quantitative data themselves. For that we developed a comprehensive questionnaire (88 items) based on the Porter model briefly described above. It covered all major aspects of the model and thus contained general questions on the firm (10); on the economic performance of firms (2); on supply conditions (13); on demand conditions (9); on related and supporting industries (13); on market structure and firm strategy (20); on government policies (13); and last, concluding questions on the future expectations of firms in the Arabic book translation industry (8). The questionnaire (its detailed structure can be found in Appendix A) was designed as a guide for conducting face-to-face interviews for a basically exploratory analysis of the Arabic book translation industry in the selected Arab countries.

Owing to the limited financial resources available, it was agreed that the survey would not cover a “representative” sample, in statistical terms, of all firms and experts in the five countries, but rather a limited number of “important” firms and experts located in the five Arab countries. The national research teams were thus able to conduct 190 interviews, not only with representatives of firms, but also with industry and government experts. Of those interviews, 18 percent were conducted in Egypt, 14 percent in Lebanon, 36 percent in Morocco, 18 percent in Saudi Arabia, 14 percent in Syria and (for more details see Table 2.) The survey was conducted in 2005.

Table 2: Number of Interviews for the Arabic Translation Industry

| | Egypt | Lebanon | Morocco | Saudi Arabia | Syria | Total |
|---------|-------|---------|---------|--------------|-------|------------|
| Firms | 13* | 7 | 17* | 3 | 11 | 51 |
| Experts | 22** | 18** | 52 | 32 | 15** | 139 |
| Total | 35 | 25 | 69 | 35 | 26 | 190 |

* Book publishers and translation bureaus

** Including experts from government and international organizations

Last but not least, one important point should be kept in mind while reading and interpreting the results of those interviews given below: all the survey data used in this

study were the product of subjective judgments based on imperfect information⁵. In sum, from a methodological perspective the present study is an exploratory, primarily qualitative analysis of the Arabic book translation industry in five Arab countries.

4. MAJOR RESULTS

The purpose of this section is to present the main results concerning the two major objectives of the study: (1) estimating the economic importance of the Arabic book translation industry, and (2) understanding the factors affecting that performance. The comparison of those results among the five Arab countries will be emphasized. Table 3 gives a synthesis of the empirical results provided by the authors of the national case studies. The reader interested in the details of the individual countries is, however, referred to the national country studies presented separately.⁶

4.1 Economic importance of the Arabic translation industry

The economic importance of the Arabic book translation industry is measured, as mentioned previously, by three indicators: (1) Gross Added Value in relation to GDP, (2) share of national employment, and (3) share of foreign trade (export and import).

With regard to all three indicators, data are unfortunately unavailable for all Arab countries in the study except Saudi Arabia. In the case of Saudi Arabia, rough estimates suggest that 0.02 percent of the overall labor force is employed by the Arabic translation industry and thus contributes 0.03 percent of GDP of that country. As for the estimated contribution of the Arabic translation industry to foreign trade, an estimate is available for exports only: 0.03 percent of all exports come from the Arabic translation industry of this country.

Although there is no hard data to back up the following statement, there exists an overall consensus among all experts interviewed that the overall economic contribution of the Arabic translation industry, as estimated by the three indicators mentioned previously, is very small (if not negligible) in all five countries.

4.2 Factors affecting economic performance of the Arabic translation industry

The Arabic book translation industry is not only very small, in relative terms, but its overall economic performance is also poor, as measured by several indicators (such as growth of sales, market share, number of employees, profits [after taxes], and cash flow in the last two years). There is a consensus about this result among publishing companies and industry experts in all Arab countries under consideration, except for Lebanon (see Table 3).

⁵ See Bertrand and Mullainathan (2001) for a general discussion about problems related to subjective survey data.

⁶ A word of warning: when reading and interpreting the figures given in this section, one should keep in mind all the methodological and statistical difficulties mentioned above.

