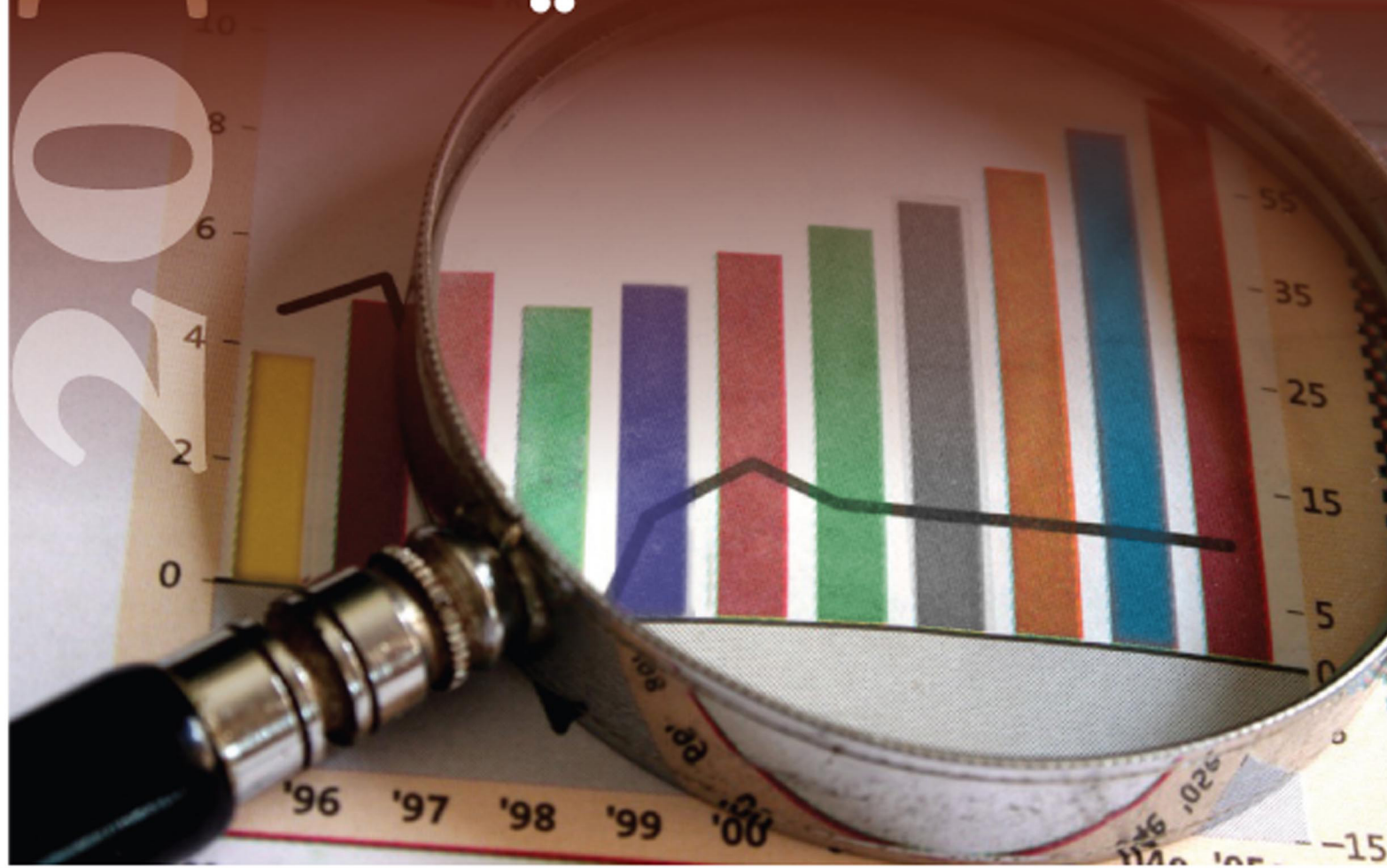


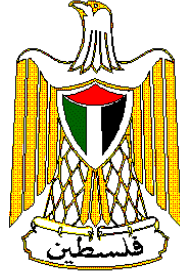


السلطة الوطنية الفلسطينية  
الجهاز المركزي للإحصاء الفلسطيني

# أداء الاقتصاد الفلسطيني 2010



أيار/مايو، 2011



**2010**



**2006**

.2011 – 1432 ©

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.2010

.2011

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. **1647** : .

(970/972) 2 298 2700 :

(970/972) 2 298 2710 :

1800300300 :

diwan@pcbs.gov.ps :

<http://www.pcbs.gov.ps> :

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2010

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2010

2009

2010

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**2011**

**2010**

15		-1
18		-2
19		-3
23		-4
25		-5
26	( )	-6
27		-1.6
28		-2.6
29		-7
31		-8
32		-9
32		-1.9
33		-2.9
35		-10
36		-11
36		-12
36		-1.12
37		-2.12
37		-3.12
37		-4.12
37		-5.12
40		-6.12

<b>16</b>	2009	2010	<b>1</b>
<b>18</b>	(2010-2004)		<b>2</b>
<b>19</b>	(2010-2004)	15	<b>3</b>
<b>22</b>		(2010 2009)	<b>4</b>
<b>24</b>			<b>5</b>
		(2010 2009)	
<b>26</b>			<b>6</b>
		(2010 2009)	
<b>26</b>		(2010 2009)	<b>7</b>
<b>27</b>	(2010-2004)		<b>8</b>
<b>29</b>		2009	<b>9</b>
<b>30</b>		2009	<b>10</b>
<b>35</b>	(2010-2004)		<b>11</b>
<b>36</b>	(2010-2004)		<b>12</b>
<b>36</b>		2010	<b>13</b>
<b>40</b>	(2010-2008)		<b>14</b>
<b>40</b>		(2010-2004)	<b>15</b>
<b>41</b>		(2010 2009)	<b>16</b>



15	(2010-2004)	1
17	(2010 )	2
17	(2010 )	3
18	(2010-2004) ( )	4
20	(2010-2004)	5
20	(2010-2004)	6
21	(2010-2004)	7
22	2010	8
22	2010	9
23	(2010-2005)	10
23	(2010-2004)	11
25	(2010 2009)	12
25	(2010 2009)	13
27	(2010-2004)	14
28	(2010-2004)	15
31	(2010-2004)	16
31	(2010-2004)	17
32	(2010-2004)	18
33	(2010-2004)	19
33	2009	20
33	2010	21
34	(2010-2004)	22
35	(2010-2004)	23
38	(2010-2004)	24
39	(2010 2009)	25
39	(2010-2004)	26
41	(2010-2004)	27

2010

2010

2009

%0.4

.2009

%9.3

%3.1

.

2010

%3.75

.%35.6

2009

2010

%6.1

2010

.2009

.

**%25.7**

**2010**

%3.7

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%23.7

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%24.5

2010

%18.3)

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(

%38.0

%19.4)

2009

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998.9

%23.4

2010 . 809.4 .2009

1.9

.2009 %21.6

)

.%2.7 ( %16.5 2010

)

%9.3 ( 2010

2010 1,822.9

2009 2,473.1

6,109.7 %26.3

%106 840.7

719.0 2010

. %16.9 2009

2

2010

%6.3 3,989.2

.2009

%14.2

6.8 2010

6.0 2010

.2009 %8.8

.%7.0

3

2010 ( )

2010

%6.6

2010 465

74.3

1

)

%1.8

%39.0 (

.2010 4.5

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2

3

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1



2010

:1

-1

(2010-2004)

(2010-2008)

%9.3 2010

.2008

2006 %5.4

2007

2006 .%8.0

%11.4

2005

%5.2

%3.5

%20.1

160

%8.6

2005

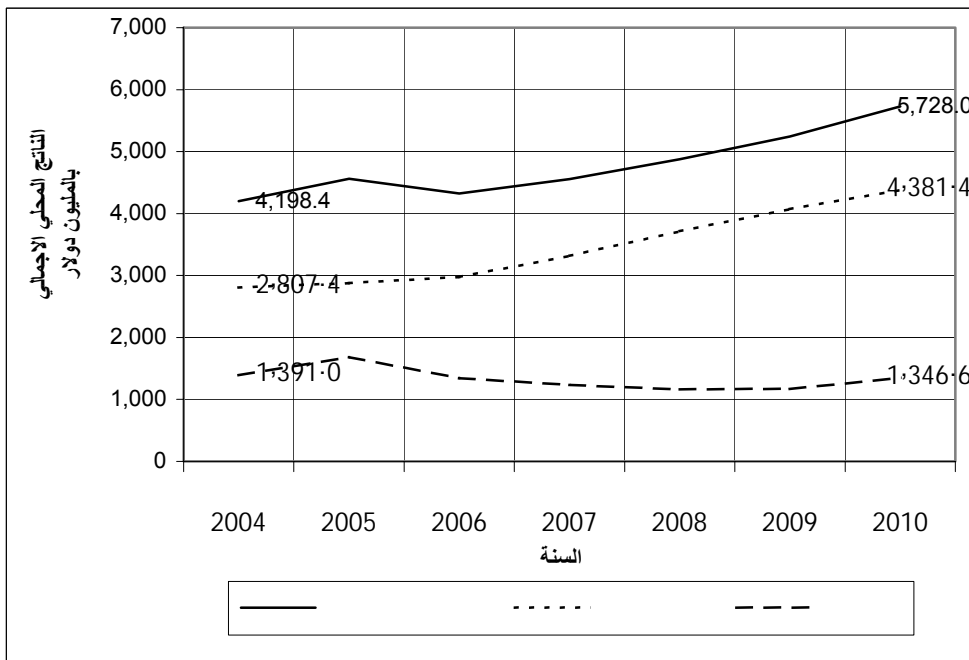
.2004

%2.5

%21.0

(2010-2004)

:1



.1967

1



2010

%9.3 2010

2009

2010

2009

2010

:1

( )

			2010	2009
34.6	17.2	22.8	360.0	293.2
-3.8	-5.7	-5.5	706.6	747.7
232.2	13.9	35.6	525.6	387.7
12.7	11.9	12.0	634.7	566.5
12.9	5.7	6.0	446.5	421.0
2.2	11.9	10.4	297.2	269.1
4.1	2.9	3.3	1,196.0	1,157.5
3.2	8.5	6.4	798.8	750.6
<b>15.1</b>	<b>7.6</b>	<b>9.3</b>	<b>5,728.0</b>	<b>5,241.3</b>

%18.0

2009

2010

%7.6

%18.0

%5.7

%50.6

2010

%15.1

%232.2

2009

%34.6

%20.9

%13.9

%9.2 %11.1

%12.3

%9.4

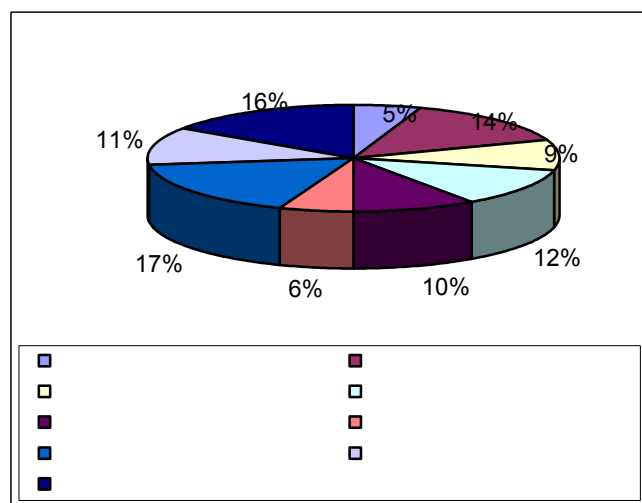
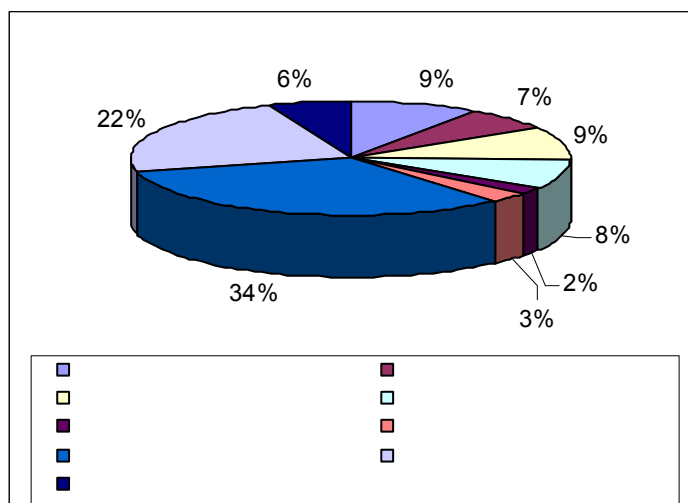
.%5.3

:3

:2

(2010 )

(2010 )



1,502.4 2010 (2 )

.2009 %6.1

(2010-2004)

:2

2010	2009	2008	2007	2006	2005	2004
5,728.0	5,241.3	4,878.3	4,554.1	4,322.3	4,559.5	4,198.4
3,813	3,702	3,597	3,495	3,389	3,287	3,188
1,502.4	1,415.7	1,356.3	1,303.2	1,275.4	1,387.2	1,317.0
6.1	4.4	4.1	2.2	-8.1	5.3	-

.1967

\*

(2010-2004)

876.7

2010

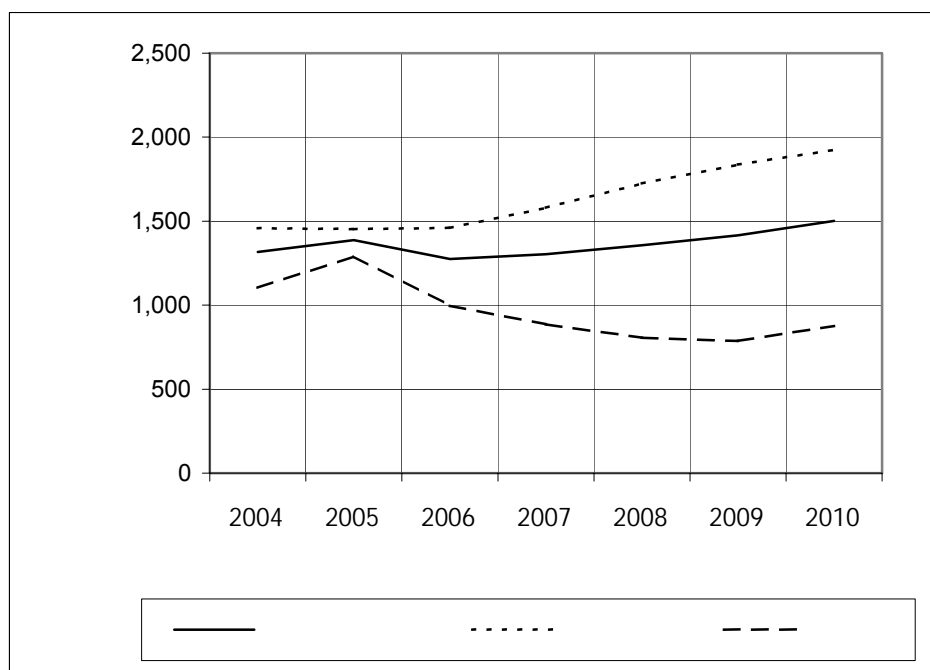
2010

1,924.6

(2010-2004)

( )

:4



جدول 3: بعض مؤشرات سوق العمل للأفراد 15 سنة فأكثر في الأراضي الفلسطينية، (2004-2010)

2010	2009	2008	2007	2006	2005	2004	
976	951	908	882	834	789	752	( )
41.1	41.6	41.2	41.7	41.0	40.4	40.1	
744	717	666	691	637	603	550	( )
3.7	7.6	-3.5	8.5	5.5	9.6	-	
91.7	91.3	87.0	81.9	81.5	77.0	73.8	( )
71.1	73.4	71.9	74.4	75.4	74.0	73.8	*
23.7	24.5	26.6	21.7	23.7	23.5	26.8	
15,129.9	14,106.0	14,147.7	12,283.3	12,936.4	14,885.5	14,922.4	/( ) <sup>1</sup>

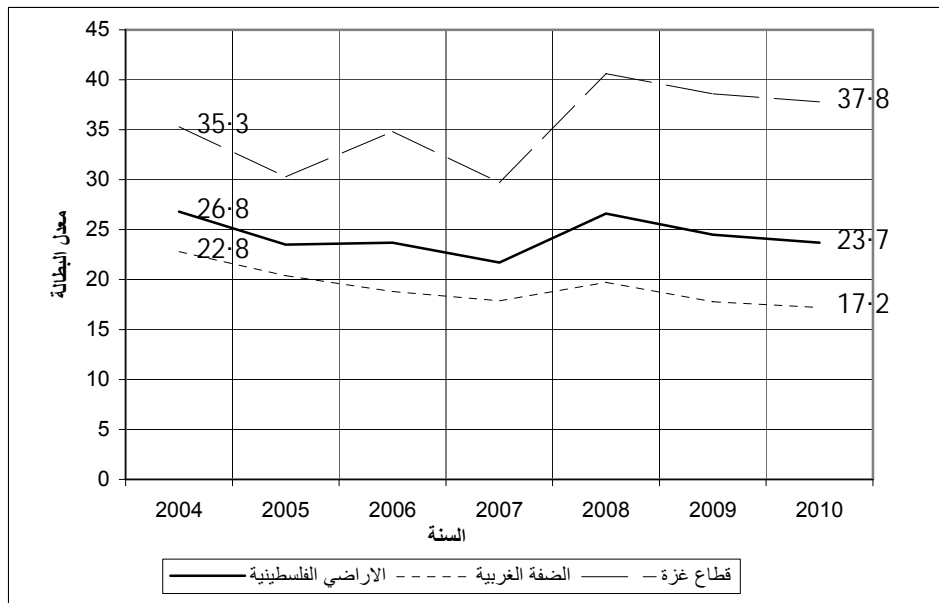
\*

2009	2010		
%(41.7-40.1)			
%41.6	%41.1	2010	2010-2004
		2010-2004	2009
.2009	951	976	2010
2009	2010		
2009	%3.7	2010	
%3.5	2008	%7.6	2009
			2007-2004
2007	2010-2004		
	2010	%21.7	
	2010	.2009	%24.5
2010		%17.8	%23.7
			%17.2
			%.37.8

<sup>1</sup> = /

(2010-2004)

:5



( )

2010-2004

2009

91.3

91.7

2010

(6: )

2010-2004

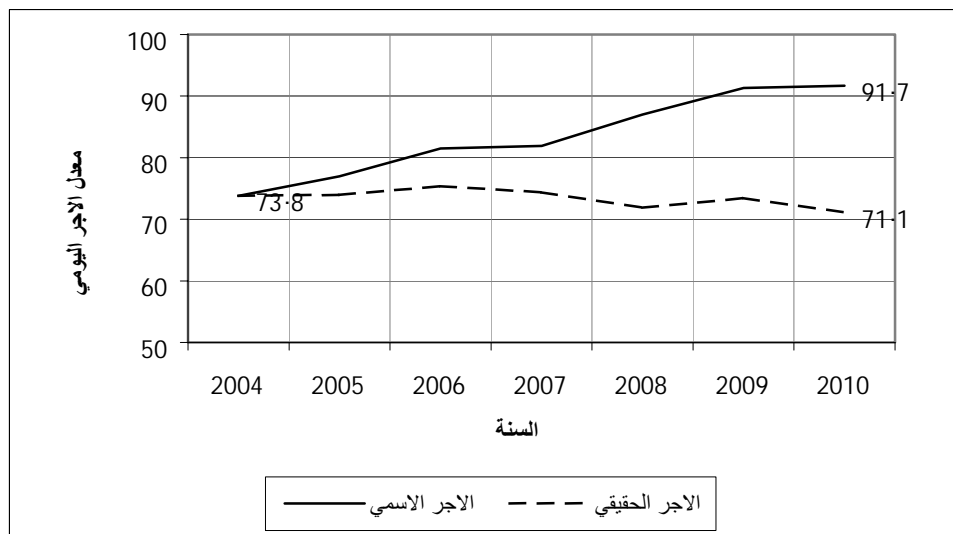
%3.1

2009

2010

(2010-2004)

:6





2009.

