

Palestinian Central Bureau of Statistics

Monthly Survey of the Performance of Economy Activities January – April 2002

January 2003

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All correspondence should be directed to:
Dissemination and Documentation Department/ Division of User Services
Palestinian Central Bureau of Statistics
P.O. Box 1647, Ramallah - Palestine

Tel: (970/972-2) 240 6340
E-Mail: diwan@pcbs.pna.org

Fax: (970/972-2) 240 6343
Web-site: <http://www.pcbs.org>

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Preface

Since the outbreak of the Al-Aqsa Intifada on September 28th 2000, the Israeli occupation authorities have embarked on imposing all types of arbitrary measures including siege, collective punishment, and oppressive measures against the Palestinian people and the Palestinian economy.

The compilation of this report is part of the efforts exerted by the (PCBS) to address the credible official Palestinian statistical figure on the total impact of the Israeli siege on the various aspects of the Palestinian society. This study aims to provide statistical data on the performance of the Palestinian economy during the recent events. It also aims to capture the impact of the Israeli siege and closure, including imposing restrictions on obtaining raw materials, denying access to the Israeli market, obstructing the economic and trade activity, etc. This study aims also to estimate the volume of daily losses in the Palestinian economy as well as to highlight the extent of the impact of the Israeli measures on the economic activity.

This report presents the main findings of the Monthly Survey on the Performance of the Economic Activities with respect to the impact of the Israeli closure on the Palestinian economy for the reference months of January, February, March, and April 2002. The report also deals with the impact of the siege on the production process, trade margin, employees, inventories, and revenues.

Data presented in this report is designed to meet the needs of all potential users in the various fields of planning, policy making and decision taking. Likewise, we hope that the data can be of use for researchers and other parties interested in the economy and identifying the various losses incurred as a result of the siege imposed by Israel on the Palestinian cities, villages, and communities.

January 2003

**Hasan Abu Libdeh, Ph.D.
President of PCBS**

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Summary

The Palestinian Central Bureau of Statistics implemented a sample survey of all economic activities (services, industry, construction, internal / domestic trade, transport and storage, and communications) in the West Bank and Gaza Strip. The survey was implemented on monthly basis starting from January 2002.

The main purpose of this project is to conduct a monthly survey that reflects the impact of the current conditions on the performance of the Palestinian economy and to provide data and information needed by policy makers, researchers, and other interested parties. This survey aims to provide statistical indicators on the value and changes of the main economic indicators such as, number of employees, production, intermediate consumption, and value added.

The main results were as follows:

1. Number of persons engaged in economic activities:

Results of the survey show that numbers of persons engaged in economic activities by month were as follows:

- January: 123,303
- February: 144,794
- March: 128,480
- April: 116,929

2. Value of output:

Results show that value of output by month was as follows:

- January: 129,610.0 (thousand US\$)
- February: 144,408.0 (thousand US\$)
- March: 124,416.8 (thousand US\$)
- April: 94,253.0 (thousand US\$)

3. Value added:

According to results, the value added by month was as follows:

- January: 79,751.0 (thousand US\$)
- February: 82,448.3 (thousand US\$)
- March: 68,521.8 (thousand US\$)
- April: 57,681.0 (thousand US\$)

Chapter One

Introduction

The Palestinian economy has been in crisis since September 2000 emanating from the practices of the Israeli occupation authorities against the Palestinian people and the Palestinian institutions. Most devastating of such practices are the various types of siege Israel imposes on the Palestinian Territory, which have destructive effects on all aspects of the Palestinians socio-economic life.

The Palestinian Central Bureau of Statistics (PCBS) is strictly committed to providing reliable statistical data to facilitate the study of the economic status at all times and under all circumstances, including the times of Israeli siege and closure that have been imposed since the outbreak of Al-Aqsa Intifada in September 2000. Henceforth, PCBS has implemented a monthly sample survey of all economic activities (services, industry, internal / domestic trade, transport and storage, and communications) in the Palestinian Territory. The survey covers the reference period of 2002. The sample was based on a partial random sample of the sixth round of the economic statistics surveys series of PCBS in the middle of 2001.

1.1 Objectives of the Survey

This survey aims to provide monthly statistical data on short-term indicators and the impact of the siege in terms of:

1. The change in production size in the reference period.
2. The change in the size of intermediate consumption (production inputs and expenses) in terms of goods and services utilized in the various economic activities.
3. Changes in the numbers of employees.
4. The change in the size of value added.
5. Average of working days during the reference month.
6. The direct reason of decline in the values of main economic indicators.

The aforementioned data realize the following:

1. Contributing in providing basic statistics needed for estimating the total losses resulting from the closure.
2. Providing statistics needed for economic analysis and preparation of national accounts estimates for the losses of the Palestinian economy.
3. Providing data needed for decision-makers, planners, and other parties interested in the Palestinian economy.
4. Providing needed statistics on short-term indicators for main economic indicators.

1.2 Report Structure

The report is divided into five chapters as follows:

- Chapter One: Comprises an introduction to the survey including survey's program, objectives, and report structure.
- Chapter Two: Involves the main concepts and terms used in the report with a brief description for each of them.
- Chapter Three: Presents the most prominent findings of the survey.
- Chapter Four: Discusses the preparation of the study including the estimates derived from the national accounts and the economic statistics surveys series. Chapter Four also sheds light on the methodology of the fieldwork in terms of questionnaire, sample, fieldwork data collection activities, and office operations. In addition, the chapter discusses data processing and tabulation.
- Chapter Five: Addresses the quality of the data and findings through discussing the main remarks on the fieldwork as well as comments and remarks on the tables.
- Statistical Tables: All included tables are on the national level.

Concepts and Definitions

This chapter presents the definitions of the concepts used in the preparation of the survey tools on which data collection and processing are based. These concepts and their definitions are based on international recommendations in the fields of economic statistics and national accounts while taking into account the particular aspects of the Palestinian Territory.

Establishment:

It refers to an economic organization capable, in accordance with the rights it enjoys, of possessing assets and incurring liabilities as well as engaging in economic activities and transactions with other parties.

Number of Working Days During the Month:

It refers to the total number of days in which an establishment practices its production activities during the reference period without any work interruptions.

Employees:

Employees include all males and females working in the establishment including owners, self-employed, unpaid family members, or waged workers who receive their compensations in cash or in kind during a specific reference period. However, this term does not include trainers or those on assignments outside the establishment or in long unpaid leaves.

Compensations of Employees:

Compensations of employees include salaries, wages, and other cash or in-kind benefits during the survey period.

Production:

Production refers to the value of goods and services produced in a certain period as a result of a main or secondary productive activity. This includes fixed assets produced for the own use of the establishment. Henceforth, $\text{production} = \text{Value of production from main activity} + \text{Value of production from secondary activity} + \text{Value of own capital formation of establishment}$. Production was estimated according to the market value. It represents the producer price plus value added tax on produced goods and services.

Intermediate Consumption:

It refers to the value of production inputs, i.e. inputs used in the production of goods and services. Henceforth, $\text{intermediate consumption} = \text{value of raw material} + \text{other production expenses}$.

Total Value Added

It refers to production minus intermediate consumption.

Principal Economic Activity:

The principal economic activity is the activity that contributes to the largest value added in establishments practicing more than one activity.

Decline:

The decrease in the main economic indicators during a certain month compared with monthly average for 1999 and 2000.

Siege

This term refers to the set of procedures taken by the Israeli occupation authorities during the reference period, according or as a result of which, movement of persons and goods between the Palestinian governorates and localities as well as between the Palestinian Territory and Israel and the rest of the world was completely or partially disrupted. The concept also applies to the obstructions of movement resulting from the total or partial disruption of land, sea, or air passages.

Change of percentage:

Percentage change in the value of main economic indicators during survey month compared with the previous month.