Table 3: Synthesis of Results for the Translation Industry

| Indicators | Countries | | | | |
|---|-----------|--------------|-------|-------|---------|
| | Morocco | Saudi Arabia | Egypt | Syria | Lebanon |
| Overall performance | - | - | - | - | + |
| Role of Supply | | | | | |
| Labor | + | - | - | + | ++ |
| Capital | - | + | - | + | + |
| Role of Demand | | | | | |
| Domestic demand | - | + | - | + | - |
| Export market | - | ? | - | - | + |
| Role of Related Industries | | | | | |
| Upstream | ? | - | - | 0 | 0 |
| Downstream | ? | + | - | + | + |
| Other firms | ? | - | ? | 0 | + |
| Role of Market Structure | | | | | |
| Domestic competition and strategies | - | + | 0 | 0 | - |
| Foreign competition | - | ++ | - | - | + |
| Role of Public Policy | | | | | |
| Development of human resources and technology | ++ | - | - | + | + |
| Infrastructure and investment | - | + | 0 | + | + |
| Stimulation of demand | - | -- | | - | -- |
| Enforcement of Intellectual Property Rights | ? | + | 0 | -- | + |
| Firms' Expectations | - | + | - | + | + |

Note: 0 = None

- = Poor

-- = Very poor

+ = Good

++ = Very good;

(?) = Cannot be determined

What are the reasons for such overall poor economic performance? The answer to this important question will be structured, as already mentioned in the methodological part, around the four dimensions of Porter's Diamond: (1) production factor conditions, (2) demand conditions, (3) related and supporting industries, and (4) corporate strategy, structure, and rivalry. In addition, we will examine how government policies affect these four factors and therefore the performance of the whole industry. A summary of the interview results regarding these several determinants of the economic performance of the Arabic book translation industry is reported, as already mentioned, in Table 3.

4.2.1 Production factor conditions

The lack of a sufficient number of qualified translators both in quantitative and qualitative terms (in Egypt and Saudi Arabia)⁷ and the lack of capital investment in the latest publishing equipment (in Egypt and Morocco) seem to be major handicaps for the development of publishing companies engaged in Arabic translation. In the case of Morocco, for instance, "Financial support provided to translators by public authorities is weak, raising private funds is very difficult, and banks are reluctant to finance translation activities as well as other cultural activities." (L. Achy)

Only Syria and Lebanon do not report particular problems with these two factors of production (labor and capital). On the other hand, "the rigid political control in Syria has isolated the country economically and considerably limited private initiative in the development of cultural industries. The totally arabised education system, censorship⁸ and religious considerations are factors that have limited supply and demand." (R. Melki)

Along the value chain of the translation industry the role of translators is very crucial. They act very often as initiators of translation projects, as consultants to publishers of translated books, and finally, as authors of the actual translation work. In spite of their central role, their training, status and salaries are in general—according to the experts interviewed—unsatisfactory⁹. In some countries, like Syria, they seem to be "in a fragile economic and social condition" (R. Melki). In addition, their profiles vary from one

⁷ In the case of Egypt, for instance, there is an abundance of translators but they are not always specialized. In addition, quality control is lacking. Lahcen Achy reports similar observations about Morocco: "The quality of translation is also among obstacles that constrain translated titles' dissemination. Specialized translators in areas such as banking, insurance, engineering, science, and some modern branches of law are still lacking."

⁸ The authors of the 3rd Arab Human Development Report 2003 report interesting examples of "Paradoxes of Arab censorship: the novel which won the prize for creativity in the Arab cultural capital in 2002 was banned from distribution in that same capital by the censor. In another case, the novels of the author who won the first prize in the largest book exhibition in the region in 2002 were subsequently banned.

⁹ An example of how translators deal with their uncertain professional situation is to diversify their portfolio of activities: (1) they get involved in translating documents for international organizations and (2) they act as interpreters in international events. Both activities deflect them, of course, from translating books.

country to another. They are, for instance, best paid in the Gulf countries, followed by Lebanon, Tunisia, and Jordan, and finally by Syria, Egypt, and Iraq.

In addition to specialized labor, the lack of capital investment in the infrastructure that is tailored to the actual needs of this industry (for instance, in the field of information and communication technologies, both hardware and software), and the lack of sufficient and sustainable financing of translation programs seem to hamper the development of the Arabic translation industry.

4.2.2 Demand conditions

The second factor affecting poor economic performance of the Arabic translation industry is the market demand conditions. Neither the size nor the characteristics of the demand side is growth-enhancing for this industry. The contribution of the domestic demand to the economic performance of the Arabic book translation industry is poor in most countries under consideration (Egypt, Lebanon, and Morocco¹⁰), except in Saudi Arabia. This is attributable to the low average income level, the low percentage of educated persons able and willing to read (low literacy rates), the relatively poor quality of translated books, the lack of an overall culture that promotes reading, even among educated families (issue of values and tastes in Arab societies). In addition, more and more potential readers (for instance, the younger generation) prefers hearing or watching electronic and multimedia products (tapes, videos, CDs, DVDs, and so forth) over reading translated books.