2010

2007

2004

2010-2004

2007

12.3

2007

2004

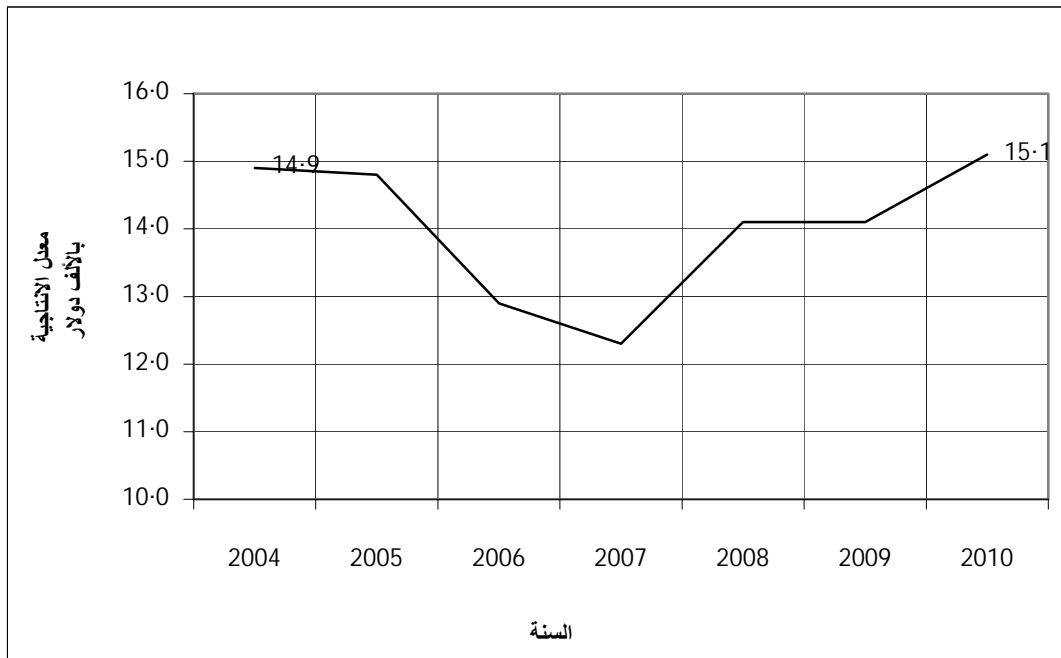
15.1

2010

14.9

(2010-2004)

:7



2010

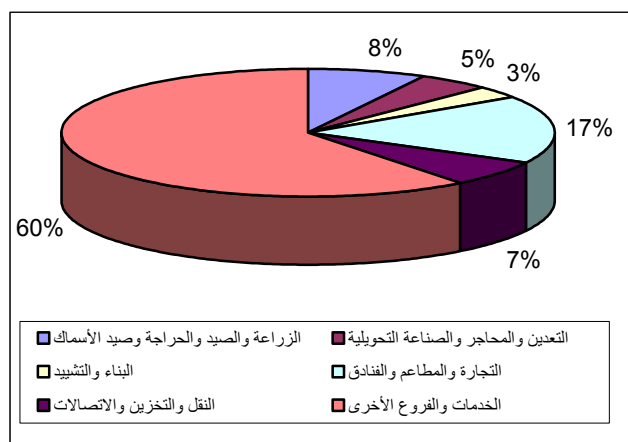
( %60.0

%30.0 ) %38.3

.9 8

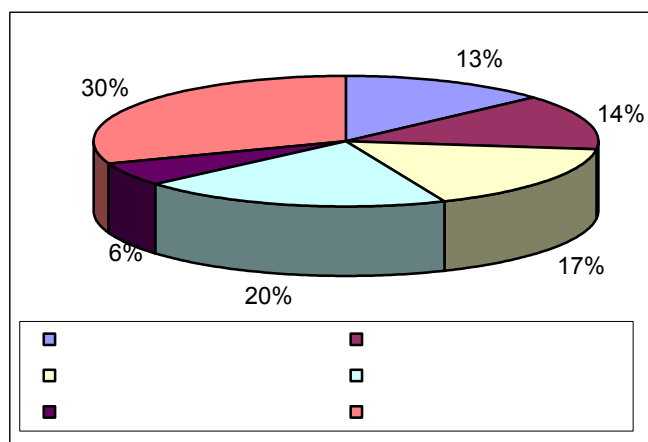
:9

2010



:8

2010



(2010-2009)

:4

			2010	2009
24.2	1.1	4.3	87,800	84,200
-7.9	-1.4	-2.1	84,800	86,600
235.3	11.9	16.2	98,100	84,400
-3.2	7.0	4.4	143,500	137,500
19.6	4.3	8.3	44,400	41,000
-2.2	2.6	0.7	285,400	283,500
<b>2.4</b>	<b>4.2</b>	<b>3.7</b>	<b>744,000</b>	<b>717,200</b>

%16.2 2010

( )

2009

.2010

%11.9 2010

%1.4

2010 %235.3

2009

2009

2009

2010

2010

%24.2

-4

2010

2004

%24.0

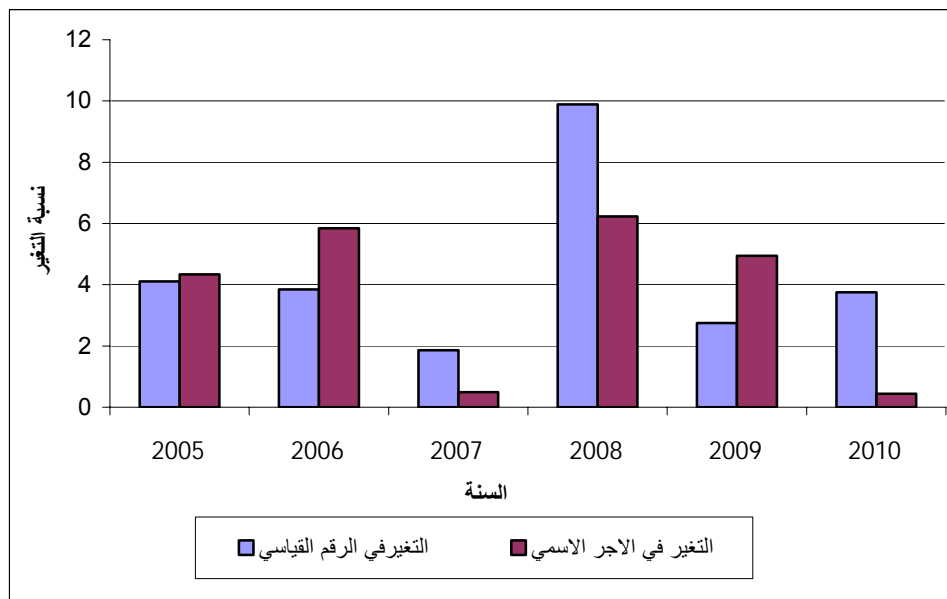
%29.0

2010 2008 2007

.11 10

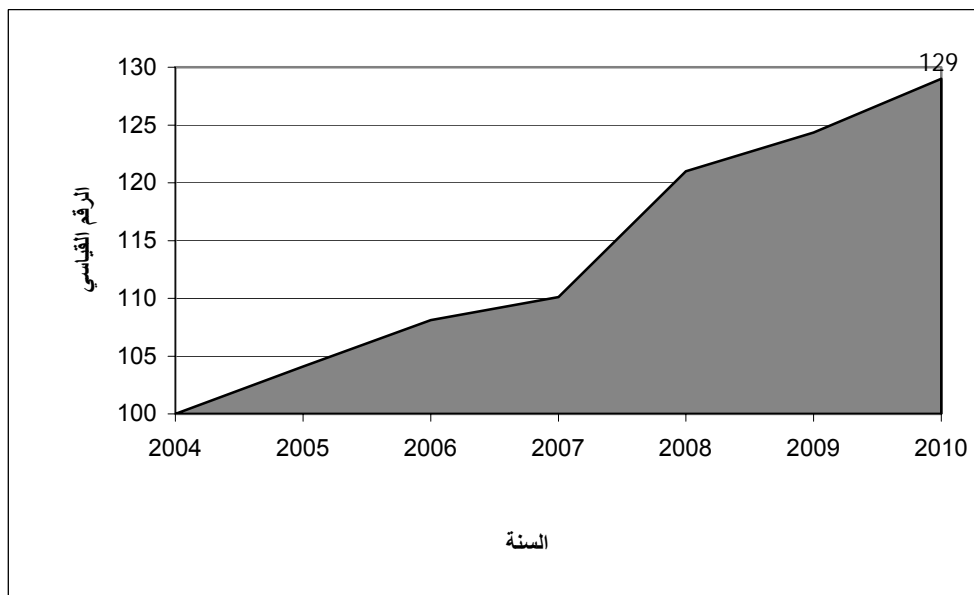
(2010-2005)

:10



(2010-2004)

:11





%37.6

%6.9

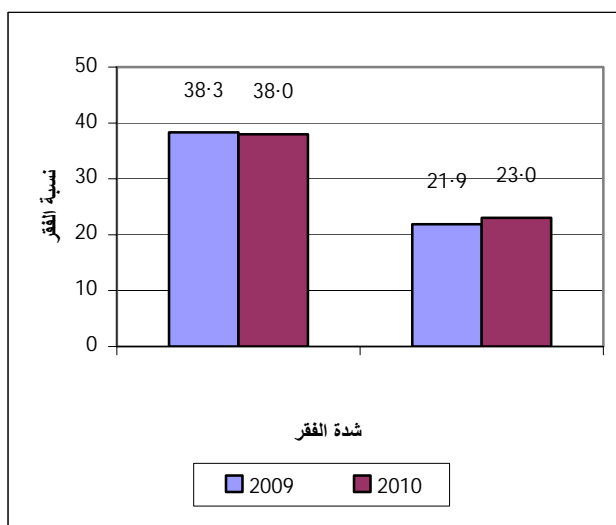
%9.9

%10.4

-5

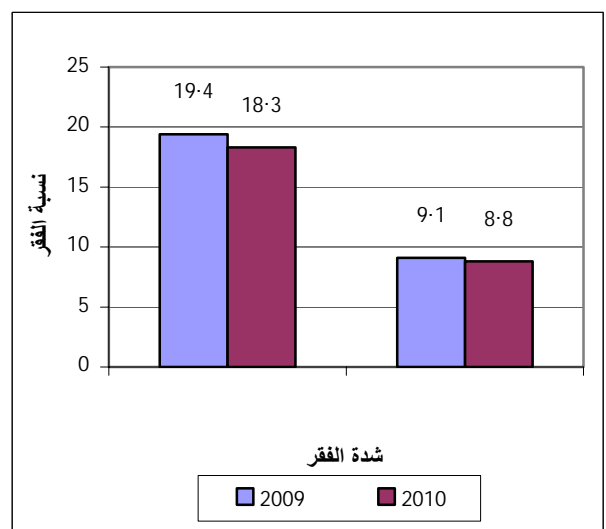
:13

(2010-2009)



: 12

(2010-2009)



2010

) %25.7

2010

%14.1

.(

%38.0

%18.3

%8.8 )

%19.4 )%26.2

2009

.(

%23.0

.(

%38.3

2010

%16.8

2010

.(

%21.2

%10.7)

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2009

.(

%22.1

%12.6)

:6

## 2010-2009

2010	2009	2010	2009	2010	2009
48.2	49.2	20.5	22.2	30.9	31.9
33.0	36.7	11.0	12.1	19.2	21.0

.( )

2009 2010

## 2010-2009

:7

2010	2009	2010	2009	2010	2009
10.3	10.1	4.1	4.2	6.4	6.3
3.9	3.8	1.4	1.4	2.4	2.3

\*

\*

1( ) -6

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1,516

2004

2005

(2008-2005)

2008

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2004

%24.0

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535.1

736.8

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(2010-2004)

:8

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*2010	2009	2008	2007	2006	2005	2004
998.9	809.4	737.9	598.5	579.2	486.7	421.4
1,822.9	2,473.1	3,570.6	2,505.5	1,623.0	1,299.4	895.3
840.7	719.0	397.5	400.2	273.5	416.8	667.9
1,377.6	1,266.1	1,167.8	1,016.0	710.3	717.1	641.1
5,366.8	5,016.8	4,961.9	4,567.3	3,805.7	3,618.4	3,337.8

\*

1

-1.6

2010

%85.0

809.4

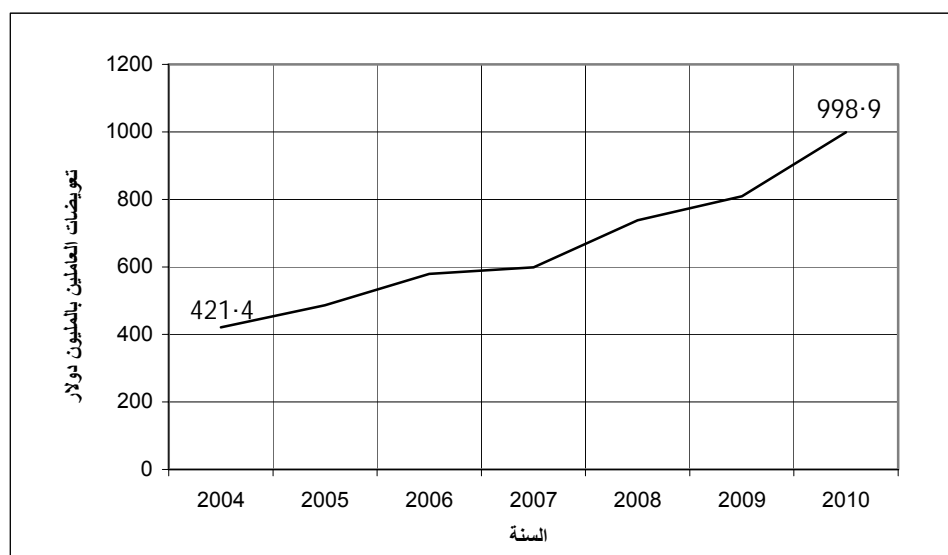
998.9

%23.4

2009

(2010-2004)

:14



:( )

1

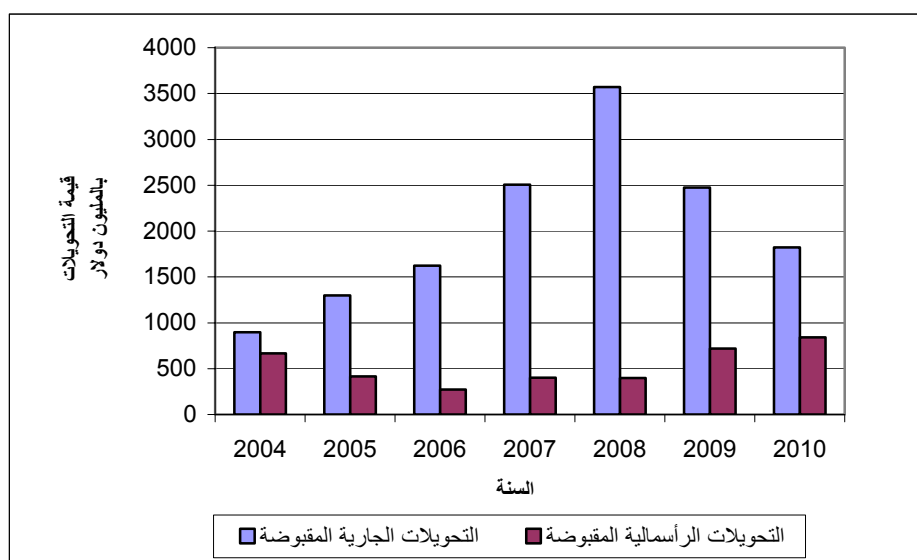
-2.6

1

2,473.1 1,822.9 2010  
 %26.3 2009  
 .%16.9 2009 719.0 2010 840.7

(2010-2004)

:15



( )

1



1,378 2010  
 %6.3 1 5,367  
 .2009

%75.0

2009	2	:9	( )
النسبة المئوية*			
13.9	501,113	( )	
4.9	177,269	( )	
2.8	102,519		
2.8	102,104		
2.1	75,263		
1.1	40,519	( )	
1.1	39,443		
1.1	38,362		
1.0	36,441		
1.0	35,624		
<b>31.9</b>	<b>1,148,658</b>		

\*

%31.9

4,447

(J1)

( )

) - =

1

2

%85

%38.4

(10)

2009

1

:10

( )

\*

10.3	53,460	
5.4	27,897	
4.0	20,478	
3.7	18,936	
3.3	17,123	( )
2.8	14,538	
2.4	12,349	( )
2.4	12,248	
2.3	11,668	
2.0	10,281	
<b>38.4</b>	<b>198,977</b>	

\*

:( )

(2010-2004)

