



NATIONAL UNIVERSITY OF SCIENCE AND TECHNOLOGY

FACULTY OF COMMUNICATION AND INFORMATION SCIENCE

DEPARTMENT OF PUBLISHING STUDIES

INTER AFRICA BOOK TRADE AND ADVOCACY GROUPS

IPU 4215

Part IV Second Semester Examination Paper

May 2016

This examination paper consists of 4 pages

Time Allowed: 3 hours

Total Marks: 100

Special Requirements: None

Examiner's Name: Mrs. M. M. Tapfuma

INSTRUCTIONS TO CANDIDATES

1. Answer question 1 and any other three (3) Questions
2. Question 1 carries 40 marks and each of the other questions carries 20 marks
3. Importance is attached to accuracy, clarity of expression and legible handwriting

MARK ALLOCATION

QUESTION	MARKS
1.	40
2.	20
3.	20
4.	20
5.	20
6.	20

1. Read the article by **Marc Moingeon** and answer the following questions.
 - a) Discuss Hachette's motive for expanding into Cote d'Ivoire's publishing industry. **(5 marks)**
 - b) Identify and discuss the strategies used by the company to enter the foreign market. **(10 marks)**
 - c) Explain why and how the government of Cote d'Ivoire got itself involved in the development of the country's publishing industry. **(10 marks)**
 - d) Explain the terms of the partnership and the gains accrued by each partner from this trade agreement. **(10 marks)**
 - e) Discuss the market system that Hachette's mid-term objectives are suggesting. **(5 marks)**
2. Intra-African book trade is largely affected by both tariff and non-tariff barriers. Discuss. **(20 marks)**
3. Analyse the fundamental ideals of the traditional theory of trade citing examples from the African book industry. **(20 marks)**
4. Book trade organisations have benefitted immensely from donor support. Identify two (2) major donors to the book trade and discuss the milestones made by ABC as a beneficiary of such support. **(20 marks)**
5. Discuss the rationale for regional economic integration in Africa. **(20 marks)**
6. Critique the notion that taking part in a trade fair is always beneficial for any business. **(20 marks)**

End of paper

Page 2 of 4

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Extract from: Sosale, S. (ed.). 1999. Educational Publishing in Global Perspective: Capacity building and trends. Washington D.C.: World Bank, and answer questions that follow.

Local and Foreign Partnerships: Attracting Foreign Investment

Marc Moingeon

This paper explains how Hachette France came to invest in the publishing industry of Côte d'Ivoire, evaluates the five-year experience, and outlines its pros and cons for those publishers and countries who might be tempted by a similar experience.

Hachette's Strategy

Hachette has long-standing experience as a textbook exporter of books published for the French market and conforming to the French curriculum and of books adapted to local curricula by mixed teams of French and local authors. In fact, Hachette has created a publishing subsidiary, called EDICEF, whose specific purpose is to publish for local schoolbook markets outside France. EDICEF sometimes acts as an "external unifier" when it publishes a book aimed at several countries in a sub-region of Africa (for example, CIAM, a mathematics course for secondary schools in Francophone Africa).

As the subsidiary developed, Hachette has felt a growing need to take part in the development of the local publishing industry, in particular when the country in question has expressed such a need. Through our experience we have come to know what factors will lead a country to develop its own publishing industry: the desire to be self-reliant for part or all of its editorial needs—to end dependence on foreign suppliers, to have authors and artists close to their editors, to develop a strong cultural identity, to create employment opportunities, and to use local printing facilities.

It is preferable to follow the movement toward the development of a local publishing industry rather than adopt a short-term policy based on traditional book exports. Editorial joint ventures appear to have a future in a sector in which economies of scale are sought, in particular when the partners share the same language. With regard to the question of French-speaking areas, a publisher from an industrial country is driven to the following conclusions: growth potential is greater in developing countries than in industrial ones because of the demographic curve and a trend toward higher expenditures in education; and the distribution of the French-speaking population is currently 60 percent in the North and 40 percent in the South, with a tendency toward a 50-50 percentage split.

The publishing industry in the French-speaking regions is heavily unbalanced, around 95 percent of the publishing activity is in industrial countries and 5 percent in developing ones. This imbalance is unhealthy for the French-speaking world in general. A shortage of adequately written material can be most harmful to the future widespread usage of the French language.

To be a publisher means to be able to respond to demand. In the publishing industry, as in others, close cooperation between the producer and the customer is most beneficial, especially in the cultural field. It is also important that developing countries have access to a variety of cultural models in the development of new industries.

The Terms of Privatization

By the *Protocole d'accord* of April 24, 1992, a new company, les Nouvelles Editions Ivoiriennes (NEI), was created out of the Bureau Ivoirien des Nouvelles Editions Africaines, in which the Côte d'Ivoire government maintained 45 percent of the shares with the intent to sell a further 25 percent to the public.

Hachette (through EDICEF) and the Canadian company, CEC, took 29 percent of the shares and became the operators of the company. The remaining 26 percent is held by private Côte d'Ivoire companies or private individuals who form a "pool" with Hachette through which they jointly run the NEI.

Côte d'Ivoire's contributions and commitments consisted in part of the assets and liabilities of the former state company, which were transferred as grants to NEI, and the right to publish for a limited, but renewable period of time a part of the official primary textbooks for which the state still owned the author's rights.

The buyers' contributions and commitments were the purchase of 55 percent of the company for a value of CFAF 590 million (at that time about US\$2.5 million). In the case of primary school textbooks for which the state owned author's rights and the copyright, Hachette agreed to reintegrate printing operations in Côte d'Ivoire with the understanding that national preference for local Côte d'Ivoire printers could not exceed a 15 percent cost surplus compared with European prices. Hachette also committed itself to providing technical assistance and training to the company staff, to developing local non-textbook publishing (trade, juvenile), and to help create and promote a book fair in Abidjan.

Hachette's Assessment of the Investment

Hachette's five-year involvement in running NEI has definitely been a positive experience. The major event in company history during that time was the devaluation of the CFA franc in January 1994. NEI was directly hit because the government considered primary textbooks as priority items and their prices were consequently frozen. Since the raw materials necessary for these books were imported, the NEI working account would have been endangered if the Côte d'Ivoire government had not decided to subsidize NEI for its loss of margin during the two-year price freeze. The devaluation has also prolonged by two years the payback period, (eight years instead of six) for Hachette's and its partners' investment.

Despite the problems caused by the devaluation, NEI is profitable and has been able to pay its shareholders. The Côte d'Ivoire government has benefited from author's rights, taxes, and dividends. Hachette has benefited from a "management fee" granted by approval of the NEI board for the assistance extended to company management. The Côte d'Ivoire government has consistently been a loyal and efficient partner.

We also believe that NEI has benefited from the general improvement of the Côte d'Ivoire economy since 1995. Our conclusions are that the right to publish a portion of the official textbooks was a necessary condition in our decision to invest in Côte d'Ivoire. The Côte d'Ivoire publishing industry is still in the early stages of development. Its total revenue was just over US\$10 million in 1997, compared with US\$50 million in Kenya.

Following are what Hachette considers as midterm (5 to 10 years) objectives for the Côte d'Ivoire publishing industry:

- i. To allow primary school teachers to choose among several textbooks.
- ii. To take part in international bids to provide textbooks to low-income sectors of the population.
- iii. To reach 20 to 25 percent of total local book publishing in trade, reference, or juvenile books and help develop the nontextbook sector.
- iv. To be a useful example for those countries with small or average-size populations (around 10 million) who wish to set up a publishing industry.