In addition, the local market is highly segmented because of educational and other cultural policies¹¹: The group of Arabic readers is practically separated from other segments of readers (French readers in the Maghreb, or English readers in the Mashreq and so forth). Moreover, there is a lack of knowledge about the reading public (both actual and potential demand). Hardly any surveys exist on reading habits: that is, what people read, how they read, why they read, and—perhaps more importantly—why people do not read. There is, in other words, a lack of systematic and regular readership surveys. Unlike the situation in other parts of the world, especially in developed countries, where this kind of survey is very common, we do not know the real characteristics of the actual and potential demand for books in general and in Arabic translated books in particular. We do not know, for instance, whether the poor performance of the Arabic book translation industry is partly owing to the result of a mismatch between supply and

¹⁰ In Lebanon the demand is considered by local experts to be very limited: “Local demand for translated literary works and textbooks is too small to absorb potential output. Lebanese publishers target Gulf markets, where a high purchasing power exists. However, books produced in Lebanon are too expensive for Syrian, Egyptian, or North African markets.”(R. Melki]

¹¹ In this regard, an element that deserves further investigation is the presumed bilingualism (or in some countries in North Africa, even “trilingualism”—Arabic, French, and several Berber languages) of the educational system and its impact on demand and supply of the Arabic translation market.

demand in this market. In the case of Morocco, for instance, there is “a clear mismatch between translated titles and the demand as expressed by readers.”(L. Achy)

To fill in some of the knowledge gap in this area, Next Page Foundation conducted the first readership survey in five Arab countries (Egypt, Lebanon, Morocco, Saudi Arabia, and Tunisia) in 2005. The main conclusions of this survey can be summarized as follows:

- “With the exception of Egypt and Saudi Arabia, a share larger than expected of the literates in the other countries surveyed does not read.
- Among those who read the share of infrequent (up to 30 minutes per day) and low readers (31-60 minutes per day) makes up the majority.
- Reading is something children learn at school; there is almost no reading support by family members.
- Reading is stopped at ages 15–19; it is closely linked to leaving school or other institutions of education.
- Most who decrease or stop reading do not return to reading at all.
- School does not initiate reading for life but limits this to school only; deficits must be seen in school manuals and in the absence of young adult literature.
- Arabic is the preferred language of reading.
- More books in this language on topics of interest would make a considerable part of readers read more.
- There is a high religious-mindedness in terms of content and topics of reading.
- Interests professed for certain topics do not necessarily translate into the reading of such topics.” (From Next Page Foundation Home Page: www.npage.org).

These results suggest clearly there are strong structural problems on the demand side of each individual book market in the Arab countries under consideration. In addition, in spite of common language and culture, there is no common market for (translated) books.¹² The export market is therefore not very important for the growth process of the Arabic book translation industry in almost all countries under consideration, except in Lebanon. For specific reasons, Lebanese publishing companies have developed ways and means of exporting books in other Arab countries.

This lack of openness of the Arab book market has several negative consequences. First, it makes the division of labor among the different Arab countries in the area of book production very difficult. Economics of scale and scope cannot be realized. Furthermore, duplication of effort is very often the result of this phenomenon. (There are many stories about the fact that the same foreign books have been translated into Arabic simultaneously in different Arab countries; or that an already translated book has been used under a different cover in another Arab country, without paying royalties to the copyright holder and so forth.)

4.2.3 Related and supporting industries

¹² A symbolic indicator for this phenomenon is the fact that there is (contrary to all expectations) no common Arab bestseller (author/title), as indicated by the Next Page Foundation readership survey.

A third factor explaining the economic performance of the translation industry is the presence or absence of competitive suppliers and related industries (printing, paper, and so forth). In our case, upstream industries seem to have either a negative impact on the development of the Arabic book translation industry in Egypt and Saudi Arabia, or no impact at all (neutral) in Lebanon and Syria. On the other hand, downstream industries (retail, advertising, and so forth) seem to affect this industry positively in Lebanon, Saudi Arabia, and Syria, but negatively in Egypt. In the latter country, for instance, classical **distribution channels seem to be a major problem.**

The situation is even worse when it comes to modern marketing tools through the Internet, such as e-commerce. Across the Arab world it has a very limited existence¹³.