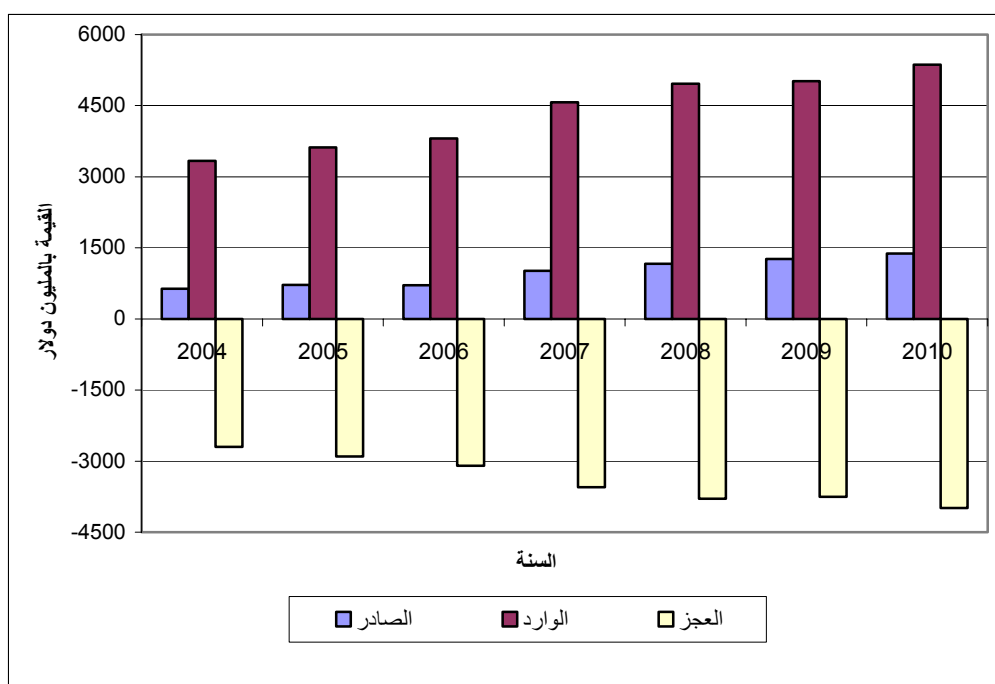
.%6

( )

1

\*(2010-2004)

:16



2010 \*

(

)

-8

( )

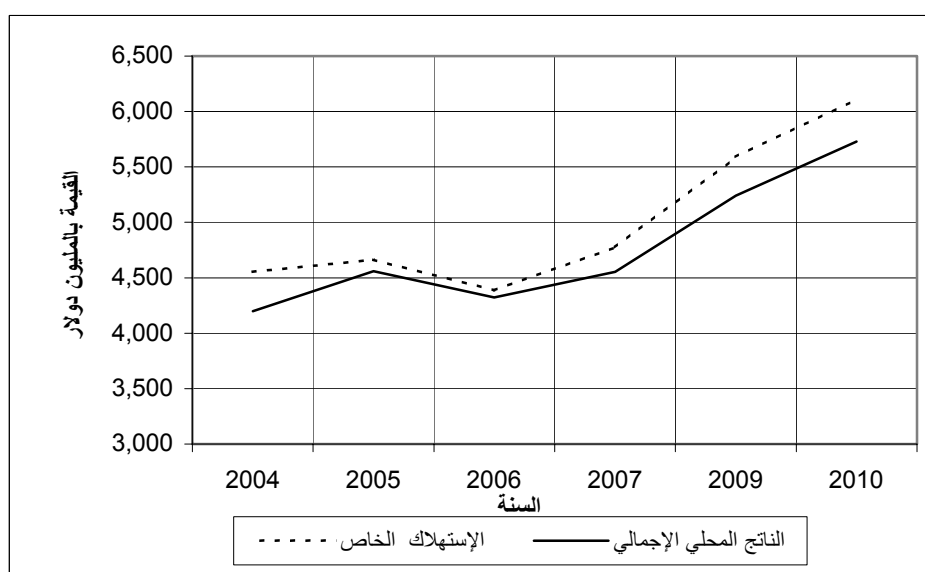
%106

6,109.7

2010

(2010-2004)

:17



%22.2

2006  
2007  
(2010-2008)  
2008

-1.9

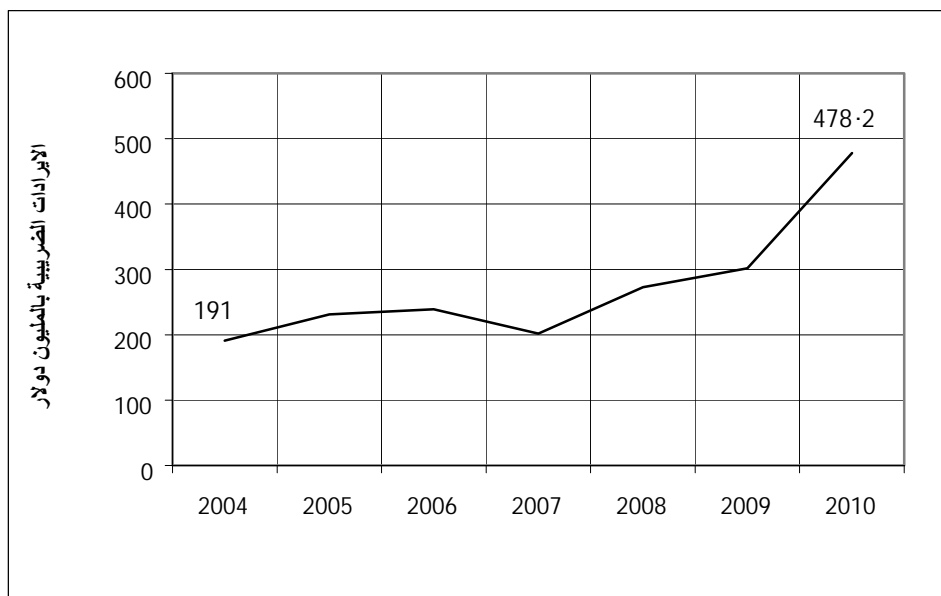
2010

2010

%39.0 ( )

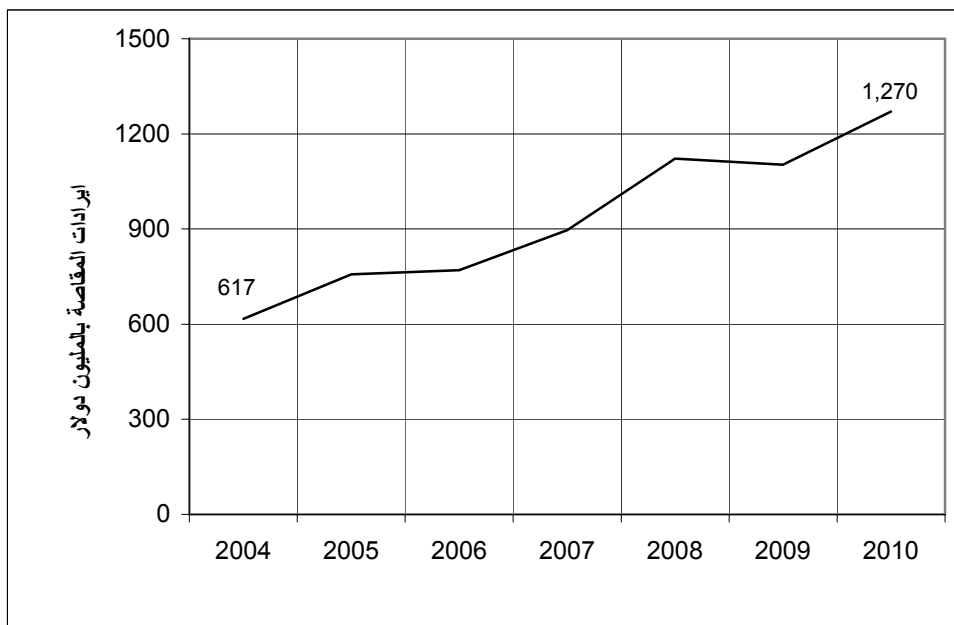
%21.6 2010 1.9  
2010 2009  
(18: ) 2009 %59.0 478.2 2004

(2010-2004) :18



2010  
2009 15.1% 2010  
1,103.2 2010 1,269.4  
2009.

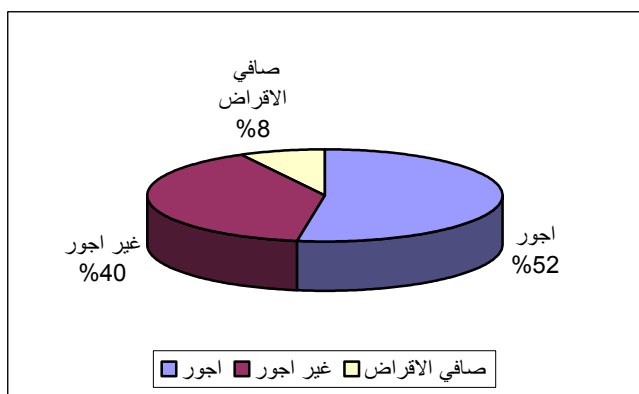
(2010-2004) :19



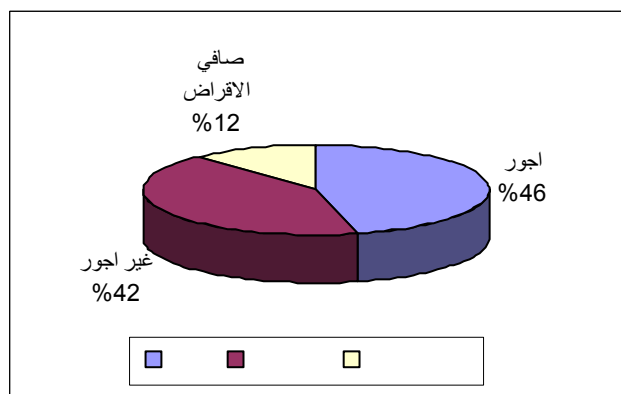
-2.9

52.0%

2010 :21



2009 :20



2010 ( )  
2010 3,101.7 %2.7  
2009 3,189.8

2010 10.9%

2010 8.2%

1,626.8

2010 301.0

2010

2010 2009

2009

215.5

2010

2009

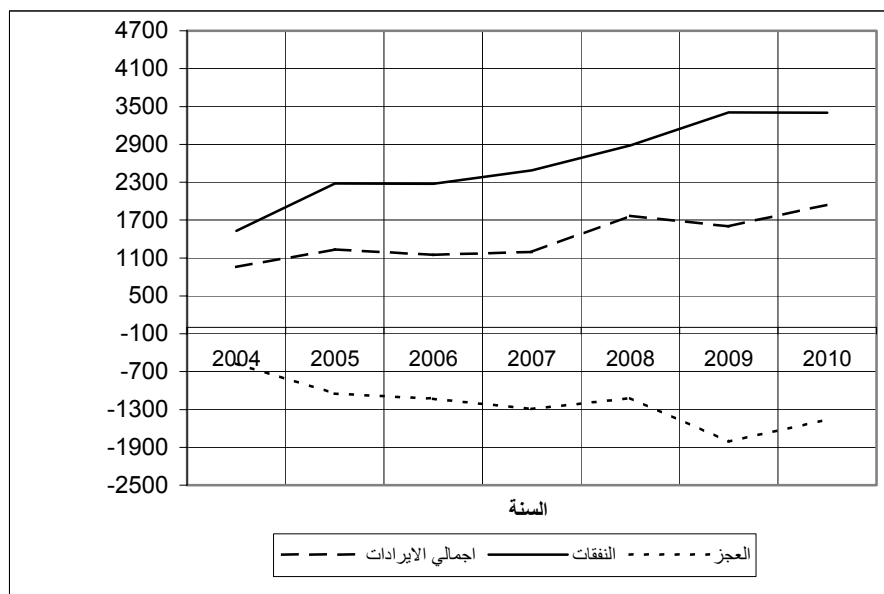
2010

19.3%

2010 1.5

(2010-2004)

22:



2010

2010

1,354.9

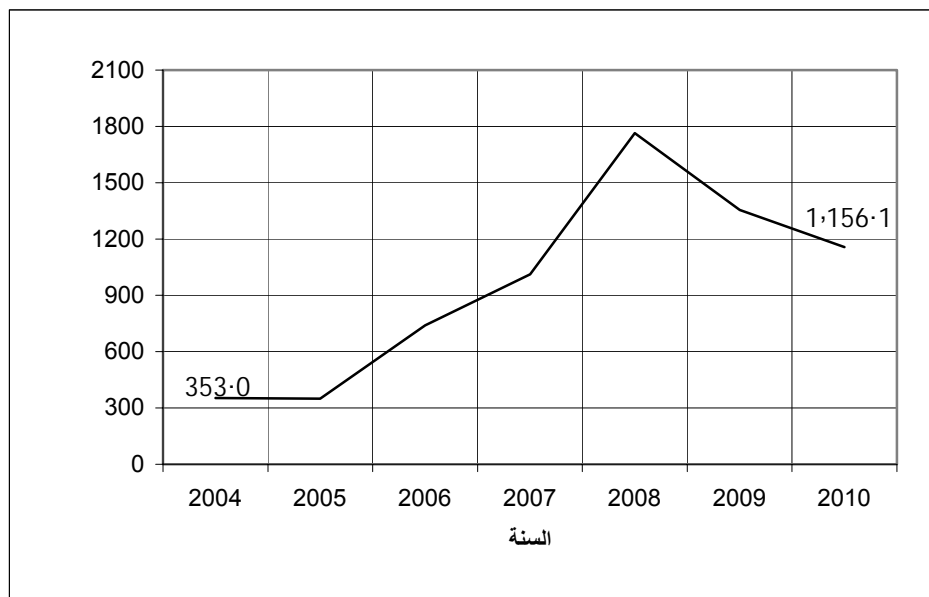
1,156.1

14.6%

2009

(2010-2004)

:23



)

%46.2

(

.( )

\*\* (2010-2004)

:11

2010	2009	2008	2007	2006	2005	2004
750.9	585.1	759.1	323.0	396.0	476.0	337.0
1,626.8	1,466.7	1,453.4	1,283.0	1,193.0	1,001.0	870.0
46.2	39.9	52.2	25.2	33.2	47.5	38.7

\*

/

:

\*

2010-2004

:

\*\*

-10

2010

%14.2

2009

6.0

6.8

.2010

%9.5

2010

57

2010

92

2009

%62.0

.2009

-11

%77.8

%6.6 2010 465

2010 4,456.4 2009

. 74.3

(2010-2004)

:12

2010	2009	2008	2007	2006	2005	2004	
465	436	408	446	411	391	364	( ) *
4,456.4	4,078.4	3,746.8	3,560.7	3,284.4	3,520.2	3,260.3	( )
16,278.3	15,982.2	15,969.7	13,364.4	14,260.2	15,552.4	15,402.2	( / )
74.3	64.6	63.8	67.3	66.7	67.1	68.8	** ( )

.1967

\*

.( ) 17

\*\* \*

-12

2010

2010

:13

9.2	7.8	20.9	11.1	12.3	6.2	
525.6	446.5	1,196.0	634.7	706.6	360.0	( )
15,600.7	20,374.9	7,471.1	8,548.6	16, 520.3	7,444.3	( / )
57	37	271	125	73	81	( ) *
117.4	104.3	91.8	76.3	80.1	57.1	** ( )

.1967

•

( ) -1.12

%20.9 2010

271

%3.3

2010

%2.0

2009

91.8

. 2010

7,471.1

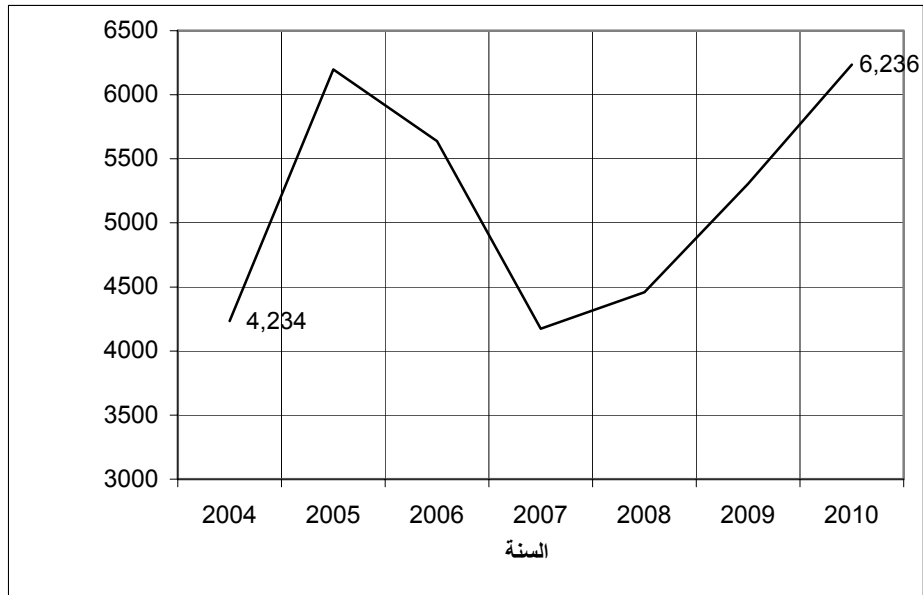


2010	%12.3			
2009			73	
	16,520.3		%5.5	
.	80.1			
				-3.12
	(			%16.0)
2010		%16.0		
2010	%6.2			
	%6.3	%22.8		
		.	81	2010
	7,444.3			
		.	57.1	
				-4.12
		.%	11.1	
2009	%6.4	2010		ألف 125
	%12.0			
76.3				
.	8,548.6			2010
				-5.12
2009	2010	%35.6		
%17.5	2010			
1.2	2010		1.3	
2010	2009	%1.6		2009
.	2010	57	%26.2	
	117.4			
.	15,600.7			
		2010		

2010

:

2009 2010  
(2010-2004) <sup>1</sup> :24



-2004

2008

2005

2010

4,173

2007

6,236

2010

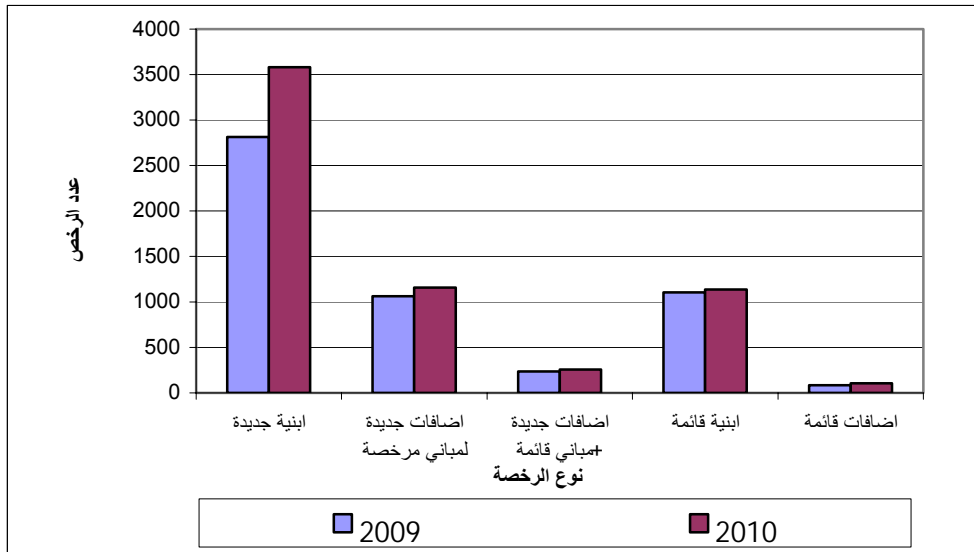
2010

2010

%57.4

(2010-2009)

:25



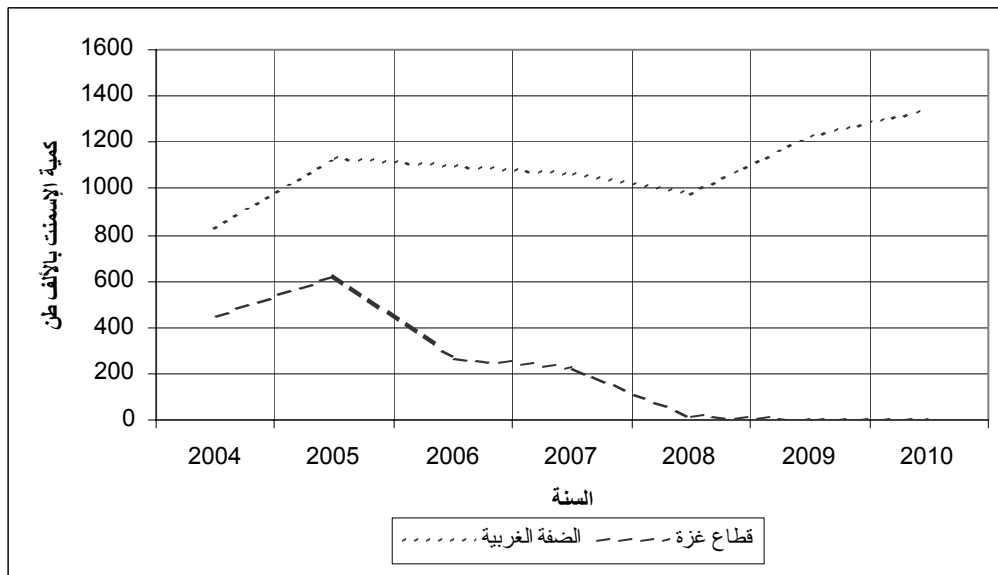
:

2009

2010

(2010-2004)

:26



2010

2006

2009

:

. %1.6

2009

2010

:14

(2010-2008)

2010	2009	2008
105.84	104.30	114.13
137.28	131.11	119.61
118.89	116.69	105.30
<b>109.36</b>	<b>107.67</b>	<b>111.63</b>

-6.12

%3.0

(2010-2004)

:15

2010	2009	2008	2007	2006	2005	2004
95	100	80	82	79	77	80
577	453	446	316	152	132	100
1,286	1,042	1,127	673	384	350	269
1,795	1,514	1,071	1,264	1,330	1,273	1,216

2010 %28.0

2009

453 ألف

577

. %19.0

2010

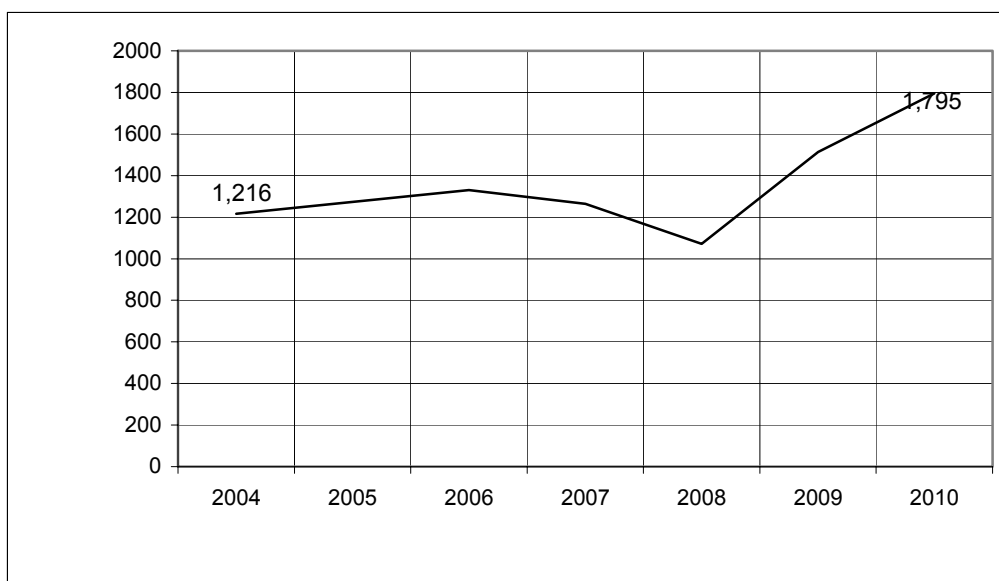
1,795 2010

.2009

1,514

.(2010-2004)

:27



2009

%16.3

1,692

2010

%27.5

%56.9

2010

103

(2010-2009)

:16

	2010	2009		2010	2009	
	0.0	8	8	0.05-	87	92
	56.9	1,232	785	27.5	576,159	451,840
	137.8	2,483	1,044	23.2	1,283,178	1,041,246
	74.6	103	59	16.3	1,692	1,455



(2010-2004)							:17
2010	2009	2008	2007	2006	2005	2004	
3.73	3.92	3.60	4.11	4.46	4.49	4.48	



Palestinian National Authority  
Palestinian Central Bureau of Statistics

# Performance of Palestinian Economy 2010



May, 2011





**Palestinian National authority**  
**Palestinian Central Bureau of Statistics**

**Performance of Palestinian Economy, 2010**

**May, 2011**

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## **Preface**

The Palestinian central Bureau of Statistics (PCBS) has devoted great efforts to consolidate main economic indicators such as GDP, labor market, prices, poverty, Balance of Payments, government and private sectors, building licenses and tourism into one report that reflect the performance of the Palestinian economy. The report will serve the instrumental needs of businesses and their organizations for statistical information on states and trends. The rich content of this report facilitates measurement, comparison and further economic analysis.

PCBS is pleased to issue the first release of the report on the performance of the Palestinian Economy in the Palestinian Territory for 2010. The report sheds light on main economic indicators for 2010 in addition to comparisons with 2009 to reflect on changes and variations pertaining to the economic conditions in the Palestinian Territory.

PCBS hopes that the findings of this report will provide comprehensive picture about the characteristics and performance of the Palestinian Economy to assist researchers and decision makers in the analysis, planning and development of the Palestinian Economy.

**May, 2011**

**Ola Awad**

**President of PCBS**

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## Performance of Palestinian Economy

### Summary

**Growth of GDP and rise in the GDP per Capita:** The Palestinian Territory had witnessed growth of the GDP by 9.3% during the year 2010 compared with 2009. Statistics indicated growth of main economic activities with relatively high contribution to GDP including Agriculture, Fishing, Construction, Retail and Wholesale Trade, Transport and Communication Services as well as Public Administration and Defense. The Construction Sector recorded the highest growth at 35.6% during 2010. The Gross Domestic Product per Capita for the Palestinian Territory during 2010 had recorded an increase by 6.1% compared with 2009.

**Rise in the number of workers, decline in unemployment and increase in productivity of workers in the Palestinian Territory during 2010:** A rise by 3.7% in the number of workers that was accompanied by decline in unemployment from 24.5% in 2009 to reach 23.7% in 2010. The majority of economic activities had witnessed increase in the number of workers especially the Construction Sector, which indicated a growth by 16.2%. On the other hand, the Manufacturing and Mining Sector had recorded a decline in the number of workers by 2.1%, while the productivity of workers had recorded an increase to reach 15.1 thousand dollar per worker during 2010 compared to 14.1 in 2009.

**Slight increase of the nominal average daily wage along with a decrease in its real value:** The nominal average daily wage had witnessed a slight increase by 0.4%. However, the real average daily wage had decreased by 3.1% based on the rise of prices and that signals a decline in the purchasing power of workers in the Palestinian Territory.

**Increase of the Consumer Price Index (CPI):** The annual consumer price index in the Palestinian Territory during 2010 increased by 3.75% compared with the previous year. The rise in the CPI during 2010 was due to the increase in the prices of food and beverages, housing and housing appliances, education services as well as increase in the prices of cloth and clothing.

**About 25.7% of persons in the Palestinian Territory had suffered from poverty during 2010:** Slightly more than one out of four Individuals (25.7%) were living below poverty line in 2010, (18.3% in the West Bank and 38.0% in Gaza Strip) compared with 26.2% in 2009 (19.4% in the West Bank and 38.3% in Gaza Strip).

**Increase in the value of employee's compensation received from the outside world:** Compensation of employees comprises 85.0% of net income in the Balance of Payments (BoP). In 2010, the compensation of employees had increased by 23.4% to reach USD\$ 998.9 million compared to 809.4 million in 2009.

**Less dependence on external transfers by 16.5% during 2010:** As the Palestinian economy is dependent mainly on external transfers, the value of current transfers received from abroad during 2010 had declined by 26.3% to reach USD\$ 1,822.9 million compared with USD\$ 2,473.1 million in 2009. The value of total capital transfers received from abroad had increased by 16.9% to reach USD\$ 840.7 million during 2010 compared to USD\$ 719.0 million in 2009.

**Increase in the deficit of trade balance :** The trade balance for 2010 recorded a deficit of USD\$ 3,989.2 million, marking an increase by 6.3% compared to 2009. The increase in the deficit was caused by increase in imports by 7.0% compared to increase in exports by 8.8%.

**Significant increase in the revenues of central government compared with decrease in the government expenditures during 2010:** The year 2010 had witnessed greater government reforms in the field of tax collection in line with the development and Reforms Plan. Local revenues (tax and non tax revenues) constituted 39.0% of total revenues and that contributed to cover current expenditures with less dependence on external transfers to support the general budget. In 2010, the total

revenues of the Palestinian National Authority amounted to USD\$ 1.9 billion, marking an increase by 21.6%. In addition, government expenditures had been reduced by 2.7%.

**A rise in the Private final consumption for households and non-profit institutions by 9.3%:** In 2010, the private consumption reached USD\$ 6,109.7 million that constituted about 106% of the GDP. This reflects the large deficit in the Palestinian trade balance.

**Increase in the value of deposits by residents in local banks:** Based on the Consolidated budget of banks issued by Palestine Monetary Authority, deposits by residents in local banks had increased by 14.2% to reach USD\$ 6.8 billion in 2010 compared to 6.0 billion in 2009.

**Higher employment in the private sector and increase in the average wages; increase of the productivity rate and value added:** The number of workers in the private sector had increased by 6.6% to reach 465 thousand in 2010. The average daily wage had also increased to reach 74.3 NIS and that was accompanied by improvement of 1.8% in the productivity rate. The value added for the private sector reached USD\$ 4.5 billion in 2010.



## Economic Performance 2010

### 1. Gross Domestic product (GDP)<sup>1</sup>

#### GDP during 2004-2010:

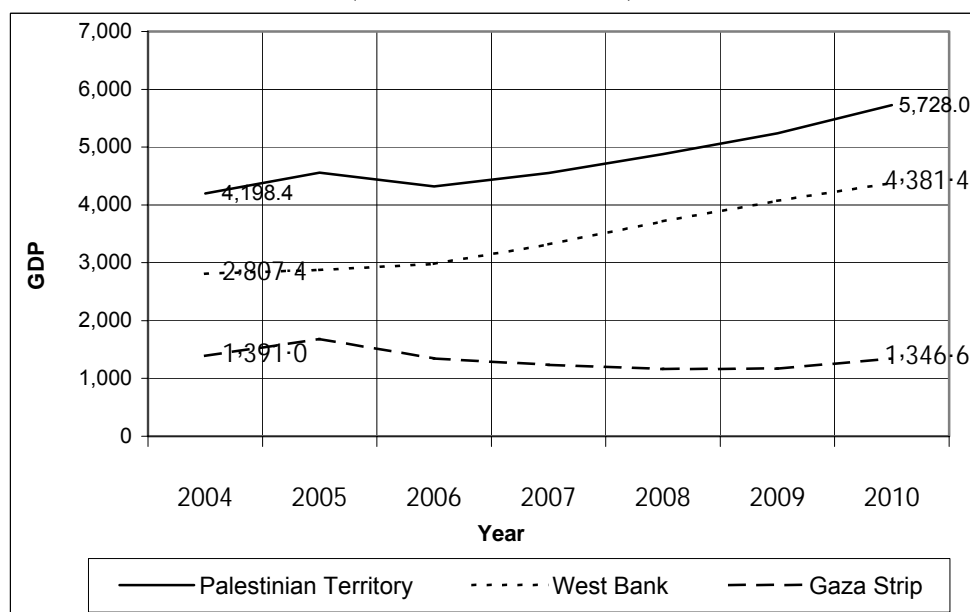
The Gross Domestic Product (GDP) is considered the main indicator to measure the growth and development of the economy. During the period 2008-2010, the GDP of the Palestinian Territory had increased to reflect the highest growth of 9.3% in 2010 despite the circumstances on the ground characterized by the economic and political separation between the West Bank and Gaza strip as well as Israeli measures on Gaza Strip mainly Israeli blockade and war on the Gaza Strip.

In 2007, the GDP in the Palestinian Territory had increased by 5.4% while it increased by 11.4% in the West Bank compared to a decline by 8.0% in the Gaza Strip.

On the other hand, the GDP in the Palestinian Territory had witnessed a decline by 5.2% in 2006 compared to 2005. The Gaza Strip recorded a decline in the GDP by 20.1% while the West Bank recorded a growth of 3.5%. During that period, the Palestinian Territory faced political and economic siege resulted in irregularity of the salaries for employees in the Public Sector.

In 2005, the GDP increased by 8.6% in the Palestinian Territory where Gaza Strip recorded a growth of 21.0% and the West Bank recorded a growth of 2.5% compared to 2004.

**Figure1 : GDP at constant prices during the period, (2004-2010)**  
(Value in US \$ Million)



<sup>1</sup> The data excludes those parts of Jerusalem which were annexed by Israel in 1967

## Growth of most economic activities:

The Palestinian Territory had witnessed growth of the GDP by 9.3% during the year 2010 compared to 2009. Statistics indicated growth of main economic activities with relatively highest contribution to GDP. The construction Sector recorded the highest growth during 2010. Other activities recorded growth of the value added including Agriculture, Fishing, Retail and Wholesale Trade, Transport and Communication Services as well as Public Administration and Defense. The following table shows the percent change of value added for main economic activities in 2010 compared to 2009.

**Table 1: Percent change of Value Added for economic activities during 2010 compared with 2009**

(Value In US\$ Million)

Economic activity	Palestinian Territory			% change	
	Value added 2009	Value added 2010	% change	West Bank	Gaza Strip
Agriculture and fishing	293.2	360.0	22.8	17.2	34.6
Mining, manufacturing, electr. and water	747.7	706.6	-5.5	-5.7	-3.8
Construction	387.7	525.6	35.6	13.9	232.2
Wholesale and retail trade	566.5	634.7	12.0	11.9	12.7
Transport, Storage and Communications	421.0	446.5	6.0	5.7	12.9
Financial intermediation	269.1	297.2	10.4	11.9	2.2
Services	1157.5	1,196.0	3.3	2.9	4.1
Public administration and defense	750.6	798.8	6.4	8.5	3.2
<b>Gross Domestic Product</b>	<b>5,241.3</b>	<b>5,728.0</b>	<b>9.3</b>	<b>7.6</b>	<b>15.1</b>

**The West Bank witnessed growth in most economic activities. The wholesale and retail activity contributes to about 18% of that growth.**

The value added in the West Bank had increased by 7.6% during 2010 compared to 2009. The Wholesale and retail trade activity accounts for 18.0% of that growth. Most economic activities had recorded growth except the Mining and manufacturing activity. The highest growth in the West Bank was recorded in the Wholesale and Retail activity as well as in Agriculture and fishing. A decline by 5.7% was recorded in the value added for manufacturing and mining.

**Acute rise of the value added of most economic activities in the Gaza Strip where construction sector accounts for 50.6% of that rise.**

The GDP in the Gaza Strip had increased by 15.1%. Among economic activities, Construction recorded the highest increase by 232.2% during 2010. In addition, the Transport, Storage and Communications Activity had recorded increase in the value added. The Agriculture Activity in the Gaza Strip had witnessed improvement by 34.6% compared to 2009 while Mining and manufacturing reflected fallback.

### Contribution of economic activities:

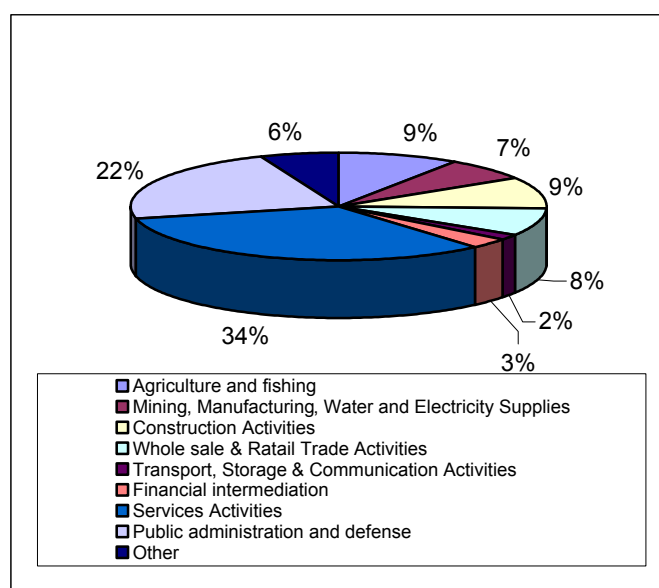
#### Services activity recorded the highest contribution to GDP

The service sector provided the highest contribution to the GDP by 20.9% compared to a contribution of 13.9% by Public Administration and Defense. The contribution of Manufacturing and Mining to GDP reached 12.3% compared to 11.1% for Trade and 9.2% for Construction Activity.