Main Results

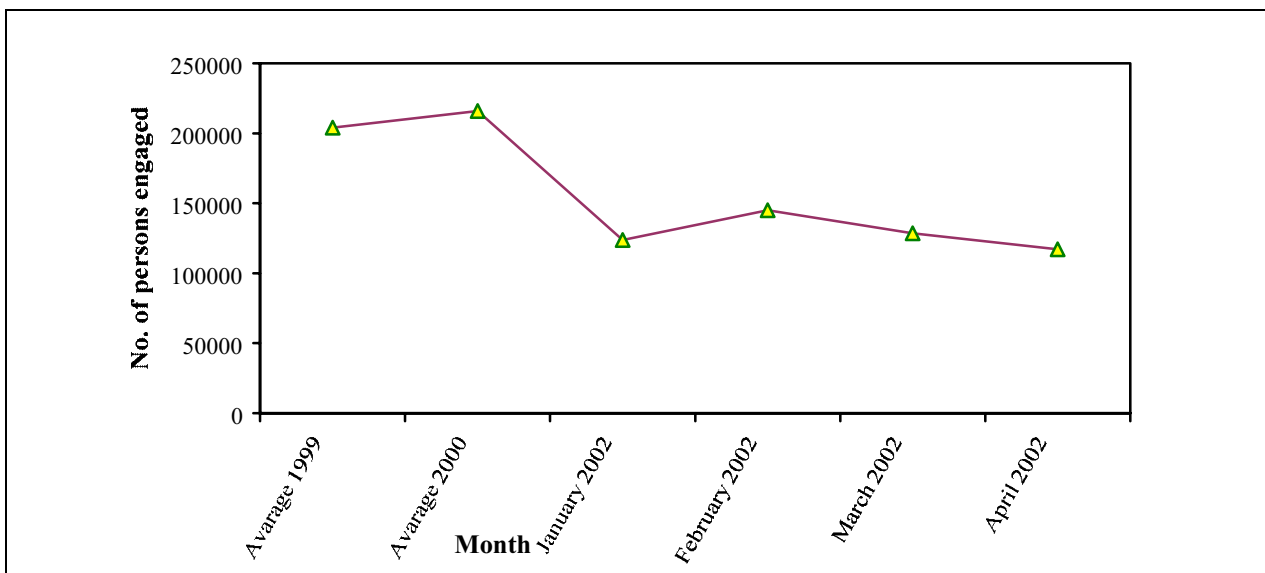
3.1 Number of persons engaged in economic activities:

Results show that there is a clear drop in the number of persons engaged in all economic activities throughout the first four months of 2002 compared with the monthly average of 1999 and 2000. On the national level of economic activities, we notice that the number of persons engaged in economic activities reached 204,028 in 1999. The same figure rose to 215,862 in 2000 at a growth rate of 5.5% compared with 1999. The siege and closure on the Palestinian Territory since the start of Al-Aqsa Intifada led to an obvious decline in all main economic indicators of all economic activities.

In January 2002, the number of persons engaged in economic activities reached 123,303. When this figure is compared with the monthly average of 1999 and 2000, we notice that there is a drop by 39.6% and 42.9%, respectively. However, in February 2002, the monthly average decline was 29.0% and 32.9% compared with 1999 and 2000, respectively. The number of persons engaged in economic activities in February reached 144,794 employees. In March, however, the percentages of drop were 37.0% and 40.5% compared with the monthly average of 1999 and 2000, respectively. The number of persons engaged in economic activities in March 2002 reached 128,480 employees. The incursions of Israeli forces into the West Bank's governorates in April 2002 caused the number of persons engaged in economic activities to drop to 116,929. This shows a decline of 42.7% compared with the monthly average of 1999 and a drop of 45.8% compared with the monthly average of 2000.

Figure (1) shows these results at national level:

Figure (1): Number of Persons Engaged in Economic Activities in the Palestinian Territory by Month



On the other hand, on the micro activities level, we notice that the number of persons engaged in all economic activities declined compared with 1999 and 2000. The industrial activities were the most affected; in January 2002, the monthly average of the number of persons employed in industry declined by 41.4% and 44.6% compared with the monthly average of 1999 and 2000. In February 2002, the same average dropped by 31.9% and 35.7% compared with 1999 and 2000. This percentage dropped further throughout March 2002 by 38.7% and 42.1% compared with 1999 and 2000,

respectively. The number of persons engaged in industry reached its highest level of declination in April 2002 at a drop of 43.5% and 46.5% compared with 1999 and 2000, respectively.

The monthly average of the number of persons employed in the construction sector declined throughout January 2002 by 21.1 % and 44.1% compared with 1999 and 2000. In February 2002, the same percentage reached 9.1% and 35.6% compared with 1999 and 2000, respectively. However, the same percentages dropped further in March 2002 to 28.2% and 49.1% compared with 1999 and 2000. The percentage of persons employed in the construction sector reached its highest drop in April 2002 with 50.1% and 64.5% as compared with 1999 and 2000, respectively.

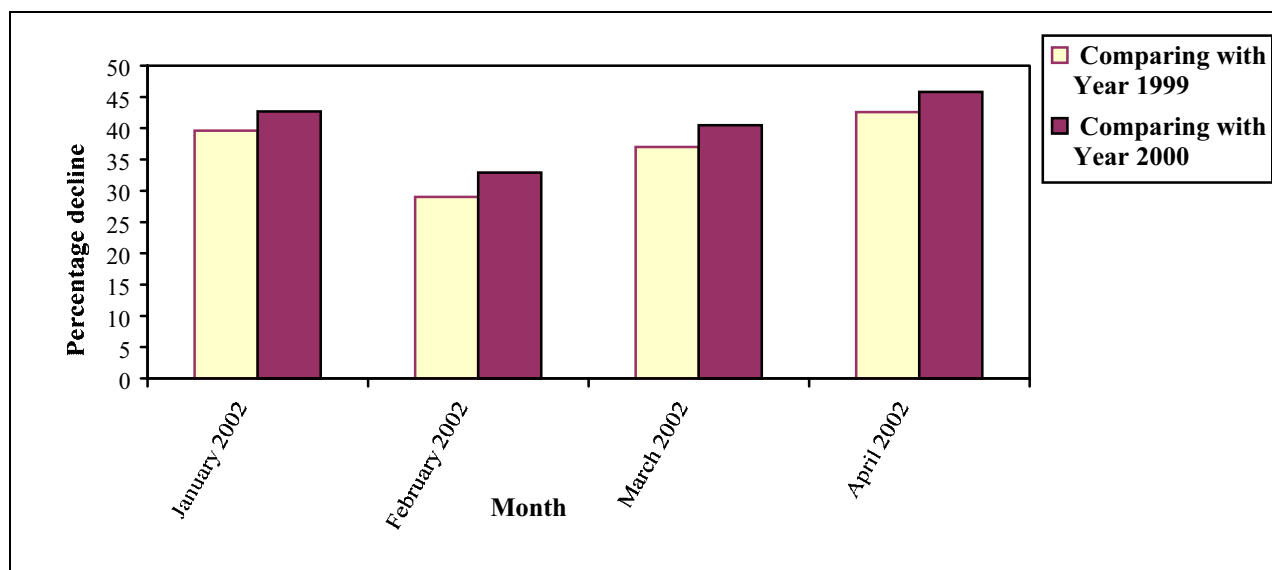
The number of persons engaged in the internal trade activities declined throughout January 2002 compared with 1999 and 2000 by 41.2% and 43.3%, respectively. In February 2002, the percentage of persons engaged in the internal trade activities declined by 23.6% and 26.5%, respectively, compared with 1999 and 2000. This percentage decreased further in March 2002 by 38.5% and 40.9%, respectively, compared with 1999 and 2000 and reached its highest drop in April 2002 with 42.9% and 45.1%, respectively, compared with 1999 and 2000.

The number of persons engaged in services activities declined in 2002 compared with 1999 and 2000 by 37.8% and 42.0% in January 2002, 37.3% and 41.6% in February 2002, 33.4% and 37.9% in March 2002, and reach its highest drop in April 2002 with a decrease by 41.0% and 44.9%, respectively, compared with the monthly average of 1999 and 2000.

