

CEPI Brief N° 13

Strategic positioning study of the printing branch

FOREWORD

The printing branch is comprised of diverse products and activities that include printing techniques and pre-press activities and printed products, such as typography, heliography, serigraphy, flexography and offset.

The following study is focused on printing on paper and flat carton.

NATIONAL SITUATION

The branch regroups some 340 enterprises of which 121 have 10 or more employees. The branch accounts for a total 6 900 jobs.

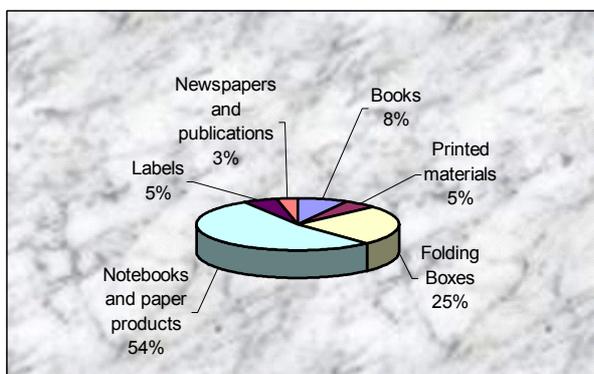
68% of the enterprises are located in the greater Tunis area. Around 11% of printing industry enterprises are located in the regions of Sfax and Sousse.

In 2000, production value grew by 7%, marking an appreciable increase over the average annual growth rate for the past five years of 3%.

During the same year, investment in the branch increased 78%, primarily due to the launching of modernization and upgrading plans.

Tunisia, in 2000 recorded a deficit of 109 million dinars for printing products. In 2000, imports were 132 million TND while exports were around 23 million TND.

Breakdown of exports by product in the year 2000



INTERNATIONAL SITUATION

World commerce in graphic products is in expansion, rising over 50% over the past 5 years, though 78% of exports are to the markets of 10 countries. The United States, Germany, France, Great Britain and Italy are the primary markets.

Although today the exporting countries are as well the major importing countries, the situation is evolving as demand from Asian and Latin American countries is increasing constantly and rapidly.

In Europe, graphic production is principally determined by internal demand.

Germany is the premier European market for printed products, followed by Great Britain, Italy and France.

In Egypt, printing production has increased considerably during the past five years. The privatization of the public sector accounts for almost all investment in the branch. The high level of taxation on imported raw material inputs makes it difficult for Egypt to export finished printed products.

In terms of folding boxes there is a strong trend to concentration within the sector, explained primarily by stable consumption demand and supply driven prices.

In terms of advertising packaging in flat carton, the demand remains unchanged, maintaining average annual growth of 3% per annum.

INTERNATIONAL COMPARISON

Comparative benchmarking analysis effected on the branch in Tunisia referenced to four countries shows that:

- the printing branch in Tunisia is competitive in terms of price. Only Egypt has slightly lower prices;
- the quality of Tunisian products is acceptable.

Nevertheless, the level of technology, customer service and production management requires improvement;

- in the referenced countries of Europe exports are superior to imports. Inversely Tunisia and Egypt are deficit producers;
- customs fees are still relatively high on inputs imports, which penalize Tunisian printers in terms of the possibility to export. The dismantlement of tariffs will allow a 21% decrease in the costs of raw materials; though foreign competition will increase within the local domestic market;
- the level of productivity in Tunisia is low. If the branch improves its productivity, it should be able to respond to the volume of orders from European principals and provide attractive prices.

OBJECTIVES 2006

The strategic axes to follow are :

- the consolidation of the position and the share of the branch within the local domestic market;
- the progressive development of the share of the export market of the countries of Europe.

Through to the year 2006, the branch in Tunisia needs to realize:

- productivity gains of around 112% relative to current production, to attain a level of 188 TND/man/day versus the current 80 TND/man/day;
- an average annual growth rate of 18%, for the period 2000-2006, in terms of production;
- exports of 5% of the turnover of the branch, (21 million TND).

LUCRATIVE NICHES AND MARKETS

All small and medium size runs, such as:

- quality books with hard covers;
- high quality catalogs and brochures;
- book for children;
- calendars, displays, presentations in flat carton , with manipulation (cut-outs, counter-gluing, etc.) ;
- special order books with digital printing;
- printed adhesive labels and tickets.

ACTIONS TO UNDERTAKE

➤ Actions within the enterprises

- equipment, machinery and materials require modernization. However the installation of new technologies such as automated cutting does not seem to be opportune for the moment;
- increase productivity;
- establish quality control systems, computer assisted production management and systems for working in networks;
- structure a commercial department.

➤ Institutional Measures

- improve the competence of trainers and create specialized training centers.
- create a professional association of printers, oriented in particular toward the internationalization of the branch ;
- establish a sector training program
- promote immaterial investments;
- support financially and technically associations that have an international vocation.

➤ Promotional Actions

- Creation of a professional association of exporters of printed products and graphics services or an equivalent division within the Union of Printing Industries.
- Develop international marketing and sales.

➤ Enterprise creation and Partnership

- The study has resulted in the identification of 2 project files to promote.
- An exhaustive list of potential European partners.