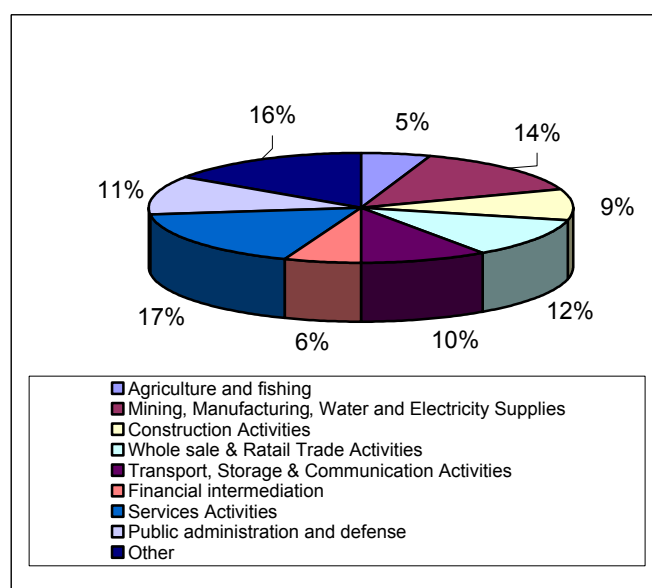
#### Variation in the structure of economic activities between the West Bank and Gaza Strip

There are variations in the relative importance of the different economic activities between the West Bank and Gaza Strip. The Service Activity is the highest contributing activity to the GDP in the West Bank and Gaza Strip. Public Administration and Defense represents the highest relative contributing activity after the Service Activity in the Gaza Strip compared to Manufacturing and Mining Activity in the West Bank. The contribution of the Agriculture Activity to GDP in the Gaza Strip reached 9.4% compared to 5.3% in the West Bank.

**Figure 3: Contribution of Economic Activities in Gross Domestic Product, (Gaza Strip, 2010)**



**Figure 2: Contribution of Economic Activities in Gross Domestic Product, (West Bank, 2010)**



## 2. GDP Per Capita

GDP Per Capita is considered an important indicator that measures living conditions of persons. The GDP Per Capita had increased in 2010 by 6.1% to reach USD\$ 1,502.4 in the Palestinian Territory.

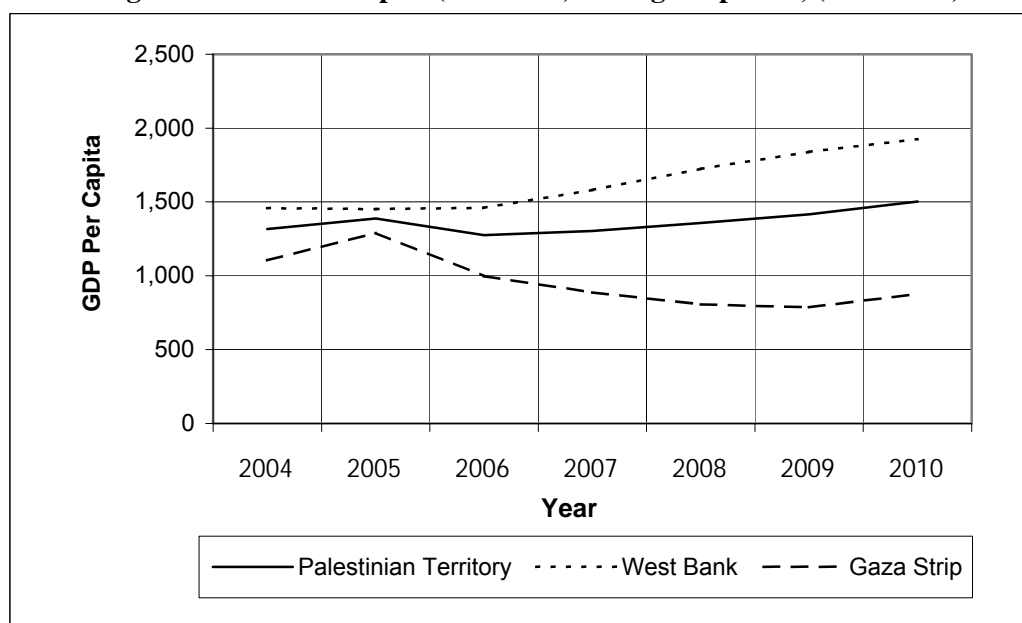
**Table 2: GDP Per Capita in the Palestinian Territory, 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
GDP (Million US\$)	4,198.4	4,559.5	4,322.3	4,554.1	4,878.3	5,241.3	5,728.0
Population (Thousands)*	3,188	3,287	3,389	3,495	3,597	3,702	3,813
GDP Per Capita (US\$)	1,317.0	1,387.2	1,275.4	1,303.2	1,356.3	1,415.7	1,502.4
% Change of Per Capita	-	5.3	-8.1	2.2	4.1	4.4	6.1

\* Estimated total population in the Palestinian Territory excluding that part of Jerusalem that was annexed by Israel in 1967.

The time series 2004-2010 indicates that the highest GDP Per Capita was recorded in 2010. Regarding Gaza Strip, the GDP Per Capita in 2010 reached USD\$ 876.7 compared to USD\$ 1,924.6 in the West Bank

**Figure 4: GDP Per Capita (in dollars) during the period, (2004-2010)**



### 3. Labor Market

The Palestinian economy is largely dependent on labor for production; while resources such as capital and land are limited.

**Table 3: Selected indicators on Labor force for persons 15 years and over in the Palestinian Territory, 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
Size of labor force (Thousands)	752	789	834	882	908	951	976
Participation rate in labor force	40.1	40.4	41.0	41.7	41.2	41.6	41.1
Workers (Thousands)	550	603	637	691	666	717	744
% change in number of workers	-	9.6	5.5	8.5	-3.5	7.6	3.7
Nominal average daily wage (NIS)	73.8	77.0	81.5	81.9	87.0	91.3	91.7
Real average daily wage*	73.8	74.0	75.4	74.4	71.9	73.4	71.1
Unemployment rate	26.8	23.5	23.7	21.7	26.6	24.5	23.7
Productivity (Dollar/Worker)	14,922.	14,885.5	12,936.4	12,283.3	14,147.7	14,106.0	15,129.9

\* The nominal daily wage was re-calculated based on the Consumer Price Index to highlight the Purchasing Power of workers in constant prices

#### **Lower participation in labor force during 2010 compared to 2009:**

Participation rate in the labor force had ranged from 40.1% to 41.7% during the period 2004-2010. The rate declined to 41.1% in 2010 compared to 41.6% in 2009. The number of persons inside the labor force reached 976 thousand in 2010 compared to 951 thousand in 2009.

#### **Increase in the number of workers during 2010 compared to 2009:**

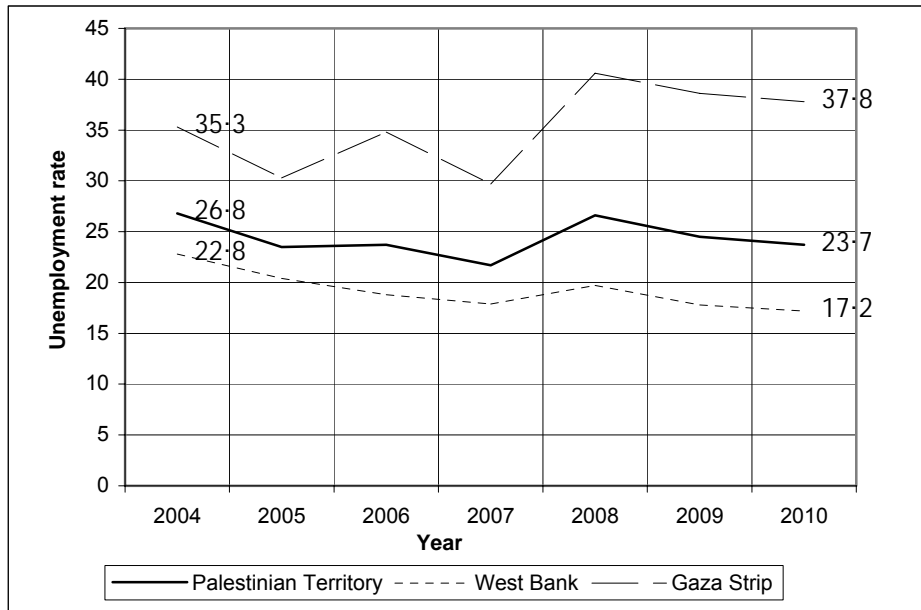
The number of workers had increased by 3.7% during 2010 compared to 2009. Also, the number of workers had increased by 7.6% during 2009. On the other hand, the year 2008 recorded a decline by 3.5% in the number of workers. The period 2004-2007 had witnessed continuous increase in the number of workers.

#### **Fluctuation in the rate of unemployment in the Palestinian Territory:**

The Palestinian Territory had witnessed fluctuation in the rate of unemployment during the period 2004-2010. The lowest rate of unemployment was recorded in 2007 at 21.7% while the rate reached 23.7% in 2010 compared to 24.5% in 2009. In the West Bank, the unemployment rate declined from 17.8% to 17.2%. Unemployment rate in the Gaza Strip also declined to reach 37.8%.



**Figure 5: Unemployment rate in the Palestinian Territory over the years, (2004-2010)**



**Continuous increase in the nominal average daily wage compared to fluctuation in the real average daily wage:**

The Palestinian Territory had witnessed continuous increase in the nominal average daily wage during the period 2004-2010. The highest nominal average daily wage was recorded in 2010 at 91.7 NIS compared to 91.3 NIS in 2009. Taking into consideration the rise in prices in the Palestinian Territory, the real average daily wage had shown fluctuation during the period 2004-2010. The average daily wage had declined by 3.1% in 2010 compared to 2009 and that reflects weaker purchasing power of persons in the Palestinian Territory.

**Figure 6: Average Nominal and Real daily wage (in NIS) during the period, (2004-2010)**

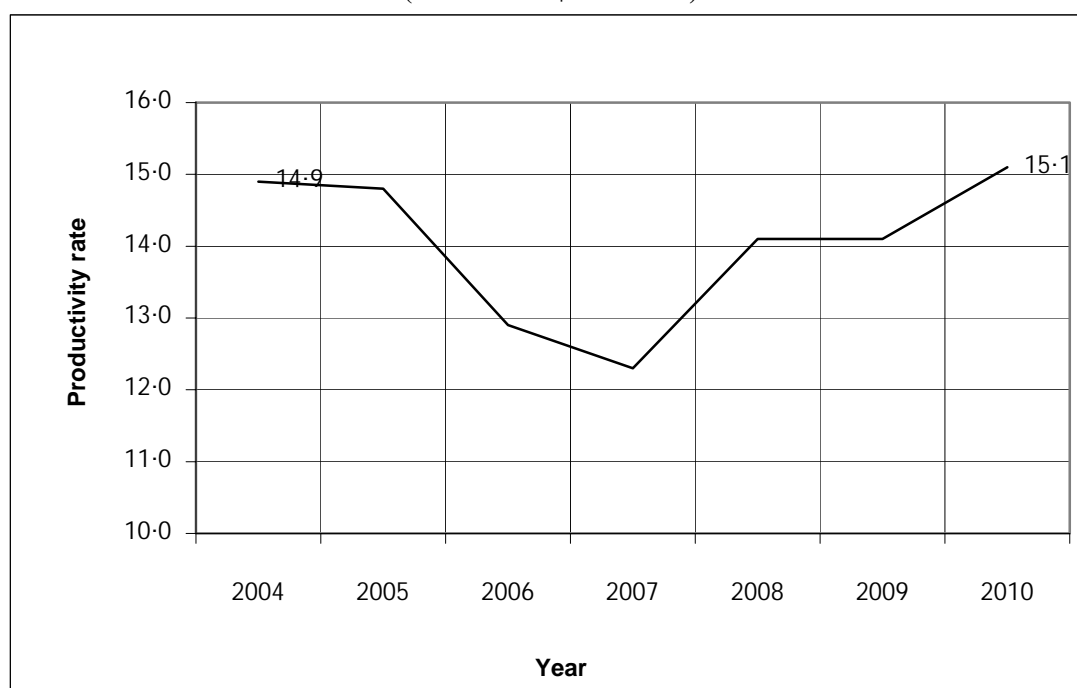


### **Increase in the productivity rate of workers in the Palestinian Territory in 2010 compared to 2009:**

There are many factors that affect worker's productivity rate including the quality of production inputs, technology, wages, education and training of workers as well as working environment such as laws and legislations pertinent to labor market.

The productivity rate of workers had declined during 2004-2007. The lowest productivity rate was in 2007 when it reached 12.3 thousand dollar/worker. After 2007, productivity rate had started to improve to reach 15.1 thousand dollar/worker in 2010 and that is very similar to the rate in 2004 at 14.9 thousand dollar/worker.

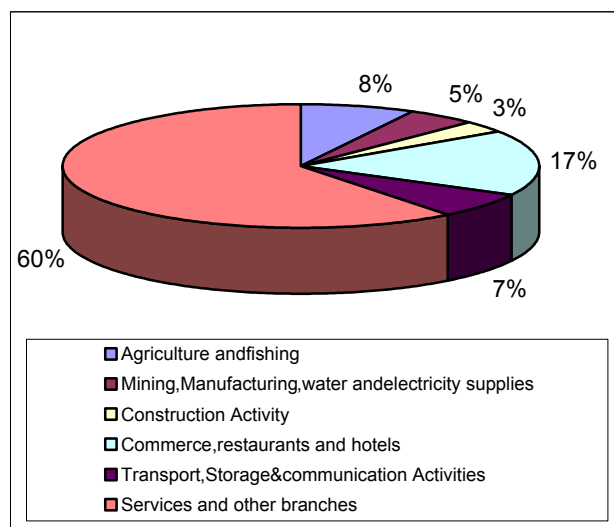
**Figure 7: Productivity rate of employees in the Palestinian Territory, 2004-2010**  
(Value in US \$ Thousand)



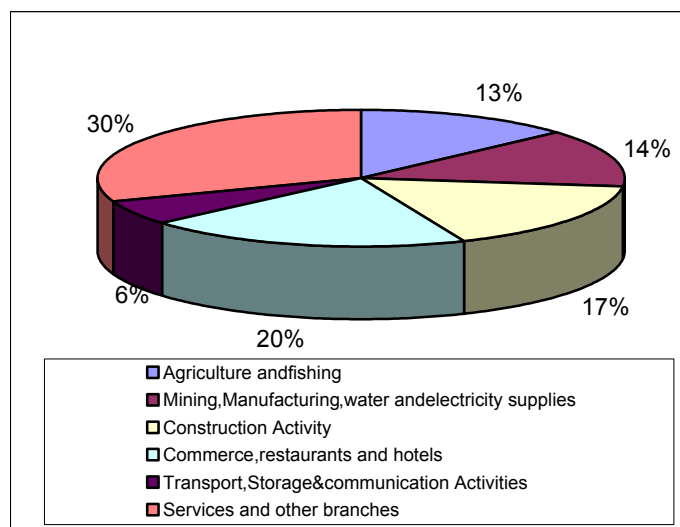
### **Percentage distribution of workers by economic activity:**

Workers in the Palestinian Territory are largely concentrated in the Service Sector followed by Trade, restaurants and Hotels (Figures 8 and 9). The Service Sector accounts for 38.3% of employment (30.0% in the West Bank and 60.0% in the Gaza Strip).

**Figure 9:Percentage distribution of Employees in the Gaza Strip by economic activity, 2010**



**Figure 8:Percentage distribution of Employees in the West Bank by economic activity, 2010**



**Table 4: Percent change of workers by economic activity, 2009-2010**

Economic activity	Palestinian Territory			% change	
	# of workers 2009	# of workers 2010	% change	West Bank	Gaza Strip
Agriculture and fishing	84,200	87,800	4.3	1.1	24.2
Mining, manufacturing, electr. and water	86,600	84,800	-2.1	-1.4	-7.9
Construction	84,400	98,100	16.2	11.9	235.3
Trade, restaurants and hotels	137,500	143,500	4.4	7.0	-3.2
Transport, Storage and Communications	41,000	44,400	8.3	4.3	19.6
Services and others	283,500	285,400	0.7	2.6	-2.2
<b>Total</b>	<b>717,200</b>	<b>744,000</b>	<b>3.7</b>	<b>4.2</b>	<b>2.4</b>

### **Increase in the number of workers in most economic activities:**

Most economic activities in the Palestinian Territory had witnessed increase in the number of workers. The highest increase in the number of workers during 2010 was recorded in the Construction Activity at 16.2% compared to 2009. Other activities including Transport and communication, Trade and hotels as well as Agriculture had also recorded increase in the number of workers during 2010.

In the West Bank, the Construction Activity had recorded the highest increase in the number of workers at 11.9% in 2010 compared to 2009, followed by the activity of Trade and Restaurants. Other activities had also shown increase in the number of workers except for Manufacturing that was declined by 1.4%.