Transport, storage, and communication activities reached the highest level of contraction throughout the first four months of 2002. The number of persons engaged in the aforementioned activities dropped by 22.4% and 15.7% in January 2002 compared with the monthly average of 1999 and 2000. In February 2002, the same percentage dropped by 12.4% and 4.9%, compared with 1999 and 2000, respectively. The same figures dropped by 30.9% and 24.9% in March 2002, compared with 1999 and 2000, respectively. The highest level of contraction was in April 2002 at 38.1% drop compared with 1999 and 32.1% drop compared with 2000.

Figure (2) shows these results:

Figure (2):Percentage Decline in the Number of Persons Engaged in Economic Activities Compared with 1999 and 2000 in the Palestinian Territory by Month

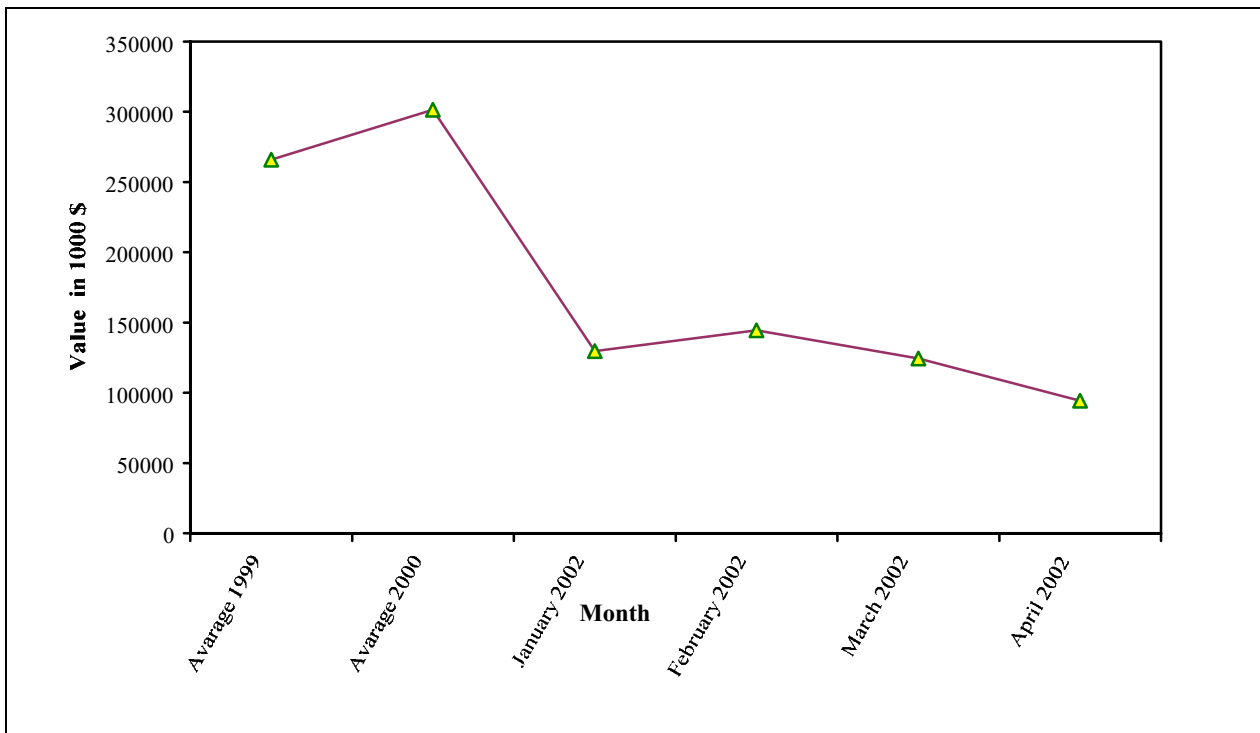


3.2 The value Output:

The results show that there is a clear reduction in the value of output in all economic activities in the first four months of 2002 compared with the monthly average of 1999 and 2000 on the national level. The monthly average of the value of output in 1999 amounted to 265,811.7 thousand dollars and 301,368.4 thousand dollars in 2000 at a growth rate of 11.9% compared with 1999. The siege and closure on the Palestinian Territory since the beginning of Al-Aqsa Intifada resulted in clear decline in all main economic indicators of all economic activities. In January 2002, the value output reached 129,610.0 thousand dollars in all economic activities. And with comparison of the monthly average of 1999 and 2000, we notice a decline of 51.2% and 56.9%, respectively. In February 2002, the percentage dropped by 45.7% compared with 1999 and by 52.1% compared with 2000. The value of output in March 2002 totaled 144,408.0 thousand dollars at a drop of 53.2% compared with the monthly average of 1999 and 58.7% compared with the monthly average of 2000. The Israeli forces incursions into the governorates of the West Bank in April 2002 resulted in a decline in the value of output to 94,253.0 thousand dollars, which means that the percentage of decline amounted to 64.5% compared with 1999 and 68.7% compared with 2000.

Figure (3) shows these results at all economic activities level:

Figure (3): The Value of Output in the Palestinian Territory by Month



On the detailed economic activities level, the industrial activities were the worst hit throughout January 2002 when the value of output declined by 58.4% compared with 1999 and by 67.5% compared with 2000. In February 2002, the percentage of decline reached 56.3% and 65.9%, respectively, compared with 1999 and 2000. In March 2002, the drop in the value output reached 56.7% compared with 1999 and 66.3% compared with 2000. The highest drop was in April 2002 by 69.8% compared with 1999 and by 76.4% compared with 2000.

The value of output for the construction activities declined throughout the first four months of 2002. In January 2002, the value of output declined by 59.9% and 55.3% compared with 1999 and 2000,

respectively. In February 2002, the value of output dropped by 47.9% compared with 1999 and by 41.9% compared with 2000. In March 2002, value of output dropped by 39.4% and 32.5% compared with 1999 and 2000, respectively. April 2002 shows a drop by 53.6% compared with 1999 and by 48.3% compared with 2000.

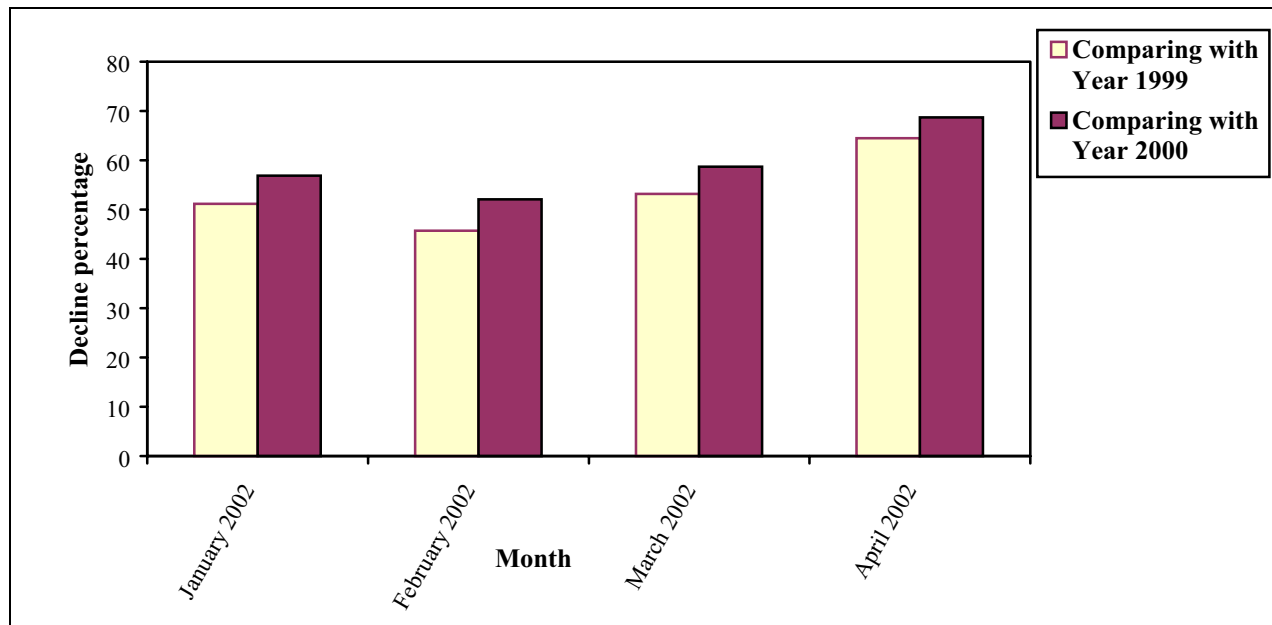
The value of output for the internal trade activities witnessed similar drops in January 2002 compared with 1999 and 2000 by 35.9% and 31.1%, respectively. In February 2002, value of output dropped by 13.9% compared with 1999 and by 7.2% compared with 2000. In March 2002, the drop totaled 42.8% from that of 1999 and a drop of 38.4% from that of 2000. In April 2002, the drop was 65.1% and 62.5%, compared with 1999 and 2000, respectively.