4.2.4 Corporate strategy, structure, and rivalry

In the field of Arabic translation, both the state and private companies have been involved; therefore, there are public and private sector strategies. Wherever the state has been involved in translation and publishing activities, political considerations have prevailed. Public sector strategies usually follow political priorities that do not correlate to business interests; in addition **they lack financial means**¹⁴. The state is particularly strong in Egypt and Syria, where the share of the number of titles published per year may be limited but print runs are high (see Next Page Foundation 2006).

In contrast, private, mostly family-owned publishing firms follow a market-oriented strategy. Since systematic readership surveys and other market research studies are not widely used, most private publishers follow a more intuitive, cautious business strategy. This is revealed in the way they select topics and authors of books. The selection process is risk-averse: only well-established titles and writers are translated and published. When new titles are translated, the market risk is passed to their authors: they have to cover the printing costs and so forth themselves. This business strategy also reflects the existing bottlenecks on both the supply and demand sides of the Arabic translation industry, discussed previously.

The weakest point in the entire translation business is—according to a field study conducted by Next Page Foundation—“editing, as it is reduced to language checking and does not involve quality control in terms of contents.”

The market structure of the Arabic book translation industry is an oligopoly in most countries. There are only a few big publishers in each country that bring out more than 70 titles a year (in countries such as Jordan or Syria, only five publishers). The rest of the market consists predominantly of small-scale publishers that publish up to 10 titles per year and some in the medium range (20 titles per year).

¹³ Unfortunately, international firms specialized in e-commerce—such as amazon.com—do not release country- or region-specific statistics.

¹⁴ In Lebanon official public sector strategies regarding Arabic translation do apparently not exist.

The contribution of domestic competition to economic performance of publishing companies is perceived as negative in Lebanon and Morocco, neutral in Egypt and Syria, and positive in Saudi Arabia. The perception about the role of foreign competition is clearer: it seems to have a negative impact in most countries (Egypt, Morocco, and Syria), with the exception of Lebanon and Saudi Arabia.

4.2.5 Government policies

As stated previously, government policies affect all four determinants of the economic performance of the Arabic translation industry. They have an impact on the supply and demand side as well as on the internal organization of the industry. The results in this section do not therefore relate to all aspects of government policies. A few examples will be selected. The role of the state in developing industry-specific human resources and technology, for example, has been perceived as very positive in Morocco, positive in Lebanon and Syria, and finally as negative in Egypt and Saudi Arabia.

The second aspect of government policies that has been seen as negative in all countries under consideration is the stimulation of demand for translated books. The state seems to perform poorly in this regard.

Finally, a very important task of the state in the book industry, as in other copyright-based industries, is the enforcement of copyrights. All five countries under consideration became parties of the Berne Convention for the Protection of Literary and Artistic Works of 1886. In addition, since all the countries throughout the region aspire to WTO membership, they try to develop their copyright laws along the lines of international standards. Trade-Related Aspects of Intellectual Property Rights (TRIPS) seems to become more important than the Berne Convention. This does not, however, mean that national law enforcement agencies take all necessary measures to sanction copyright abuses as they occur. The perception by the firms and experts interviewed regarding this aspect of government policies varies, therefore, from one country to another. It is seen as positive in Lebanon and Saudi Arabia and as very negative in Syria. In the case of the latter country there is “high piracy rate. The absence of copyright protection affects negatively publishers who are committed to rights.”(R. Melki)

4.3 Concluding remarks

The synthesis of the empirical results of national case studies and other international studies suggests that the Arabic book translation industry in the five Arab countries has not yet achieved the level of development (in either absolute or relative terms) of other developing and developed countries.

The underperformance of the Arabic book translation industry is attributable to—among other factors—severe coordination failures: this is a state of affairs in which the inability of the different agents (translators, books publishers, suppliers, customers, and supporting

organization, the state, and so forth) to coordinate their behavior (choices) leads to sub optimal outcomes. Since the development of the translation industry involves complementary investments whose return depends on other investments being made by other agents, coordination is crucial. Obviously, neither market forces nor the state have undertaken such coordination activity to a sufficient degree. The Arabic book translation industry seems to suffer from both market failure and government failure. These coordination failures exist not only at the national (domestic) level, but also at the regional and international levels (Arab League and other pan-Arab and international organizations).