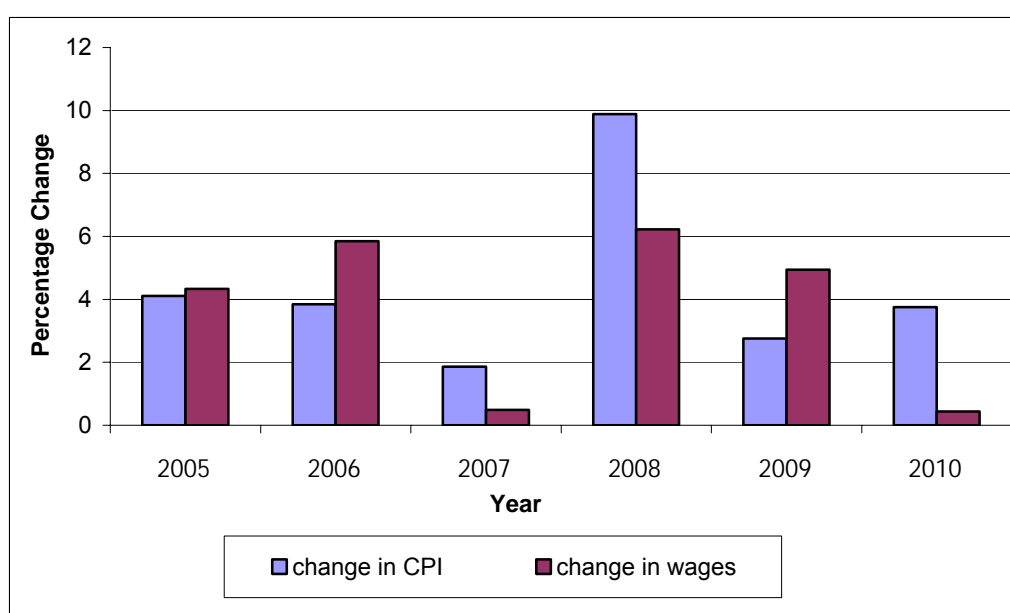
Regarding Gaza Strip, acute rise by 235.3% in the number of workers was recorded in the Construction Activity during 2010. The acute increase during 2010 reflects the actual situation in the Gaza Strip where no cement was imported in 2009 due to Israeli

measures. The number of workers in Agriculture and Fishing had increased by 24.2%. The Transport and communication Activity had also witnessed improvement in the number of workers during 2010.

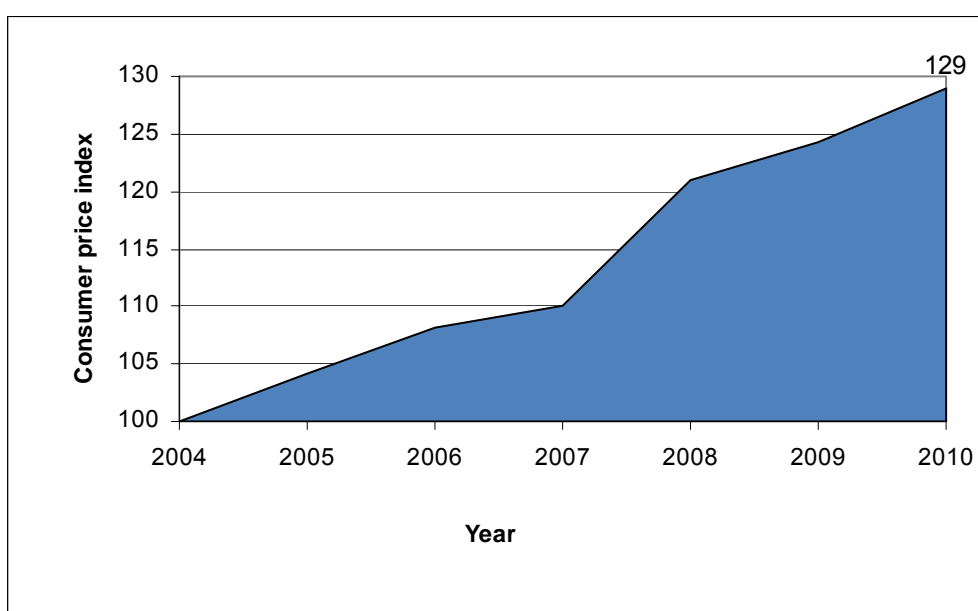
#### 4. Prices and Purchasing Power

Tracking the change of prices is considered one of the important indicators that affect the purchasing power. During the period 2004-2010, the Consumer Price Index (CPI) had risen by 29.0% compared to rise in average daily wages by 24.0%. During the years 2007, 2008 and 2010, the change in the Consumer Prices Index had risen more rapidly than the rate of change in the daily wage of workers.

**Figure 10: Percentage change of average daily nominal wage in comparison with change in prices, 2005-2010**



**Figure 11: Consumer Price Index (CPI), 2004-2010**



**Change of prices during 2010:**

**A rise in the Consumer Price Index in 2010**

The annual Consumer Price Index in the Palestinian Territory during 2010 had increased by 3.75% compared to 2009. The overall Consumer Price Index during 2010 (Base year 2004 = 100) reached 129.0 compared to 124.34 in the previous year. The growth in CPI during 2010 was due to the increase in the prices of food items, alcoholic beverages and tobacco, education services, housing, as well as furniture and clothing and footwear. All expenditure groups had recorded increase in prices during 2010 except communication.

**Consumer prices at the different levels of the Palestinian Territory during the year 2010:**

**Jerusalem had witnessed the highest change in prices compared to the West Bank and Gaza Strip**

The consumer prices in Jerusalem J1 increased by 5.25% during 2010 due to increase in prices of food items by 5.78%, prices of alcoholic beverages and tobacco by 18.08%, prices of clothing and footwear by 7.49%, prices of furniture, prices of housing by 3.20% and transportation by 5.56%.

The consumer prices in the West Bank increased by 4.24% during the year 2010 due to increase in prices of food items by 4.74%, prices of alcoholic beverages and tobacco by 16.14%, the prices of housing by 5.54%, transportation by 2.34% and price of education by 8.18%.

The consumer prices in Gaza Strip reported an increase by 1.72% during 2010 due to increase in prices of housing by 6.81%, prices of furniture and household goods by 4.79%, prices of education by 4.62% and prices of alcoholic beverages and tobacco by 4.05%.

**Table 5: Consumer Price Index and relative weights of major groups of expenditure**

Main groups	Consumer Price Index			Relative Weight*
	2009	2010	% change	
Food products & beverages	139.87	144.63	3.40	<b>37.64</b>
Alcohol Beverages and tobacco	135.39	151.80	12.12	<b>4.66</b>
Textiles, clothing and footwear	105.04	109.16	3.92	<b>6.96</b>
Housing	121.03	127.23	5.12	<b>10.38</b>
Furniture, household goods	112.32	115.30	2.65	<b>6.31</b>
Medical care	113.73	114.77	0.91	<b>4.45</b>
Transportation	117.61	120.71	2.64	<b>9.86</b>
Communications	109.15	106.92	2.04-	<b>3.79</b>
Recreational, cultural goods & services	101.21	103.00	1.77	<b>4.84</b>
Education	104.23	110.49	6.01	<b>3.56</b>
Restaurants and cafes	132.60	136.88	3.23	<b>2.18</b>
Miscellaneous goods and service	114.17	120.10	5.19	<b>5.37</b>
<b>Overall Consumer Price Index</b>	<b>124.34</b>	<b>129.00</b>	<b>3.75</b>	<b>100.00</b>

- Relative weight by main groups of expenditure for the Consumer Price Index for 2004

The group of Food Products & Beverages constitutes the higher relative weight that affects the standard of living of individuals in the Palestinian Territory. The consumption pattern of Palestinian households include food and drinks by 37.6%, followed by housing by 10.4%, transportation by 9.9%, clothing by 6.9% in addition to expenditures on goods and recreational services as well as services of restaurants and cafes.

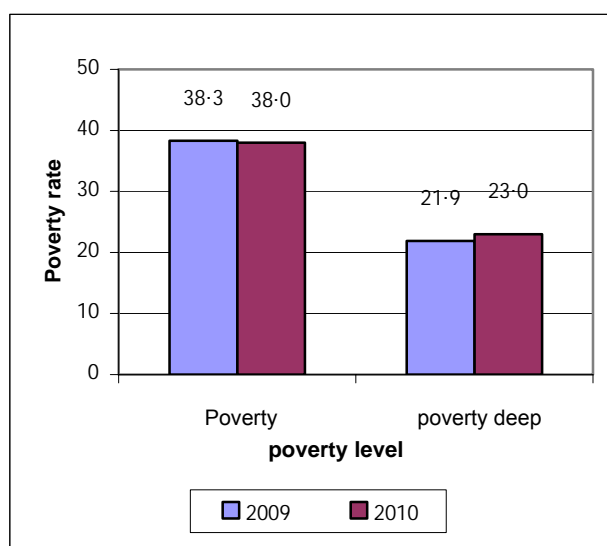
## 5. Poverty

**About 25.7% of persons in the Palestinian Territory suffered from poverty during 2010 (18.3% in the West Bank and 38.0% in the Gaza Strip)**

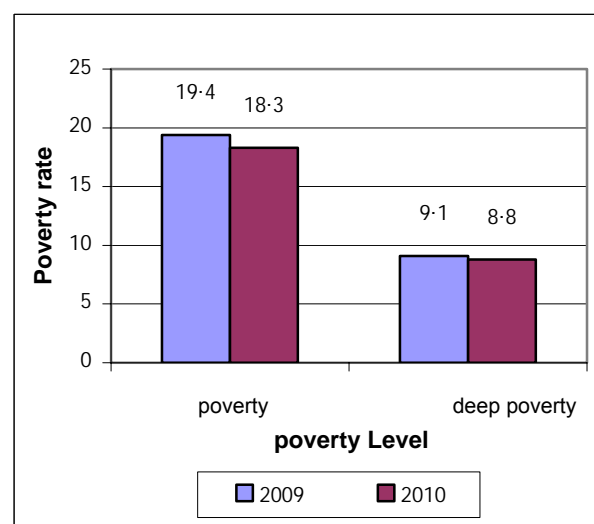
Poverty is considered as one of the important indicators that reflect the performance of the economy.

Slightly more than one out of four Individuals (25.7%) were living below poverty line in 2010, (18.3% in the West Bank and 38.0% in Gaza Strip). This is similar to the corresponding rate of nearly 26.2% in 2009, (19.4% in the West Bank and 38.3% in Gaza Strip). About 14.1% of individuals were living below the deep poverty line in 2010 (8.8% in the West Bank and 23.0% in Gaza Strip).

**Figure 13:Poverty and deep poverty in Gaza Strip, 2009-2010**



**Figure 12:Poverty and deep poverty in the West Bank, 2009-2010**



### **Impact of assistance provided to households on poverty rate**

Social Assistance for households reduced poverty among Palestinian households by 16.8% in the Palestinian Territory in 2010, ( 10.7% in West Bank and 21.2% in Gaza Strip). While in 2009, assistance for households reduced poverty among Palestinian households by 17.9% in the Palestinian Territory, (12.6% in West Bank and 22.1% in Gaza Strip).

**Table 6: Poverty rates among Individuals according to Household's Monthly Consumption in the Palestinian Territory before Assistance**

	Palestinian		West Bank		Gaza Strip	
	2009	2010	2009	2010	2009	2010
Poverty	31.9	30.9	22.2	20.5	49.2	48.2
Deep poverty	21.0	19.2	12.1	11.0	36.7	33.0

### **Poor households are poorer in the Gaza Strip compared to West Bank**

Poor households in Gaza Strip are poorer than the households in the West Bank. This is shown through the results presented from poverty indicators such as poverty rates, poverty gap. The poverty gap gives the percentage by which the average consumption of the poor is below the poverty line. The conditions of the poor had worsened in 2010 compared to 2009.

**Table 7: Poverty gap and severity by region, 2009-2010**

	Palestinian Territory		West Bank		Gaza Strip	
	2009	2010	2009	2010	2009	2010
Poverty gap	6.3	6.4	4.2	4.1	10.1	10.3
Poverty severity	2.3	2.4	1.4	1.4	3.8	3.9

## **6. Balance of Payments (Current account)<sup>1</sup>**

The Balance of Payments (BoP) is an account measuring transactions between residents of the Palestinian Territory and non-residents in a given period. It conveys detailed information on receipts and payments between the domestic economy and the rest of the world.

BoP consists of two main accounts: The Current Account and the Capital<sup>2</sup> and Financial Account.

In 2004, the deficit in Current Account reached USD\$ 1,516 Million. During 2005-2008, Current Account had witnessed significant and continuous improvement. In 2005, the deficit in Current Account decreased by 24.0% compared to 2004 and continued until the year 2006. The year 2008 had witnessed a surplus in Current Account by USD\$ 535.1 Million resulted from a rise in net transfers from abroad, in addition to increase in net income, especially compensation of workers.

In 2009, Current Account was declined resulting in a deficit of USD\$ 736.8 Million, despite the fact that it was the lowest deficit since 2003.

<sup>1</sup> Current account is subdivided into four major categories: Goods, Services, Income and Current transfers.

<sup>2</sup> Capital account is divided into capital transfers and acquisitions/disposals of non-produced non-financial assets. The items that are recorded under capital transfers include investment grants (including cash transfers for purchases of investment goods), debt forgiveness and migrants' transfers. Non-produced, non-financial assets are mainly licenses, franchises and patents. Also included acquisitions/disposals of land by representative offices of foreign governments, for example foreign embassies. **Financial Account:** Transactions in financial assets and liabilities are recorded in the financial account. Financial stocks can be divided into four broad categories: direct investment; portfolio investment; other investment (mainly currency, deposits and loans); and reserve assets.



One of the most important reasons for this deficit was increase in the value of imports of goods and services to Palestine, which was reflected in deficit in the Trade Balance (one of the most important components of the Current Account for the Balance of Payments), in addition to decline in current transfers received from the outside world.

**Table 8: Main indicators on the structure of current accounts, 2004-2010**

(Value in Million US\$)

	2004	2005	2006	2007	2008	2009	2010*
Compensation of employees	421.4	486.7	579.2	598.5	737.9	809.4	998.9
Receivable current transfers	895.3	1,299.4	1,623.0	2,505.5	3,570.6	2,473.1	1,822.9
Receivable current capital	667.9	416.8	273.5	400.2	397.5	719.0	840.7
Exports of goods and services	641.1	717.1	710.3	1,016.0	1,167.8	1,266.1	1,377.6
imports of goods and services	3,337.8	3,618.4	3,805.7	4,567.3	4,961.9	5,016.8	5,366.8

- Preliminary data

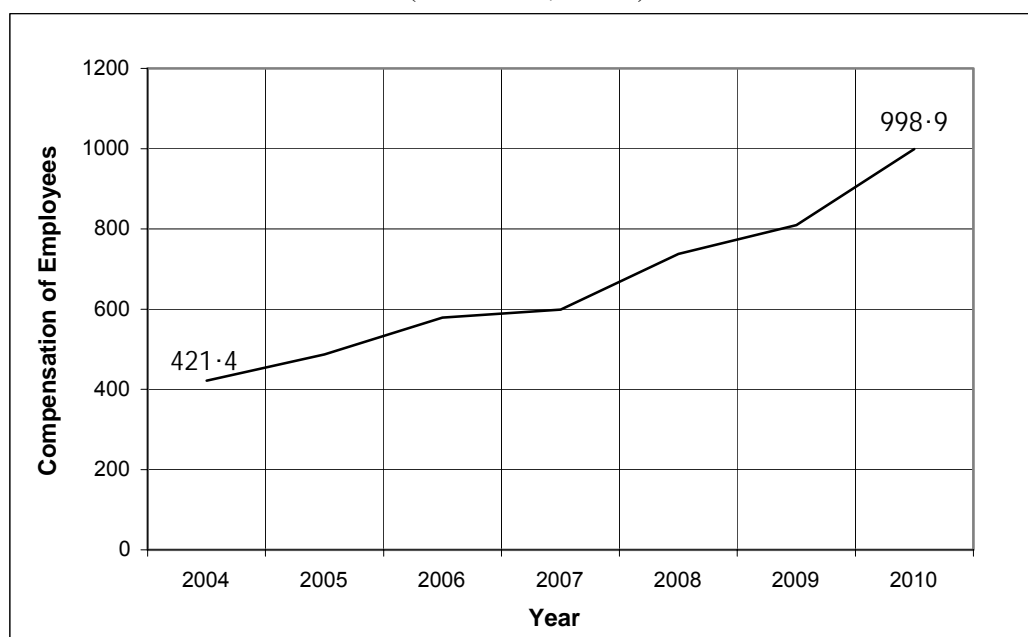
### 6.1 Compensations of employees from abroad<sup>3</sup>

Compensation of workers from outside world comprises 85.0% of Net Income for the Balance of Payments.

In 2010, the compensation of workers increased by 23.4% to reach USD\$ 998.9 Million compared to USD\$ 809.4 Million in 2009. This will directly affect the Net Income for the Balance of Payments in the same direction.

**Figure 14: Compensation of Employees in the Palestinian Territory, 2004-2010**

(Value in US \$ Million)



### 6.2 External Transfers

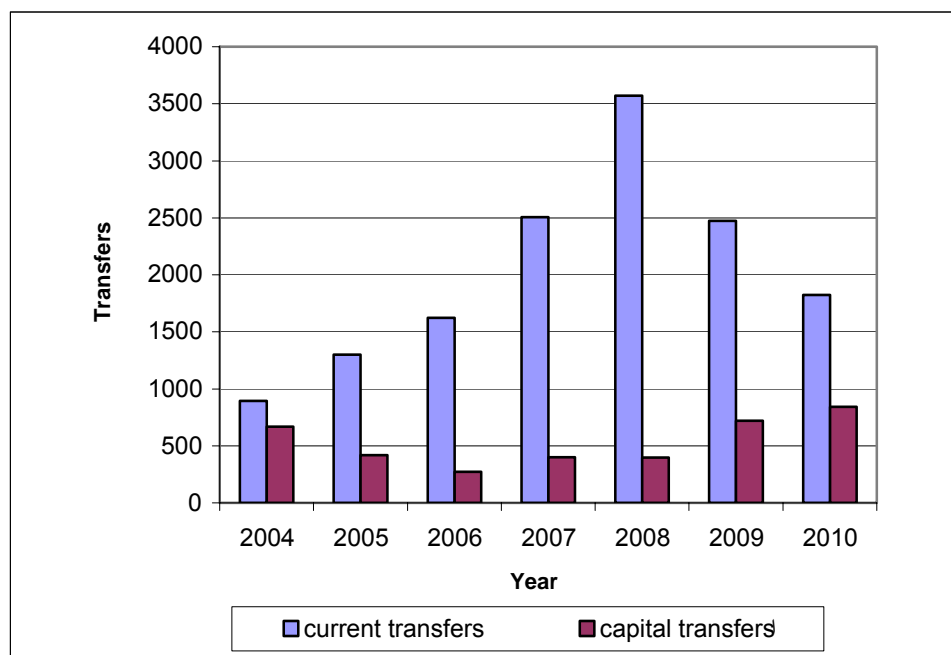
Palestinian economy depends heavily on foreign transfers received by the Palestinian National Authority. Foreign transfers contribute in part to support the General Budget of the Palestinian National Authority, which seeks to reduce dependence on foreign transfers.