Moreover, the of value output in services activities declined compared with 1999 and 2000. In January 2002, value of output dropped by 47.1% and 50.9% compared with 1999 and 2000, respectively. In February 2002, value of output dropped by 57.4% and 60.4% compared with 1999 and 2000, respectively. In March 2002, the drop in value of output equaled 60.5% and 63.3% compared with 1999 and 2000, respectively. The highest drop in value of output of service activities was in April 2002 at 60.7% and 63.5% compared with 1999 and 2000, respectively.

Transport, storage, and communication activities declined also throughout the first four months of 2002. In January 2002, transport, storage, and communication activities dropped by 49.9% compared with 1999 and by 52.6% compared with 2000. In February 2002, the drop was 49.3% and 52.0%, compared with 1999 and 2000, respectively. In March 2002, the drop was 61.0% and 63.1% compared with 1999 and 2000, respectively. In April 2002, the figures dropped by 38.7% and 42.0% compared with 1999 and 2000, respectively.

Figure (4) shows these results:

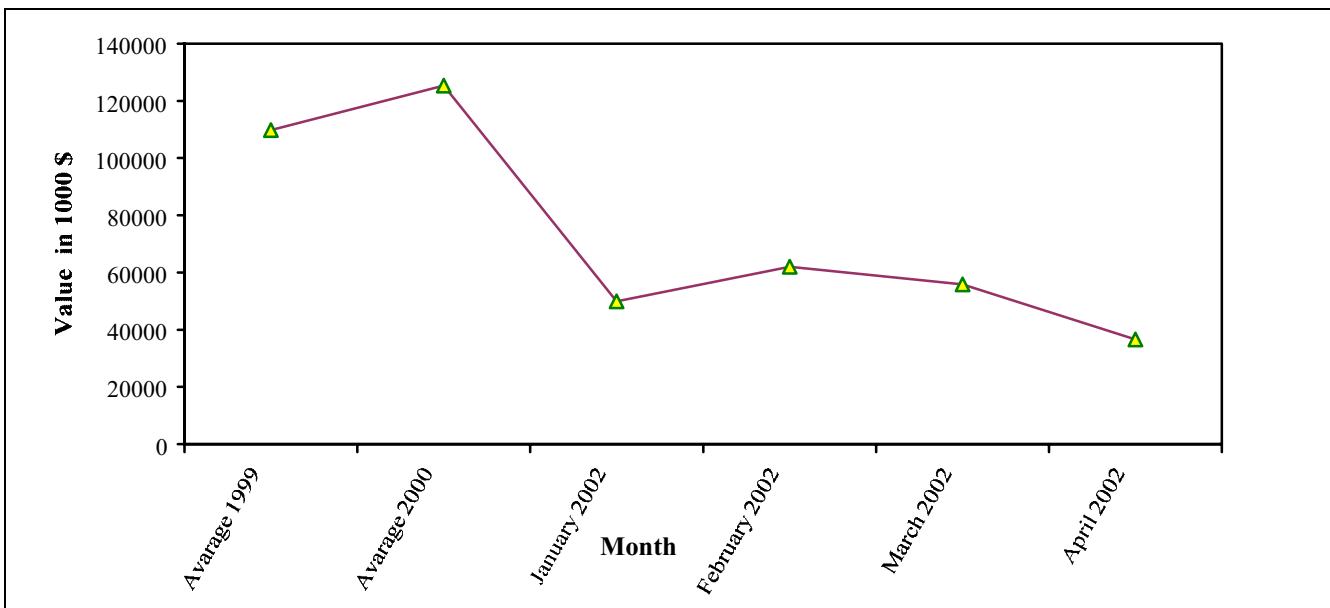
Figure (4): Percentage Decline in the Value of Output Compared with 1999 and 2000 in the Palestinian Territory by Month



3.3 The value of intremedaite consumption:

Results show clear deterioration in intermediate consumption value in all economic activities throughout the first four months of 2002 compared with the monthly average of 1999 and 2000. The monthly average of the value of intermediate consumption in 1999 was 109,772.9 thousand dollars and 125,356.9 thousand dollars in 2000 at a growth rate of 12.4% compared with 1999. The Israeli siege and closure on the Palestinian Territory caused a sharp drop in all main economic indicators of all economic activities. In January 2002, the value of intermediate consumption amounted to 49,858.0 thousand dollars in all economic activities. When the aforementioned figure is compared with the monthly average of 1999 and 2000, we notice a drop by 54.6% and 60.2%, respectively. However, in February 2002, the drop was by 43.6% compared with 1999 and by 50.4% compared with 2000. The value of intermediate consumption in February 2002 was 61,959.7 thousand dollars. The drop in March 2002 was by 49.1% and by 55.4% compared with 1999 and 2000, respectively, at approximately 55,895.0 thousand dollars. Israeli forces incursions into the governorates of the West Bank in April 2002 caused the value of intermediate consumption to plunge to 36,572.0 thousand dollars at a percentage declination of 66.7% compared with 1999 and 70.8% compared with 2000. Figure (5) shows these results at all economic activities level:

Figure (5): Value of Intremedaite Consumption in the Palestinian Territory by Month



At the detailed economic activities level, the value of intermediate consumption declined compared with the monthly average of 1999 and 2000 for all economic activities. Industrial activities throughout January 2002 dropped by 59.8% and 67.1% compared with 1999 and 2000, respectively. In February 2002, the drop in the value of intermediate consumption was 47.6% and 57.1%, compared with 1999 and 2000, respectively. In March 2002, the figures dropped by 48.8% and 58.1%, compared with 1999 and 2000, respectively. The highest drop was in April 2002 at 67.8% and 73.6%, compared with 1999 and 2000, respectively.

The value of intermediate consumption for the construction activities also declined throughout the first four months of 2002. In January 2002, it dropped by 67.7% and 70.9%, compared with the monthly average of 1999 and 2000, respectively. In February 2002, the drop equaled 63.7% compared with 1999 and 69.7% compared with 2000. In March 2002, the deterioration in the intermediate

consumption of the construction activities reached a drop of 61.4% compared with 1999 and 65.1% compared with 2000. In April 2002, the value of intermediate consumption for the construction activities deteriorated even further by 86.8% and 88.1% compared with the monthly average of 1999 and 2000, respectively.