5. RECOMMENDATIONS

The third objective of the present study, as already mentioned, is to provide policy makers and business leaders in the Arab region with theoretically sound and evidence-based advice on the issues analyzed in the project. On the basis of the evidence submitted in the five Arab national case studies and on evidence from other studies, we will be able to draw up some general recommendations that can be implemented by different institutions (national governments or regional or international development agencies). For very country-specific recommendations, the reader is referred to the national case studies presented separately.

5. 1 Recommendations for national governments

In light of the evidence that the Arabic translation industry in the Arab countries selected for this study has not yet achieved the level of development of other developing and developed countries, we can conclude that there is great potential, which should be systematically mobilized. This can be achieved only by a well-designed and implemented process of upgrading and innovation in publishing companies and the entire book industry. Public policy, properly understood and adequately implemented, can play an important part in this process; indeed it should play four fundamental roles in the process of development of the economy in general and of the Arabic translation industry in particular.

The first such role is that of improving the quality and availability of the generalized inputs that publishing companies draw on, such as educated human resources (qualified translators and other specialized personal), physical and technological infrastructure (hardware and software for information communication technology) and capital.

Second, government should encourage upgrading and innovation with the aid of rules, regulations, and incentives. Through regulations, tax policies, the enforcement of IPR, antitrust laws, and many other measures, governments influence the climate in which publishing companies compete. That influence should be used to encourage investment, innovations, and other determinants of economic performance.

Third, government should leverage its investment in skills, research capabilities and infrastructure to facilitate the process by which all local clusters form and develop. Such investment feeds whole groups of firms and industries. Thinking in terms of clusters rather than industries also encourages publishing companies to work closely with suppliers and customers.

Fourth, and perhaps most subtly, government leaders should challenge local companies and people in their regions to raise their sights and strive for greater competitiveness. The ability of government to signal the future fosters economic upgrading.

Looking at these four government roles more closely, we can see that they are consistent with a modern view of the role of the state in the economy. This view advocates neither a laissez-faire nor a strongly interventionist industrial policy, but operates in tandem with the Porter Diamond presented earlier (see Porter 1990). With reference to this model let us consider the types of actions policy makers in Arab countries should take to positively influence the different components (the dynamics) of the diamond as applied to their Arabic translation industry.

(1) Policies affecting production factor conditions:

- Improve the documentation of Arabic translation needs. This can be achieved by creating a regional Internet-based database that would constitute an information base on what has been translated, what is being translated, and what will be translated from foreign languages into Arabic.
- Design and implement translation support programs on a sustainable basis. This would create and maintain a critical mass of translators and publishing companies. The supply side of the translation industry would be strengthened.
- Invest in human resources by building a strong basic education system for all citizens, thus eradicating illiteracy; by setting high educational standards; by supporting institutions that develop specialized skills (such as specialized professional translators); and last, but not least, by creating incentives for company investment in training.
- Support science and technology by creating incentives for private research and development (for example, in the area of electronic publishing, e-commerce, machine translation software development, and so forth) and for promoting wide dissemination of basic scientific knowledge in areas that affect the development of the Arabic translation industry
- Invest in physical infrastructure; the special needs of the Arabic translation industry should also be taken into consideration.
- Create some sort of accreditation body for translators to control for good quality and to lessen the costs of asymmetric information in the Arabic translation industry.

(2) Policies affecting demand conditions:

- Support readership surveys. This would help to identify the real needs of the reading public, as well as to monitor whether reading promotion policies in general and translation support programs in particular have a measurable impact, especially on young people
- Stimulate early demand for translated books in Arabic; for instance, for public schools, universities, and public administration
- Act as a sophisticated buyer in purchasing (ask for high quality of translated books)
- Promote translation quality assessment programs. To enhance demand for translated books, programs for translation quality control are needed.

(3) Policies affecting related and supporting industries:

- Facilitate cluster development along the lines of the value chain of the book industry
- Promote training programs among professional of the Arabic translation industry in the fields of marketing and distribution
- Improve distribution outlets
- Promote the role of nongovernmental professional publishing and translation associations in disseminating knowledge and mobilizing resources, thus creating positive externalities in the Arabic translation industry.