<sup>3</sup> Compensation of employees (income): Includes wages, salaries and benefits in cash or in kind, accruing to the residents of Palestine who are working abroad, and those paid to non-residents who work in Palestine

External transfers are divided into current and capital transfers. Current transfers are used within the current account of Balance of Payments and in the calculation of National Income in national accounts. Capital transfers are part of the Capital Account of the Balance of Payments and used in the calculation of net lending and borrowing and the change in net value of wealth for National Accounts.

During 2010, the value of current transfers received from abroad declined by 26.3% compared to 2009 to reach USD\$ 1822.9 Million in 2010. The total Capital Transfers received from abroad increased by 1.6% to reach USD\$ 840.7 Million compared to USD\$ 719.0 Million in 2009.

**Figure15: Current and Capital Foreign transfers ,2004-2010**  
(Value in US \$ Million)



## 7. Trade Balance

The Trade Balance, in both of its export and import parts, is one of the important component of the Gross Domestic Product, and used in Current Account for the Balance of Payments.

### Exports and Imports of Goods and Service

During 2010, the value of exports reached USD\$ 1,378 Million while value of imports amounted to USD\$ 5,367 Million. This had resulted in a deficit by 6.3% in the Trade balance.

### Majority of Palestinian imports come from Israel

Imports from Israel comprises 75.0% of total exported goods and services to the Palestinian Territory. This reflects the degree that Palestinian economy is dependent on Israel. The Palestinian economy relies more on imports. As Israel controls ports, imports of capital goods is limited and that hampers the development of the Palestinian economy.

**Table 9: Top ten goods imported from abroad to the Palestinian Territory, 2009**  
(Value in Thousands USD\$)

Goods	Palestinian Territory	%*
Diesel fuel oil	501,113	13.9
Gasoline	177,269	4.9
Fodder balers	102,519	2.8
Cement	102,104	2.8
Natural Gas	75,263	2.1
Wheat	40,519	1.1
Medicaments	39,443	1.1
Water through lines	38,362	1.1
Mineral waters and aerated waters	36,441	1.0
Paper crafts	35,624	1.0
<b>Total</b>	<b>1,148,658</b>	<b>31.9</b>

\* The percentage for each item is calculated based on the total value of imported goods

The above items comprise 31.9% of total imports. The total number of imported items to the Palestinian Territory is 4,447. The source of the main ten imported goods is Israel.

### **85% of exported goods from the Palestinian territory go to Israel**

**Table 10: Top ten goods exported to the Palestinian Territory from abroad, 2009**  
Value in Thousands USD\$

Goods	Palestinian Territory	%*
Building blocks	53,460	10.3
Marble	27,897	5.4
Plastics bags	20,478	4.0
Foam mattresses	18,936	3.7
Cigarettes containing tobacco	17,123	3.3
Shoes	14,538	2.8
Wooden Pallets	12,349	2.4
Wooden furniture for bedrooms	12,248	2.4
Aluminum	11,668	2.3
Waste and scrap of iron	10,281	2.0
<b>Total</b>	<b>198,977</b>	<b>38.4</b>

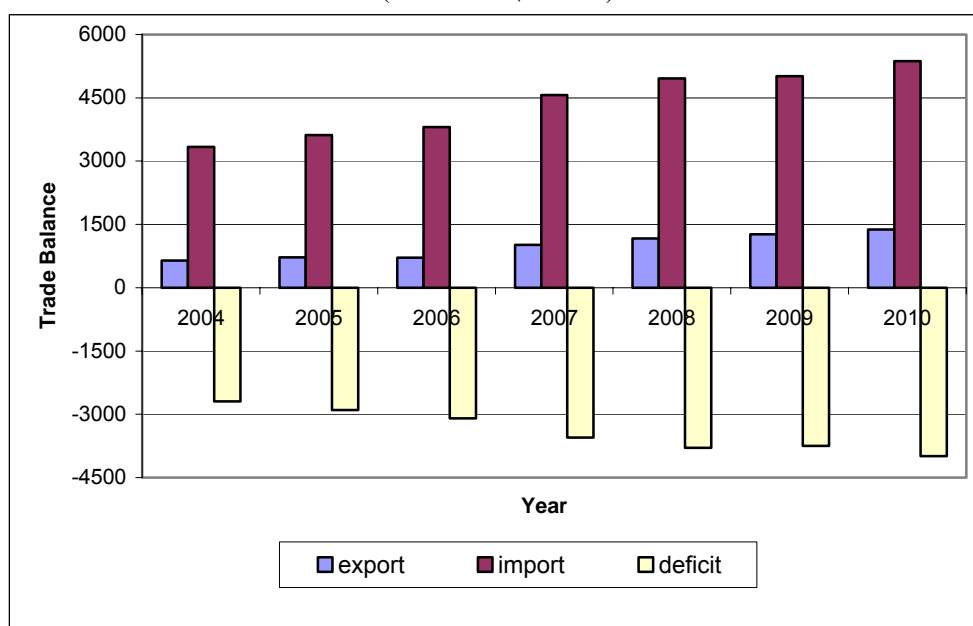
\* The percentage for each item is calculated based on the total value of exported goods

The above items comprise 38.4% of total exports from the Palestinian Territory. The number of exported goods and services to the outside world amounts to 1000

### **The period 2004-2010:**

Continuous deficit in the Trade Balance that reached its highest in 2010 while the lowest was in 2004

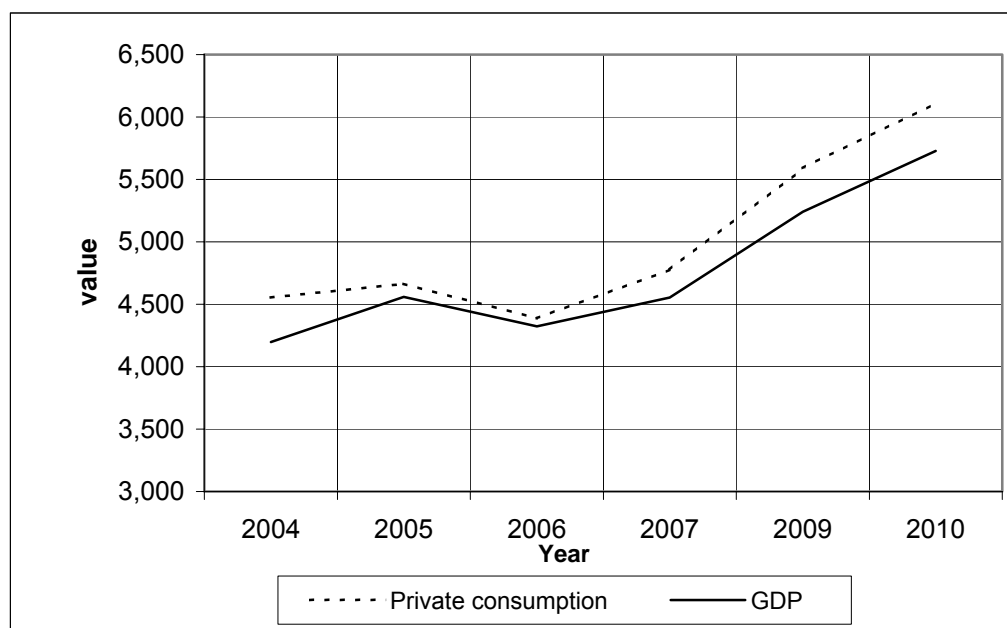
**Figure 16: Trade Balance of goods and services in the Palestinian Territory, 2004-2010**  
(value in US \$ Million)



## 8. Private Final Consumption (Households, Non-Profit Institutions)

Households' final consumption and Non-Profit Institutions (Private Consumption) are important components of the macroeconomics in the Palestinian Territory. During 2010, the value of Private Final Consumption reached US\$ 6,109.7 Million, which contributes 106% to the GDP. The government and private expenditure together constitutes high percentage that reflects the large deficit in the Palestinian trade balance

**Figure 17: Final Private Consumption and GDP in the Palestinian Territory, 2004-2010**  
(value in US \$ Million)



## 9. Government Sector

The Government Sector accounts for 22.2% of GDP in the Palestinian Territory and that reflects the necessity to shed light on the financial situation of the Palestinian National Authority taking into consideration the rapid political and economic changes that are affecting its financial performance.

Israeli occupation along with its measures of economic blockade, curfews, siege and restriction of movement contribute to weakening of the economic and development structure of the Palestinian Territory.

After the financial siege imposed on the Palestinian Territory in 2006 and the sequence of political events that resulted in the formation of caretaker government in mid-2007, a Reform and Development Plan (2008-2010) was developed and put into implementation despite the Israeli War in 2008 on Gaza Strip and Israeli siege that resulted in the destruction of the Palestinian economy.

## 9.1 Government revenues

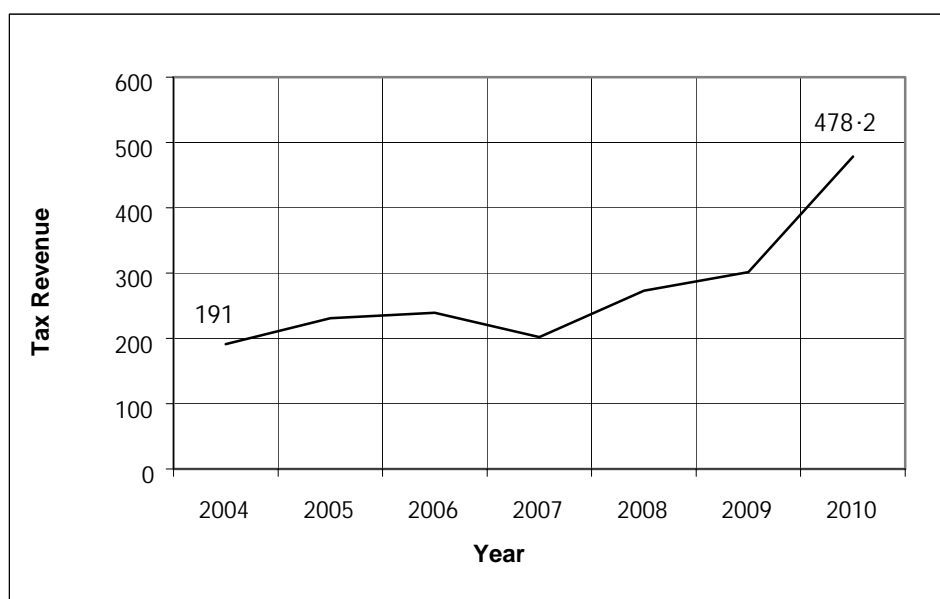
### Significant increase in total public revenues in 2010, and improvement in tax collection

Significant increase in the revenues of central government compared with decrease in the government expenditures during 2010 had led to reduction in the deficit of the General Budget. The year 2010 had witnessed greater government reforms in the field of tax collection in line with the development and Reforms Plan. Local revenues (tax and non tax revenues) constituted 39.0% of total revenues and that contributed to cover current expenditures with less dependence on external transfers to support the general budget.

In 2010, total revenues of the Palestinian National Authority amounted to USD\$ 1.9 billion, marking an increase by 21.6%.

The collected tax revenues had reached USD\$ 478.2 Million, which is the highest since 2004 marking an increase by 59.0% compared to 2009.

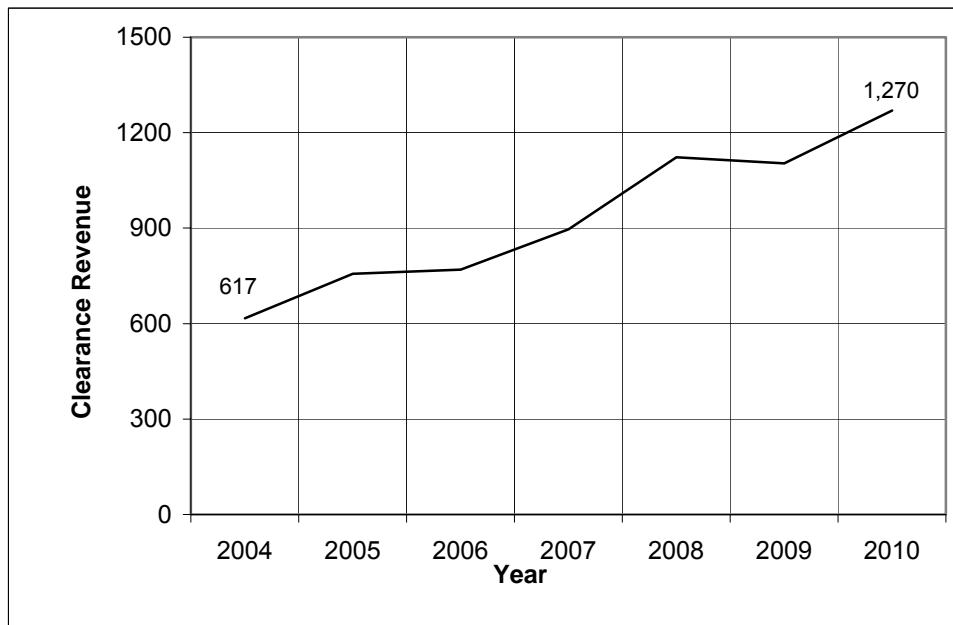
**Figure 18: Total Tax revenues in the Palestinian Territory, 2004-2010**  
(value in US \$ Million)



### Increase in clearance revenues during the year 2010

Tax clearance revenue had increased by 15.1% in 2010 compared to 2009 due to greater efficiency in the application of the Taxation System and improvement in the imports. Total tax clearance revenue had reached USD\$ 1,269.4 Million in 2010 compared to USD\$ 1,103.2 Million in 2009.

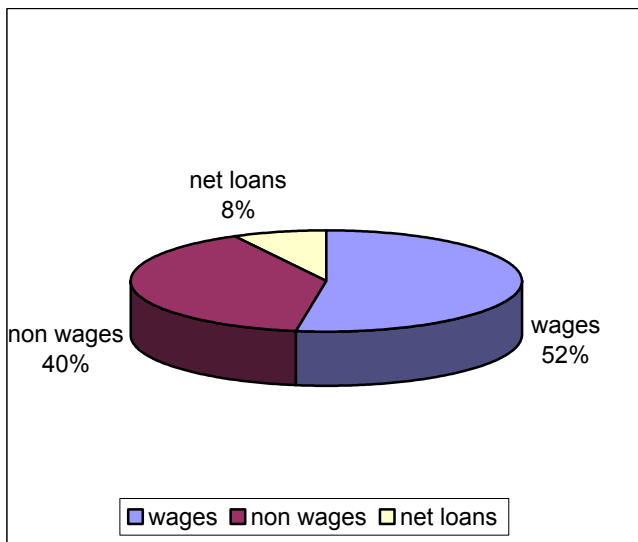
**Figure 19: Total clearance revenues, 2004-2010**  
(value in US \$ Million)



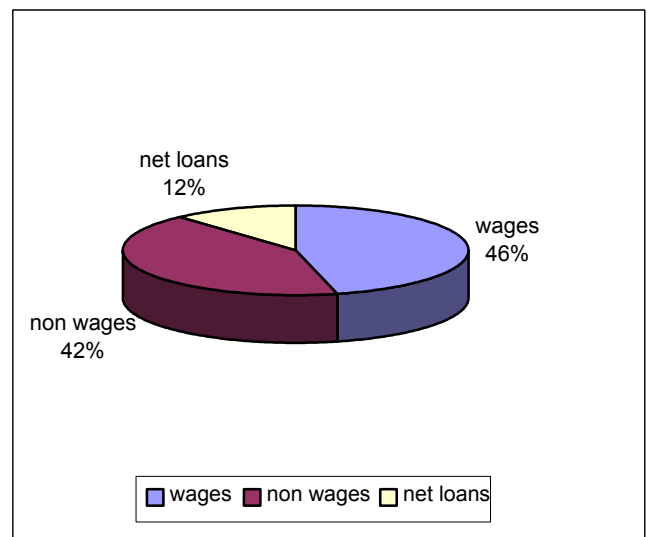
## 9.2 Government expenditure

Salaries and wages constitute 52.0% of total government expenditure in the Palestinian Territory.

**Figure 21: Total Expenditure and net Lending, 2010**



**Figure 20: Total expenditure and net Lending, 2009**



### Decline in government expenditure in 2010

Government expenditures had been reduced by 2.7% to reach USD\$ 3,101.7 Million in 2010 compared to USD\$ 3,189.8 Million in 2009.

The decline in government expenditure was as a result of decrease in non-wage expenditure by 8.2%. On the other hand, wage expenditures had increased in 2010 by 10.9% to reach its highest at USD\$ 1,626.8 Million.

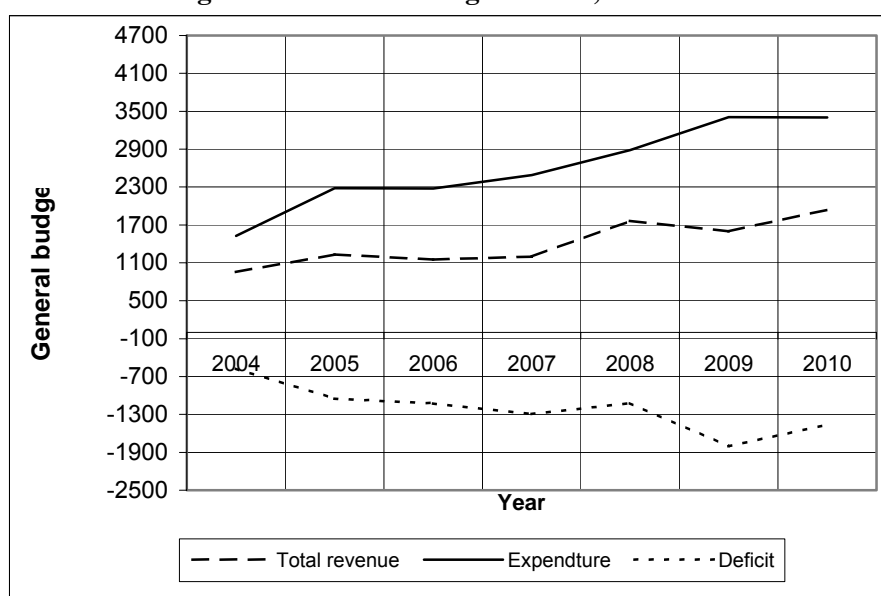
### Increase in infrastructure expenditure

In efforts to develop infrastructure and provide support to various sectors in the Palestinian Territory, the Palestinian National Authority have carried out many infrastructure projects during the years 2009-2010. The infrastructure expenditures amounted to USD\$ 301.0 Million in 2010 compared to USD\$ 215.5 Million in 2009.