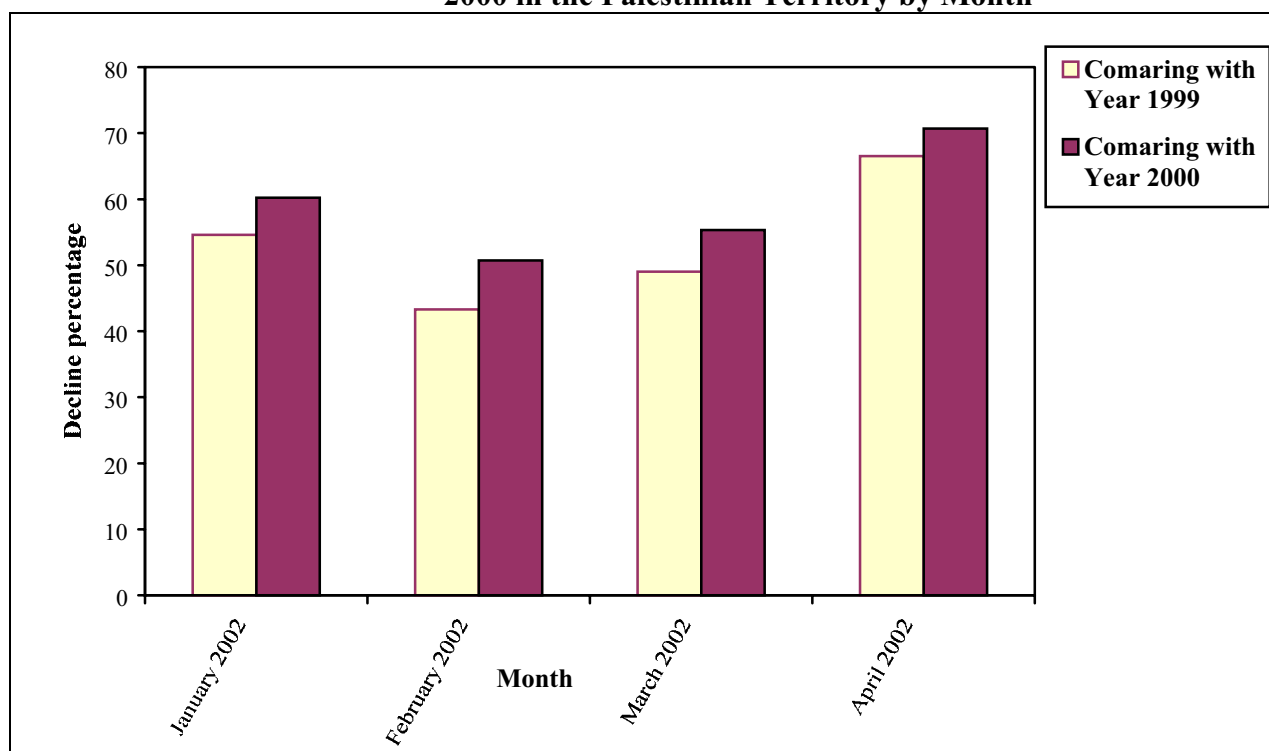
The value of intermediate consumption of internal trade activities suffered similar deterioration. In January 2002, compared with 1999 and 2000, the deterioration registered a drop by 26.2% and 13.1%, respectively. In February 2002, the same value dropped by 2.2% compared with 1999 and increase by 15.3% compared with 2000. Figures deteriorated further in March 2002 by 26.9% and 13.9% compared with 1999 and 2000, respectively. In April 2002, the value of intermediate consumption of internal trade activities reached a record low of 43.9% and 34.0%, compared with 1999 and 2000, respectively.

At the same time, the value of intermediate consumption in services activities declined compared with 1999 and 2000. In January 2002, the declination was by 45.2% and by 47.8%, compared with 1999 and 2000, respectively. In February 2002, the value dropped by 51.7% and by 54.0% compared with 1999 and 2000, respectively. In March 2002, the value dropped by 62.6% and 64.4% compared with 1999 and 2000, respectively. The lowest drop was in April 2002 at 76.7% and 77.8%, compared with 1999 and 2000, respectively.

The value of intermediate consumption of transport, storage, and communication activities also declined throughout the first four months of 2002. In January 2002, compared with 1999 and 2000, transport, storage, and communication activities dropped by 76.2% and 81.2% compared with 1999 and 2000, respectively. In February 2002, the drop was by 62.3% and by 70.2%, in March 2002, the drop was by 71.1% and 77.2%, and in April 2002, the drop registered 64.3% and 71.8% compared with the monthly average of 1999 and 2000, respectively.

Figure (6) shows these results:

Figure (6): Percentage Decline in Intermediate Consumption Value Compared with 1999 and 2000 in the Palestinian Territory by Month

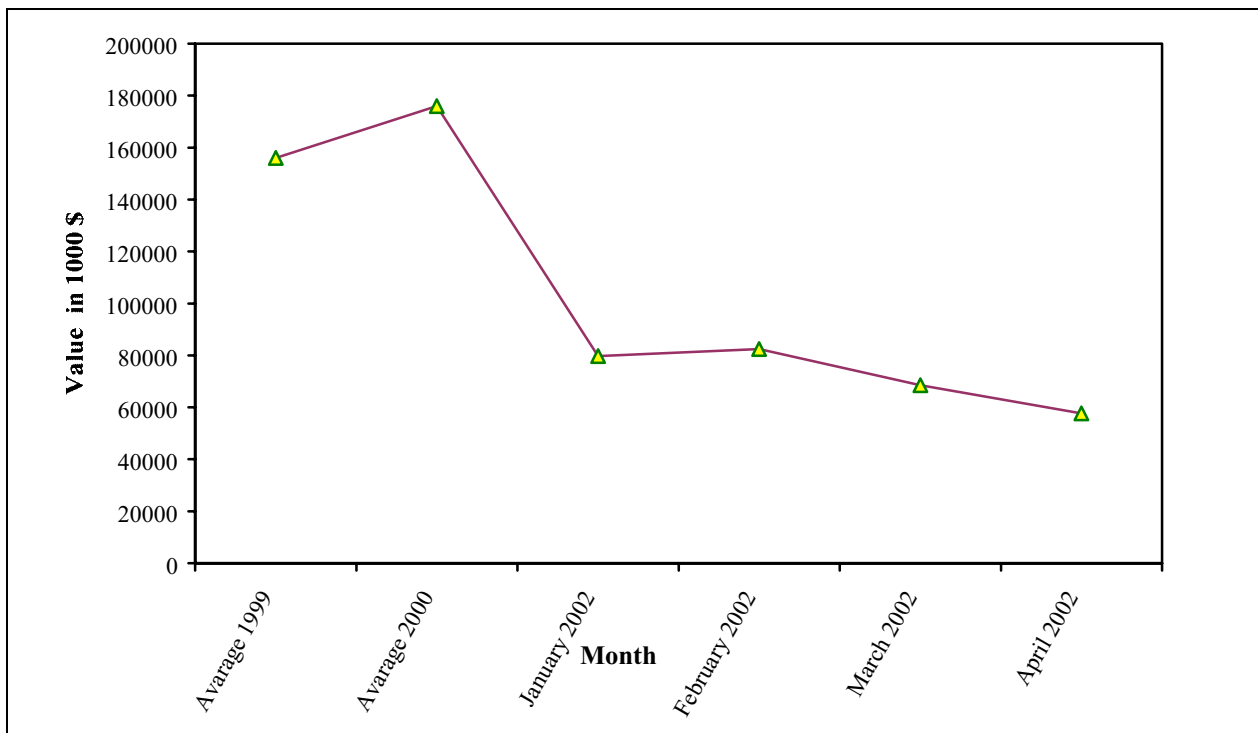


3.4 Value added:

Results show sharp drop in the value added of all economic activities at the national level in the first four months of 2002 compared with the monthly averages of 1999 and 2000. The monthly average of value added in 1999 amounted to 156,038.8 thousand dollars and in 2000, the monthly average of value added reached 176,011.4 thousand dollars at a rate of 11.3% rise compared with 1999. The Israeli siege and closure on the Palestinian Territory also have devastating effects on the value added of all economic activities of the Palestinian Territory and led to the deterioration of all main economic indicators. In January 2002, the value added reached 79,751.0 thousand dollars in all economic activities. When the aforementioned figure is compared with the monthly average of 1999 and 2000, we find out that there is a drop by 48.9% and by 54.7%, respectively. However, in February 2002, the drop reached 47.2% and 53.2% compared with 1999 and 2000, respectively. The value added of March 2002 totaled 82,448.0 thousand dollars and 68,521.0 thousand dollars at a drop by 56.1% and 61.1% compared with 1999 and 2000, respectively. The Israeli forces incursions into the West Bank's governorates in April 2002 caused the value added to plummet further to 57,681.0 thousand dollars, which means the percentage of decline amounted to 63.0% compared with 1999 and to 67.2% compared with 2000.