(4) Policies affecting strategy, structure and rivalry:

- Promote local competition by deregulating the structure of industry and strictly enforcing antitrust policy and IPRs
- Expand interregional and international trade and investment by opening book markets, promoting exports, and attracting appropriate foreign investment in those markets

5.2 Recommendations for pan-Arab NGOs

To overcome, or at least to mitigate, some of the major coordination failures in the Arabic translation industry, it is necessary to select an existing pan-Arab nongovernmental organization (NGO) or to create a new one, whose mission would include two major groups of activities:

(1) The first major group of activities involves the coordination of activities on the *supply* side of the Arabic translation industry. This group of activities would encompass actions for the following:

- Improving the documentation of Arabic translation needs. This can be achieved by creating a regional Internet-based database that would constitute an information base on what has been translated, what is being translated, and what will be translated from foreign languages into Arabic

- Designing and implementing translation support programs (including financial means) on a sustainable basis; this would create and maintain a critical mass of translators and private publishing companies
- Promoting translation quality assessment programs. This would mitigate the widely known problem of poor-quality translation
- Designing and implementing training programs for translators and publishing companies involved in the translation business
- Promoting networks among writers, translators, and publishers that facilitate contacts and create opportunities for new translation projects. All these measures are intended to strengthen the supply side of the translation industry in Arab countries.

(2) The second major group of activities involves the coordination of activities on the *demand* side of the Arabic translation industry. The suggested NGO should support readership surveys and promote reading programs. This can be done in collaboration with radio and television stations, print media, schools and universities, and so forth. These measures would help to identify the real needs of the reading public and enhance the culture of reading, especially among young people. Lately, as already indicated, Next Page Foundation has started conducting readership surveys in five Arab countries. Other pan-Arab NGO can capitalize on these experiences.

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Appendix A: Structure of the Questionnaire

Section I. General questions on the firm

- Corporate name
- Fields of corporate activity (music, software, book publishing, audiovisual, and so forth)
- Position in the value-chain of the industry (supply of inputs translated—author of book, software and so forth—production, distribution, and so forth)
- Position in the firm of person interviewed
- Date of foundation
- Number of employees in 2000–2001
- Capital in 2000–2001
- Volume of physical output 2000–2001
- Volume of sales 2000–2001 (in national currency)
- Past evolution (growth rate) of sales over the past five years

Section II. Questions on the performance of firms

- Growth of sales in the last two years
- Growth of market share in the last two years
- Growth of number of employees in the last two years
- Growth of profits (after taxes) in the last two years
- Growth of cash flow in the last two years
- Growth of other indicators (specify) in the last two years
- Overall performance in the last two years

Section III. Questions on supply conditions

- Number, skills, training, and so forth of employees in the firm
- Availability, structure and sources of financing
- Price/quality ratio of other inputs (electricity, postal services, telephone, domestic transport, port services, airport services, shipment)

Section IV. Questions on demand conditions

- Size and determinants of domestic demand
- Consumers targeted
- Character of domestic demand (demanding, anticipating foreign demand, and so forth)
- Foreign demand (exports)

Section V. Questions on related and supporting industries

- Number of and cooperation with local suppliers
- Availability of specialized inputs
- Horizontal cooperation with other firms
- Contribution of supporting industries (insurance, legal services, banking, marketing, and so forth)
- Contribution of public institutions (universities, R&D organizations, and so forth)

Section VI. Questions on market structure and corporate strategy

- Market structure (number of firms, and so forth)
- Intensity of domestic competition
- Market access and other market entry barriers
- Entry barriers for foreign competitors (foreign competition)
- Existence of an explicit business strategy (number of people involved, goals, strengths and weaknesses of the firm, and so forth)
- Image of the firm (held by customers, competitors, and so forth)
- Existence of an explicit IPR strategy

Section VII. Questions on government policies

- Government policies in human resource development (education, health, training, and so forth)
- Government policies in science and technology
- Government policies in physical infrastructure (transport, shipment, utilities, and so forth)
- Government as a buyer of cultural goods (demand stimulation)
- Government policies in industry-specific investment, building clusters, protecting IPRs, protecting competition, setting price controls, attracting foreign investments, and so forth

Section VIII. Concluding questions: future expectations (sales, profits, employment, market, and so forth)