### Decline in the deficit of the budget in 2010

The value of the deficit in the budget of the Palestinian National Authority had decreased by 19.3% in 2010 to reach USD\$ 1.5 billion due to high infrastructure expenditures.

**Figure 22: General budget Deficit, 2004-2010**

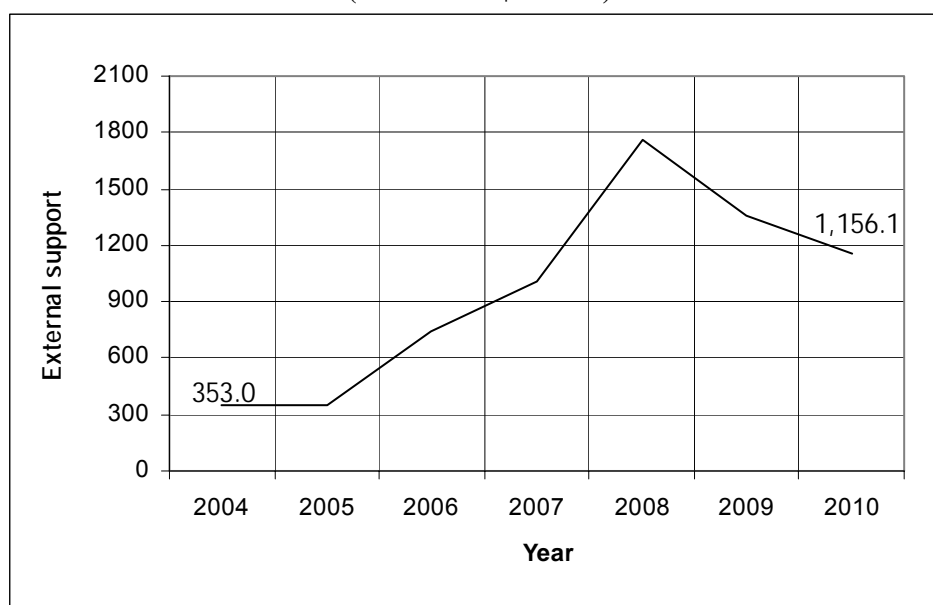


### Less dependence on external support to decrease budget deficit in 2010

The dependence on external support to cover deficit in the general budget was reduced in 2010 by 14.6%. Total external support reached USD\$ 1,156.1 Million in 2010 compared to USD\$ 1,354.9 Million in 2009.



**Figure 23: External support, 2004-2010**  
(Value in US \$ Million)



**Self-coverage of 46.2% of total expenses of salaries and wages through domestic revenues (tax and non tax)**

The ability of the Palestinian National Authority to self-finance parts of its current expenditures on wages and salaries using local revenues is a significant economic indicator.

**Table 11: Coverage of local revenues to expenditures on salaries and wages, 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
Local revenues	337.0	476.0	396.0	323.0	759.1	585.1	750.9
Wages	870.0	1,001.0	1,193.0	1,283.0	1,453.4	1,466.7	1,626.8
% of coverage*	38.7	47.5	33.2	25.2	52.2	39.9	46.2

\*Local revenues / Total wages and salaries

## 10. Banking Sector

### Increase of resident deposits in local banks

Based on the Consolidated budget of banks issued by Palestine Monetary Authority, deposits by residents in local banks had increased by 14.2% to reach USD\$ 6.8 billion in 2010 compared to 6.0 billion in 2009.

In regards to the financing of banks to purchasing of cars and vehicles, there was an increase by 62.0% to reach USD\$ 92.0 Million in 2010 compared to USD\$ 57.0 Million in 2009.

## 11. Private Sector

The private sector comprises about 77.8% of total GDP. The private sector consists of households, non-profit institutions, financial and non-financial institutions according to the classification of National Accounts.

The number of workers in the private sector had increased by 6.6% to reach 465 thousand in 2010. The average daily wage had also increased to reach 74.3 NIS. The value added for the private sector reached USD\$ 4.5 billion in 2010.

**Table 12: Main indicators about the private sector in the Palestinian Territory, 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
Workers (Thousands)	364	391	411	446	408	436	465
Value added (Million USD)	3,260.3	3,520.2	3,284.4	3,560.7	3,746.8	4,078.4	4456.4
Productivity rate (Dollar)	15,402.2	15,552.4	14,260.2	13,364.4	15,969.7	15,982.2	16,278.3
Average daily wage (NIS)*	68.8	67.1	66.7	67.3	63.8	64.6	74.3

(\*) The data excludes those parts of Jerusalem which were annexed by Israel in 1967, and Israil

## 12. Characteristics of economic activities

The Palestinian economy comprises a range of economic activities, which in turn represent the structure of the economy.

**Table 13: Economic activities by main characteristics, 2004-2010**

	Agriculture	Manufacturing	Trade	Services	Transport	Construction
Contribution to GDP	6.2	12.3	11.1	20.9	7.8	9.2
Value added (Million)	360.0	706.6	634.7	1,196.0	446.5	525.6
Productivity rate	7,444.3	16, 520.3	8,548.6	7,471.1	20,374.9	15,600.7
Workers (Thousands)	81	73	125	271	37	57
Average daily wage (NIS)*	57.1	80.1	76.3	91.8	104.3	117.4

(\*) The data excludes those parts of Jerusalem which were annexed by Israel in 1967, and Israil

### 12.1 Services (Palestinian economy is service oriented)

The contribution of Services to GDP is the highest among economic activities reaching 20.9% in 2010. The Service sector also constitutes the highest employment with 271 thousand worker.

The value added of Services had increased by 3.3% during 2010. The productivity rate in services reached USD\$ 7,471.1 per worker; while average daily wage of a worker in services is 91.8 NIS.

### 12.2 Manufacturing

The contribution of manufacturing to GDP reached 12.3% and number of workers in manufacturing amounted to 73 thousands.

The value added of manufacturing had declined by 5.5% during 2010. The productivity rate in manufacturing reached USD\$ 16,520.3 per worker; while average daily wage of a worker in manufacturing is 80.1 NIS.

### **12.3 Agriculture**

#### **16.0% of the total area of the Palestinian Territory is cultivated land area**

The cultivated land area comprises 16.0% of the total area of Palestinian Territory during the agricultural year 2009/2010, based on the preliminary results of the Agriculture Census 2010.

The contribution of Agriculture to GDP reached 6.2% and the value added of Agriculture increased by 22.8% during 2010. The number of workers in Agriculture increased by 6.3% to reach 81 thousands in 2010.

The productivity rate in agricultural fields reached USD\$ 7,444.3 per worker, while average daily wage of a worker in agriculture is 57.1 NIS.

### **12.4 Wholesale and Retail Trade**

The contribution of the Wholesale and Retail Trade to GDP reached 11.1% and number of workers had increased by 6.4% to reach 125 thousands in 2010 compared to 2009. The value added of this sector had increased by 12.0% during 2010. The productivity rate in Wholesale and Retail Trade reached USD\$ 8,548.6 per worker, while average daily wage of a worker in this sector is 76.3 NIS.

### **12.5 Construction**

The value added of the Construction Activity had increased by 35.6% in 2010 compared to 2009. In addition, administrative records also showed a rise by 17.5% in the number of building licenses issued in the West Bank for the year 2010.

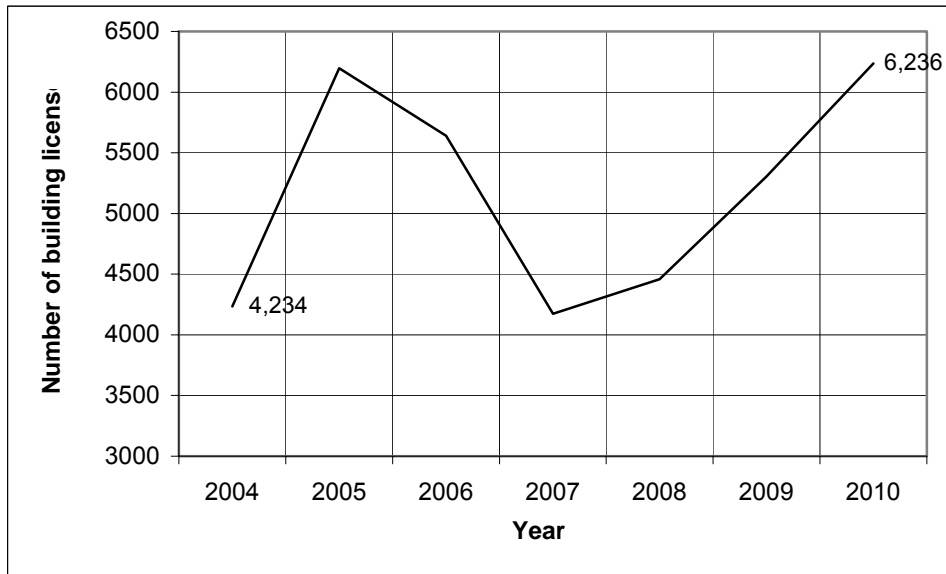
The prices of construction materials rose by 1.6% compared to 2009 despite quantities of imported cement reached 1.3 million ton in 2010 compared to 1.2 million ton in 2009.

The year 2010 also witnessed a rise by 26.2% in the number of workers in construction activity to reach 57 thousand workers in 2010. The average daily wage of a worker in the Construction Activity is considered the highest among economic activities to reach NIS 117.4; while productivity rate reached USD\$ 15,600.7 per worker.

- **Licenses of buildings**

Building licenses is one of the indicators that reflect the reality of construction activities in the Palestinian Territory. There had been an increase in the number of licenses issued in the West Bank during 2010 compared with 2009.

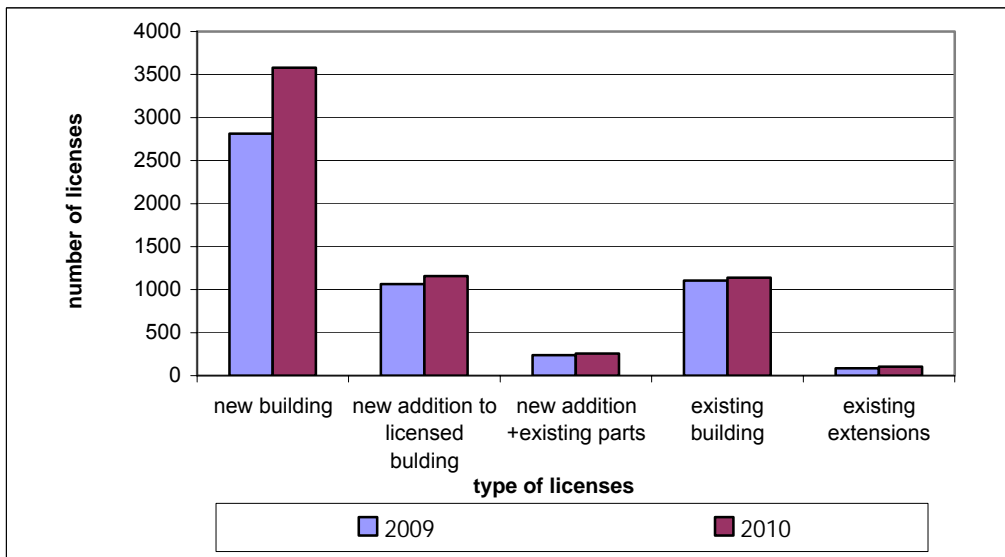
**Figure 24: Number of Issued building licenses in the West Bank, 2004-2010**



The year 2005 had witnessed a rise in the number of issued licenses compared to a sharp decline in 2007 when the total number of building licenses reached 4,173. Then, the number of licenses had started to rise starting 2008 to reach its highest in 2010 at 6,236 license.

According to the administrative records of the Ministry of Local Government, about 57.4% of licenses were issued for new buildings during 2010.

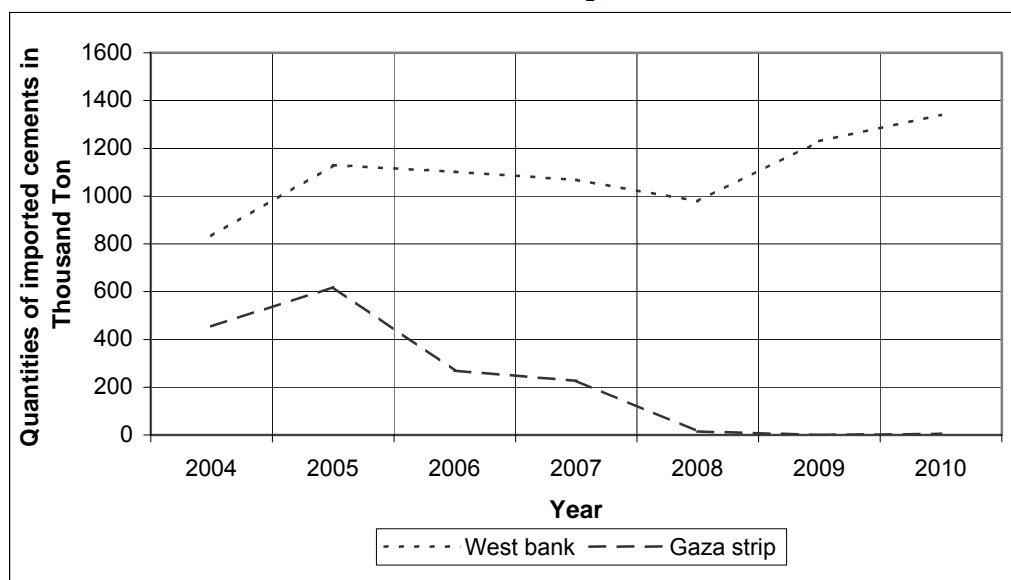
**Figure 25: Number of Issued building licenses in the West Bank, 2009-2010**



- **Quantities of cement**

The quantities of cement imported from abroad is one of the important indicators that demonstrate the performance of the construction sector in the Palestinian Territory, where there had been a rise in the quantities of imported cement in 2010 compared to 2009.

**Figure 26: Quantities of imported Cements to the West Bank and Gaza Strip, 2004-2010**



Gaza Strip had witnessed a significant decline in the quantities of imported cement since 2006 till 2010. Records show that during 2008, no quantities of cement was imported to the Gaza Strip from abroad.

- **Construction Cost Index (CCI)**

The Construction Cost Index had increased by 1.6% in 2010 compared to 2009.

**Table 14: Construction Cost Index (CCI) by major groups in the West Bank, 2008-2010**

Major Groups	2008	2009	2010
Raw materials	114.13	104.30	105.84
Hiring of equipment	119.61	131.11	137.28
Labor cost and wages	105.30	116.69	118.89
All- Items Construction Cost Index	<b>111.63</b>	<b>107.67</b>	<b>109.36</b>

## 12.6 Tourism

The tourism sector is most sensitive and significantly influenced by the political reality of the Palestinian Territory. Israeli occupation, siege and instability are all hamper the growth of the tourism sector and its contribution to the Palestinian economy. Despite the characteristics of the Palestinian Territory that is rich in its religious and cultural heritage, the contribution of the tourism sector to GDP does not exceed 3.0%.

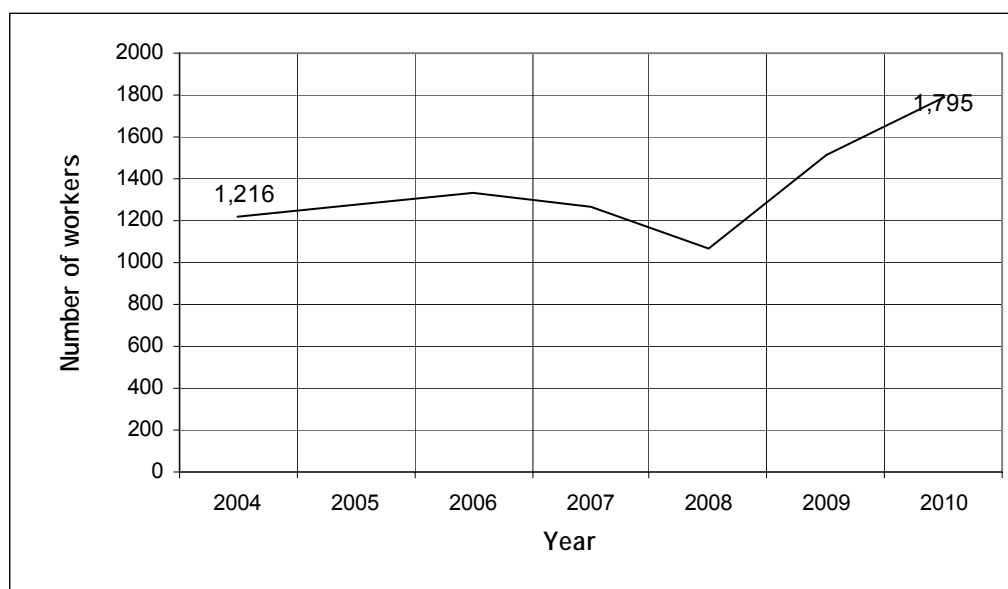
**Table 15: Main indicators on Tourism Sector. 2004-2010**

	2004	2005	2006	2007	2008	2009	2010
Hotels	80	77	79	82	80	100	95
Guests (in thousands)	100	132	152	316	446	453	577
Guest nights (thousands)	269	350	384	673	1,127	1,042	1,286
Workers	1,216	1,273	1,330	1,264	1,071	1,514	1,795

**Continuous increase in the number of visitors to the Palestinian Territory**

The number of visitors to the Palestinian Territory had increased by 28.0% in 2010 to reach 577 thousand compared to 453 thousand in 2009. In addition, guest nights had increased by 19.0% during 2010.

The number of workers in hotels of the Palestinian Territory reached 1,795 in 2010 compared to 1,514 in 2009.

**Figure 27: Workers in Hotels, 2004-2010**

During 2010, the number of workers in hotels of the West Bank increased by 16.3% to reach 1,692 worker compared to 2009; while number of guests increased by 27.5%.

Regarding Gaza Strip, the number of workers in hotels reached 103 worker; while number of guests increased by 56.9%.

**Table 16: Selected indicators on Tourism by region, 2009-2010**

	West Bank			Gaza Strip		
	2009	2010	% Change	2009	2010	% Change
Hotels	92	87	0.05-	8	8	0.0
Guests	451,840	576,159	27.5	785	1,232	56.9
Guest nights	1,041,246	1,283,178	23.2	1,044	2,483	137.8
Workers	1,455	1,692	16.3	59	103	74.6