Figure (7) shows these results at all economic activities level:

Figure (7): Value Added in the Palestinian Territory by Month



The value added of the industrial activities dropped by 56.9% and by 68.0% in January 2002 compared with 1999 and 2000, respectively. In February 2002, value added dropped by 65.5% and 74.4% compared with 1999 and 2000, respectively. Figures of value added deteriorated further in March 2002 to reach a record level drop of 65.0% and 74.0% compared with 1999 and 2000, respectively. April 2002 saw further declination by 71.8% and 79.1% compared with 1999 and 2000, respectively.

The value added for construction activities also declined through the first four months of 2002. In January 2002, it dropped by 52.1% and 30.3%, in February 2002, it dropped by 29.4% and rose by

2.8%, in March 2002, value added dropped by 17.6% and increased by 20.0%, and in April 2002, it declined by 20.5% and increased by 15.7%, compared with the monthly average of 1999 and 2000, respectively.

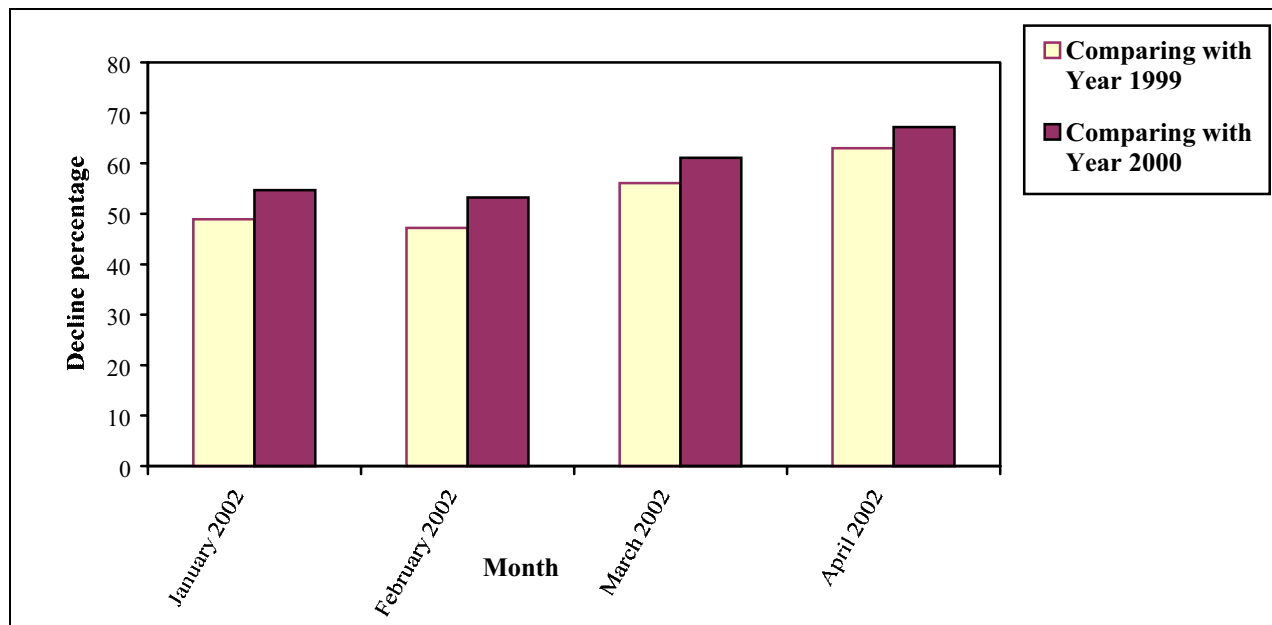
The value added of internal trade activities deteriorated by 39.3% in January 2002 compared with 1999 and by 36.5% compared with 2000. In February 2002, value added of domestic trade dropped by 17.9% and 14.0%, compared with the monthly average of 1999 and 2000, respectively. In March 2002, the drop was by 48.2% and 45.8% compared with 1999 and 2000 and in April 2002, the drop was by 72.4% and 71.1% compared with 1999 and 2000, respectively.

Value added of services activities suffered similar results. In January 2002, it dropped by 48.1% and 52.4%, in February 2002, it dropped by 60.4% and 63.7%, in March 2002, it dropped by 59.4% and 62.8%, and in April 2002, value added of services activities dropped by 52.4% and 56.4%, compared with the monthly average of 1999 and 2000, respectively.

Value added of transport, storage, and communication activities declined throughout the first four months of 2002. In January 2002, it declined by 40.4% and 39.35, in February 2002, it dropped by 44.6% and 43.5%, in March 2002, it dropped by 57.4% and 56.6%, and in April 2002, value added of transport, storage, and communication activities dropped by 29.5% and 28.2%, compared with the monthly averages of 1999 and 2000, respectively.

Figure (8) shows these results:

Figure (8): Percentage Decline in Value Added Compared with 1999 and 2000 in the Palestinian Territory by Month



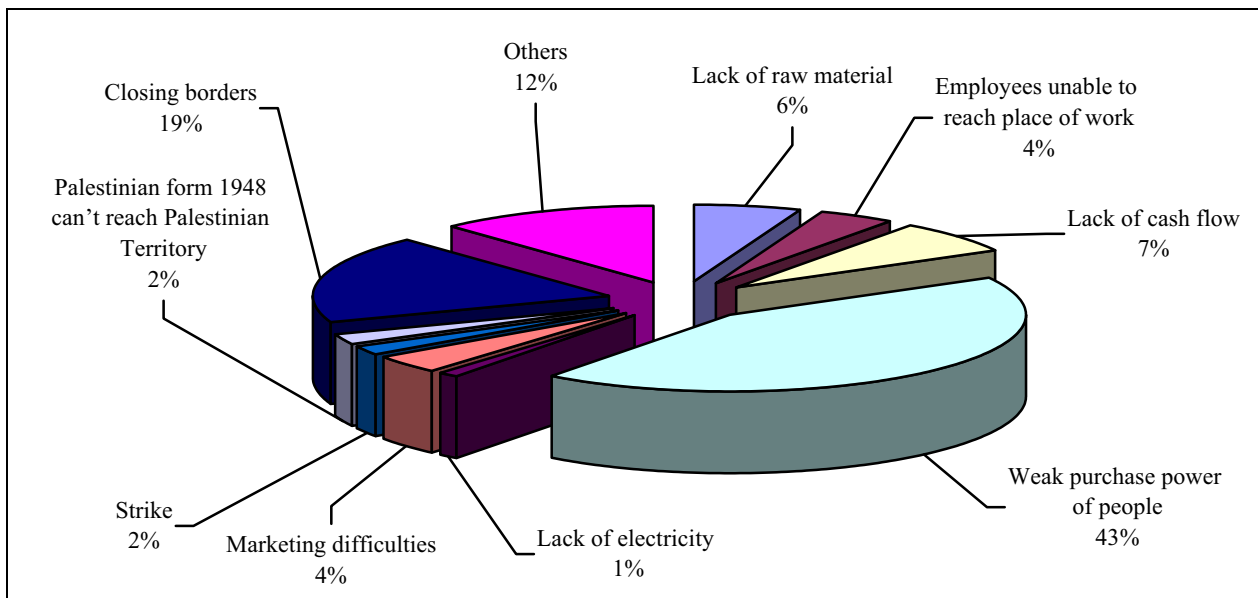
3.5 The direct reason of output decline:

According to the findings of the survey (average of first fourth months), around 44% of the surveyed establishments stated that the decline in the purchasing power of people was the direct cause for the deterioration in their production activities. On the other hand, 19% of the establishments indicated that closing the borders was the main reason for the decline in output.

Furthermore, 7.0% of the establishments indicated that lack of cash flow is the direct cause for their output decline. 6.0% of establishments blamed the deterioration in production activities on lack of raw material. Similarly, 4.0% of establishments indicated that the inability of the employees to reach their work constituted the direct cause for their output decline. Likewise, 4.0% of the establishments indicated that marketing difficulties were the direct cause for the decline in the value output; and other reasons for the deterioration in the production activities were blamed by 16.0% of establishments.

Figure (9) shows these results:

Figure (9): Percentage Contribution of the Direct Reason of Decline in Value of Output



Chapter Four

Methodology

Data provided in this report have been obtained from a monthly survey covering the following economic activities: Mining and quarrying, manufacturing, water and electricity supplies, construction, wholesale and retail trade, transport, storage and communications, and services:

Follows an overview of the methodology adopted in implementing this survey:

4.1: Survey's Questionnaire

A brief comprehensive form was designed to include the main economic indicators constituting an economic measurement tool for the various economic activities. It contributes to the derivation of the value of losses in the Palestinian economy during the reference period of the survey and makes it possible to derive:

- Value of production and value added for economic activities.
- Number of employees and the period during which the establishment operated during the reference period.
- Fixed assets value.
- Main economic variables for national accounts.

The need to have full coverage of the objectives of the study and the potentials of making use of the study in analytical economic studies of the Palestinian economy in order to depict the reality of the Palestinian economy under siege, were taken into consideration in designing the questionnaire.

4.2: Coverage and Sampling

The sample for the survey comprises 924 establishments representing the various economic activities of the private sector of the Palestinian Territory. This sample is based on an up – to – date sample from the economic statistics surveys series of the year 2000. Sample design was based on three levels:

1. Geographic level: the Palestinian Territory was divided into two levels:

- The first level: The West Bank with 65% of the total number of sample size.
- The second level: Gaza Strip with 35% of the total number of sample size.

2. Sector level: Establishments divided by two levels:

- The first level: Big establishments.
- The second level: Small establishments.

3. Survey type level:

- Industrial Activities: (341) establishments.
- Construction Activities: (65) establishments.
- Trade Activities: (232) establishments.

- Services Activities: (207) establishments.
- Transport, Storage, and Communication Activities: (79) establishments.

4 . 3: Field Work

Selection of Employees

This survey was implemented by PCBS' staff living in the various governorates and were unable to reach their usual work places due to siege – related disruptions. Survey data were collected through personal interviews of managers and owners of the targeted establishments using a special questionnaire designed for the purposes of this survey.

4 . 4: Data Processing

Editing

Completed questionnaires are delivered to the competent office editor who reviews them for errors and corrects any detected errors, if any. Following this process, data become ready for data entry. Then, edited questionnaires undergo coding and data entry through a special program designed for this purpose.

Data Entry

Relevant data entry programs are designed for computerizing data compiled through the questionnaires. Such programs and processes aim to build and organize databases in accordance with special procedures stressing data protection, proper storage, and utilization for statistical purpose.

Data Cleaning Following Data Entry

Special editing programs are designed for post data - entry editing, which takes place in accordance with data editing rules pertinent to consistency and coverage of questionnaire data. This post data - entry editing takes place in two stages:

- First Stage: Data entry programs were designed in a way that allows data editing during data entry, which gives a chance to prevent entering any data violating the editing rules for this stage.
- Second Stage: This stage involves preparing lists of questionnaires containing any errors violating the other side of editing rules.

Data Tabulation:

After completing data entry, editing, and cleaning, preliminary tables for the survey findings were derived based on dummy tables forms that were designed for the purposes of this survey. In order to arrive at the final tables of the survey, the derived preliminary tables undergo editing according to consistency checks rules and pertinent formula.

Chapter Five

Data Quality

The concept of data quality involves many components that include concepts and terminology, measurement tools, sampling errors including sample design and selection and non – sampling errors.

Sampling Errors

The survey was based on a random stratified sample comprised of 924 institutions distributed on the various Palestinian governorates by economic activity (See Chapter Four). Therefore, errors might have occurred as a result of adopting a sample survey rather than a comprehensive census. Statistical analyses of the sample, response rate, and variation have all indicated that the impact of sampling errors is generally minimal. This is supported by the fact that the sample frame is up – to – date and that it is a partial sample drawn from the sample of the sixth round of the economic statistics surveys series implemented by the Palestinian Central Bureau of Statistics in the mid 2001.

Non - Sampling Errors

This survey was implemented under exceptional conditions in terms of time available to conduct the survey, obstacles encountered by the team of researchers in the field supervision team, and difficulties to access some areas due to the strict Israeli military siege imposed on the Palestinian Territory during the field and office work period. Follows a list of a number of effects the siege left on data quality:

1. The technical team could not carry out the field training in accordance with the standards of PCBS. This caused the team to seek help from members of the staff of PCBS who have experience in economic surveys in conducting necessary training in the various governorates. However, personal differences among those trainers coupled with lack of enabling training environment affected the efficiency of the training and the potentials of optimal benefits from the training.
3. Due to the siege conditions and lack of personal safety for candidates traveling to the premises of PCBS, it was not possible to conduct necessary fieldwork supervision and recruitment interviews in accordance with the standards of the Palestinian Central Bureau of Statistics.
4. Due to the exceptional conditions, the fieldwork team could not make re-interviews for all questionnaires that contained data completion or consistency errors, which affected data quality.

Nevertheless, the field and office work teams tried their best to achieve the best results under available potentials and conditions. Data quality was assured through sufficient studies and comparisons. However, this did not prevent the occurrence of some marginal errors due to the aforementioned conditions.

The estimates prepared in the context of this survey are acceptable in terms of quality and credibility. A comparison with other estimates prepared based on different methods and methodologies reveal that the estimates prepared in the context of this survey are of a good

quality. Likewise, comparisons of estimates for September with the estimates of the economic surveys series for 1999 show a general consistency for many indicators. Consistency rate in these estimates amounted to 90%, which stresses the quality of data included in this report.

Response Rates

A sample comprised of 924 establishments was selected for this survey. This sample was drawn from the economic surveys series for the reference year 2000. The Response Rates for each month were:

<u>Month</u>	<u>Response (%)</u>	<u>Non Response (%)</u>
January	72	28
February	89	11
March	84	16
April	85	15

Table (1): Main Economic Indicators by Month in the Palestinian Territory

(Value In US \$ 1000)

Indicator	Monthly Average 1999	Monthly Average 2000	January 2002	February 2002	March 2002	April 2002
No. of Persons Engaged in economic activities	204,028	215,862	123,303	144,794	128,480	116,929
Output	265,811.7	301,368.4	129,610.0	144,408.0	124,416.8	94,253.0
Intermediate Consumption	109,772.9	125,356.9	49,858.0	61,959.7	55,895.0	36,572.0
Value Added	156,038.8	176,011.4	79,751.0	82,448.3	68,521.8	57,681.0

Table (2): Average of Working Days by Month and Economic Activity in the Palestinian Territory

Economic Activity	January 2002	February 2002	March 2002	April 2002
Industrial Activities	16	14	15	10
Construction Activities	15	16	16	11
Internal Trade Activities	14	13	14	12
Services Activities	17	17	18	13
Transport, Storage & Communication Activities	18	17	18	11
All Economic Activities	16	15	16	11

Table (3): Percentage Decline of Persons Engaged by Month and Economic Activity Compared with Monthly Average for 1999 and 2000 in the Palestinian Territory

Economic Activity	Percentage Decline in Persons Engaged in Economic Activities (%)							
	January 2002		February 2002		March 2002		April 2002	
	1999	2000	1999	2000	1999	2000	1999	2000
Industrial Activities	41.4	44.6	31.9	35.7	38.7	42.1	43.5	46.5
Construction Activities	21.1	44.1	9.1	35.6	28.2	49.1	50.1	64.5
Internal Trade Activities	41.2	43.4	23.6	26.5	38.5	40.9	42.9	45.1
Services Activities	37.8	42.0	37.3	41.6	33.4	37.9	41.0	44.9
Transport, Storage & Communication Activities	22.4	15.7	12.4	4.9	30.9	24.9	38.1	32.8
All Economic Activities	39.6	42.9	29.0	32.9	37.0	40.5	42.7	45.8

Table (4): Percentage Decline in the Value of Output by Month and Economic Activity Compared with the Monthly Average for 1999 and 2000 in the Palestinian Territory.

Economic Activity	Percentage Decline in the Value of Output (%)							
	January 2002		February 2002		March 2002		April 2002	
	1999	2000	1999	2000	1999	2000	1999	2000
Industrial Activities	58.4	67.5	56.3	65.9	56.7	66.3	69.8	76.4
Construction Activities	59.9	55.3	47.9	41.9	39.4	32.5	53.6	48.3
Internal Trade Activities	35.9	31.1	13.9	7.2	42.8	38.4	65.1	62.5
Services Activities	47.1	50.9	57.4	60.4	60.5	63.3	60.7	63.5
Transport, Storage & Communication Activities	49.9	52.6	49.3	52.0	61.0	63.1	38.7	42.0
All Economic Activities	51.2	56.9	45.7	52.1	53.2	58.7	64.5	68.7

Table (5): Percentage Decline in the Value of Intermediate Consumption by Month and Economic Activity Compared with Monthly Average for 1999 and 2000 in the Palestinian Territory.

Economic Activity	Percentage Decline in the Value of Intermediate Consumption (%)							
	January 2002		February 2002		March 2002		April 2002	
	1999	2000	1999	2000	1999	2000	1999	2000
Industrial Activities	59.8	67.1	47.6	57.1	48.8	58.1	67.8	73.6
Construction Activities	67.7	70.9	63.7	69.7	61.4	65.1	86.8	88.1
Internal Trade Activities	26.2	13.1	2.2	+15.3	26.9	13.9	43.9	34.0
Services Activities	45.2	47.8	51.7	54.0	62.6	64.4	76.7	77.8
Transport, Storage & Communication Activities	76.2	81.2	62.3	70.2	71.1	77.2	64.3	71.8
All Economic Activities	54.6	60.2	43.6	50.4	49.1	55.4	66.7	70.8

Note: sign "+" means indicators increased and did not decline

Table (6): Percentage Decline in the Value Added by Month and Economic Activity Compared with Monthly Average for 1999 and 2000 in the Palestinian Territory.

Economic Activity	Percentage Decline in the Value Added (%)							
	January 2002		February 2002		March 2002		April 2002	
	1999	2000	1999	2000	1999	2000	1999	2000
Industrial Activities	56.9	68.0	65.5	74.4	65.0	74.0	71.8	79.1
Construction Activities	52.1	30.3	29.4	+2.8	17.6	+20.0	20.5	+15.7
Internal Trade Activities	39.3	36.5	17.9	14.0	48.2	45.8	72.4	71.1
Services Activities	48.1	52.4	60.4	63.7	59.4	62.8	52.4	56.4
Transport, Storage & Communication Activities	40.4	39.3	44.6	43.5	57.4	56.6	29.5	28.2
All Economic Activities	48.9	54.7	47.2	53.2	56.1	61.1	63.0	67.2

Note: sign "+" means indicators increased and did not decline.

Table (7): Percentage Change in Main Economic Indicators During February 2002 Compared with January 2002 by Economic Activity in the Palestinian Territory.

Economic Activity	Percentage Change in Persons Engaged in Economic Activities (%)	Percentage Change in Output (%)	Percentage Change in Intermediate Consumption (%)	Percentage Change in Value Added (%)
Industrial Activities	+14.0	+4.8	+23.4	-24.8
Construction Activities	+13.3	+23.1	+3.9	+32.2
Internal Trade Activities	+22.7	+25.7	+24.6	+26.2
Services Activities	+0.8	-24.2	-13.4	-31.0
Transport, Storage & Communication Activities	+11.4	+1.4	+37.0	-7.3
All Economic Activities	+14.4	+10.2	+19.5	-3.3

Note: sign "+" means indicators percentage increased, sign "-" means indicators percentage decreased.

Table (8): Percentage Change in Main Economic Indicators During March 2002 Compared with February 2002 by Economic Activity in the Palestinian Territory.

Economic Activity	Percentage Change in Persons Engaged in Economic Activities (%)	Percentage Change in Output (%)	Percentage Change in Intermediate Consumption (%)	Percentage Change in Value Added (%)
Industrial Activities	-11.2	-0.9	-2.4	+1.4
Construction Activities	-26.6	+13.9	+13.1	+14.4
Internal Trade Activities	-24.4	-50.5	-33.8	-58.6
Services Activities	+5.8	-7.7	-29.1	+2.5
Transport, Storage & Communication Activities	-26.7	-30.2	-30.6	-30.1
All Economic Activities	-12.7	-16.1	-10.8	-20.3

Note: sign "+" means indicators percentage increased, sign "-" means indicators percentage decreased.

Table (9): Percentage Change in Main Economic Indicators During April 2002 Compared with March 2002 by Economic Activity in the Palestinian Territory.

Economic Activity	Percentage Change in Persons Engaged in Economic Activities (%)	Percentage Change in Output (%)	Percentage Change in Intermediate Consumption (%)	Percentage Change in Value Added (%)
Industrial Activities	-8.3	-43.0	-58.7	-24.2
Construction Activities	-43.9	-30.6	-193.6	+3.7
Internal Trade Activities	-7.7	-64.2	-30.4	-87.7
Services Activities	-12.8	-0.6	-60.7	+14.7
Transport, Storage & Communication Activities	-11.7	+36.4	+19.2	+39.5
All Economic Activities	-9.9	-32.0	-52.6	-15.7

Note: sign "+" means indicators percentage increased, sign "-" means indicators percentage decreased.

Table (10): Percentage Contribution of the Direct Reason for the Decline in the Value of Output in the Palestinian Territory.

Direct Reason of Decline	Percent (%)			
	January 2002	February 2002	March 2002	April 2002
Lack of raw material	5.2	4.3	7.8	8.2
Employees unable to reach place of work	4.0	5.1	4.3	4.0
Lack of cash flow	8.3	9.5	6.5	4.1
Weak purchase power of customers	47.0	44.7	41.1	39.4
Lack of electricity	1.7	2.1	0.3	0.3
Marketing difficulties	5.1	3.8	3.3	3.0
Strike	1.4	2.9	2.0	1.2
Palestinians from the 1948 areas could not reach Palestinian Territory	2.5	2.6	1.2	0.3
Closed borders	16.5	16.9	21.3	22.7
Others	8.3	8.1	12.2	16.8
Total	100.0	100.0	100.0	100.0

Table (11): Percentage Distribution of Establishments by Procedures Taken to Treat Employment by Month in the Palestinian Territory

Procedures Taken by Establishment	Percent (%)			
	January 2002	February 2002	March 2002	April 2002
Mustering out Part of Employees	31.6	40.0	56.0	63.2
Casting out Part of Employees with Non-paid	10.7	6.4	6.0	5.9
Sparing Habitation for Employees	5.2	7.1	7.0	5.9
No Procedures taken	42.4	13.6	7.0	5.9
Others	10.1	32.9	24.0	19.1
Total	100.0	100.0	100.0	100.0

Table (12): Percentage Distribution of Establishments by Procedures Taken Against the Decline of the Demand of Goods and Services by Month in the Palestinian Territory.

Procedures Taken by Establishment	Percent (%)			
	January 2002	February 2002	March 2002	April 2002
Relieving the Prices of Goods and Services	63.5	56.2	53.2	46.9
Increase Advertisement	3.4	1.8	2.5	1.0
Change Goods	0.6	0.0	1.3	0.0
No Procedures taken	18.9	25.0	20.3	26.6
Others	13.6	17.0	22.7	26.5
Total	100.0	100.0	100.0	100.0

Table (13): Percentage Distribution of Establishments by Procedures Taken Against the Decline in Production by Month in The Palestinian Territory

Procedures Taken by Establishment	Percent (%)			
	January 2002	February 2002	March 2002	April 2002
Add Production line	2.3	0.0	1.4	0.0
Stop Production line	14.5	14.1	17.8	17.1
Add Night Shift	0.0	1.0	0.0	0.0
Decrease Work Hours	25.2	23.2	28.8	9.8
Work at Home	1.5	1.0	0.0	0.0
No Procedures taken	51.9	53.5	43.8	51.1
Others	4.6	7.1	8.2	22.0
Total	100.0	100.0	100.0	100.0