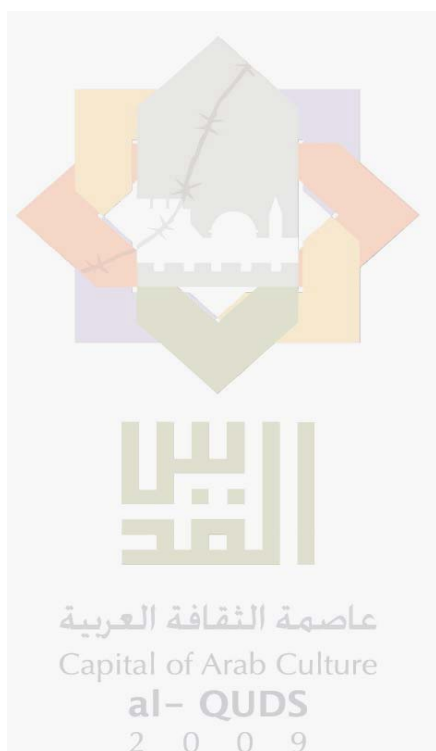


Palestinian National Authority
Palestinian Central Bureau of Statistics

Press Release
Preliminary Estimates of Quarterly National Accounts
(Second Quarter 2009)

September, 2009

**PAGE NUMBERS OF ENGLISH TEXT ARE PRINTED IN SQUARE BRACKETS.
TABLES ARE PRINTED IN THE ARABIC ORDER (FROM RIGHT TO LEFT)**



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All correspondence should be directed to:
Palestinian Central Bureau of Statistics
P.O.Box 1647 Ramallah, Palestine.

Tel: (972/970) 2 242 6340
Fax: (972/970) 2 242 6343
E-Mail: diwan@pcbs.gov.ps
web-site: <http://www.pcbs.gov.ps>

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Important Notes

Data presented in this report is based at constant prices, using 2004 as the base year.

All data related to the second quarter of the year 2009 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated short-term indicators.

Data is revised when the necessary short term indicators are available within the requested periodicity.

Also, its worth mentioning that the unemployment rate for the Second quarter of the year 2009 reached to 22.2% recorded a decrease by 12.6% compared with the First quarter of the year 2009. The unemployment rate recorded a decrease by 14.0% during the Second quarter 2009 compared with the similar quarter of the previous year 2008. The unemployment rate for the year 2008 was 26.0% and for the year 2007 was 21.5% compared with 23.6% in 2006.

Press Release
Preliminary Estimates of Quarterly National Accounts
(Second Quarter 2009).

Gross Domestic Product at constant price continue recovery

This quarterly report is based on a number of short-term economic indicators compiled quarterly and covering various economic activities. Therefore we compare the main macroeconomic indicators in order to provide an informative tool for monitoring the economy in the short term. In this release we present a comparison with the previous quarter (First Quarter 2009) and the parallel quarter of the previous year 2008 (Second Quarter 2008).

Increase in GDP during the Second quarter 2009 compared with the First Quarter 2009

The preliminary estimates at constant prices for the Second quarter of 2009 shows an increase in the performance of the economy in the West Bank* and Gaza Strip by 6.4% compared with the First Quarter 2009 , and showed an increase of 5.4% compared to the Second quarter of the year 2008 at constant prices (the base year is 2004). Whereas the GDP estimates increase during the First Quarter 2009 by 2.8% compared to the Fourth quarter of the year 2008 based on the first revision of the data, whereas the fourth Quarter 2008 witnessed closing the borders totally in addition to the outbreak of the war on Gaza Strip which affected the GDP to decline during the fourth quarter.

The estimates also refer that the increase in the GDP caused by an increase in the main economic activities that have considerable percentage contribution to GDP. There was an increase in the Public administration and defense, Transport, Storage and Communications, Construction, in addition to the customs duties (Custom duties is calculated in Accrual Bases based on the recommendations of the System of National Accounts issued by the UN), Agriculture and fishing, taking into consideration the seasonality effects on Agriculture and fishing in addition to the Construction activities.

In addition, the preliminary estimates for the Gross Domestic Product per capita for the West Bank* and Gaza Strip during the Second quarter 2009 was 339.4 US\$ with an increase by 5.6% compared to the First quarter of 2009, while it showed an increase by 2.4% compared with the same quarter 2008, based on the results of the Population, Housing, and Establishment Census 2007 which indicates that the number of population in the West Bank* and Gaza Strip during the Second quarter 2009 was (3,689,026).

Performance of Main Economic Activities

The performance of different activities during the Second quarter 2009 compared to both the First Quarter 2009 and the same quarter of 2008 was as follows:

- The gross value added for **Agriculture** activity increased by 18.6% during the second quarter of 2009 compared with the previous quarter 2009, and a decrease by 17.2% compared with the parallel quarter 2008.
- The gross value added for **Mining, manufacturing, water and electricity** activities in the West Bank* and Gaza Strip increased during the Second quarter 2009 compared to the

* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel.

first quarter of the year 2009 by 2.7%, and it increased by 7.9% compared to the Second quarter 2008.

- The gross value added for **Construction** activity increased by 27.8% during the Second quarter 2009 compared to the First Quarter 2009, and it increased by 25.8% compared to the second quarter 2008.
- The gross value added for **Wholesale and Retail Trade** increased by 0.9% compared to the First Quarter 2009 ; however, when compared to the same quarter 2008, this activity recorded an increase by 0.1%.
- The gross value added for **Transportation** increased during the Second quarter 2009 by 2.1% compared to the First Quarter 2009, and it increased by 23.0% compared to the second quarter 2008.
- The gross value added for **Financial Intermediation** activity recorded an increase during the Second quarter 2009 compared to the first quarter of the year 2009 by 4.0%, and it increased by 12.8% compared to the second quarter 2008.
- The gross value added for **Real estate, renting and business services** activity increased during the Second quarter 2009 compared to the First Quarter 2009 by 6.2%, and it increased by 9.7% compared to the second quarter 2008.
- The gross value added for **Community, social and personal services** activity recorded an increase during the Second quarter 2009 compared to the previous quarter by 14.8%, and it showed an increase by 20.0% compared to the second quarter 2008.
- The gross value added for **Hotels** increased by 55.7% compared to the First Quarter 2009 , and showed a decrease by 6.8% compared to the parallel quarter 2008.
- The gross value added for **Education** increased during the Second quarter 2009 by 1.9% compared to the First Quarter 2009 , and it showed an increase by 2.5% compared to the second quarter 2008.
- The gross value added for **Health and Social Work** increased during the Second quarter 2009 by 6.5% compared to the First Quarter 2009 , and it showed an increase by 9.1% compared to the second quarter 2008.
- The gross value added for **Public Administration and Defense** increased by 5.0% during the Second quarter 2009 compared to the First Quarter 2009 , and it increased by 7.7% compared to the parallel quarter 2008.

Percentage Contribution for Economic Activity to Quarterly GDP:

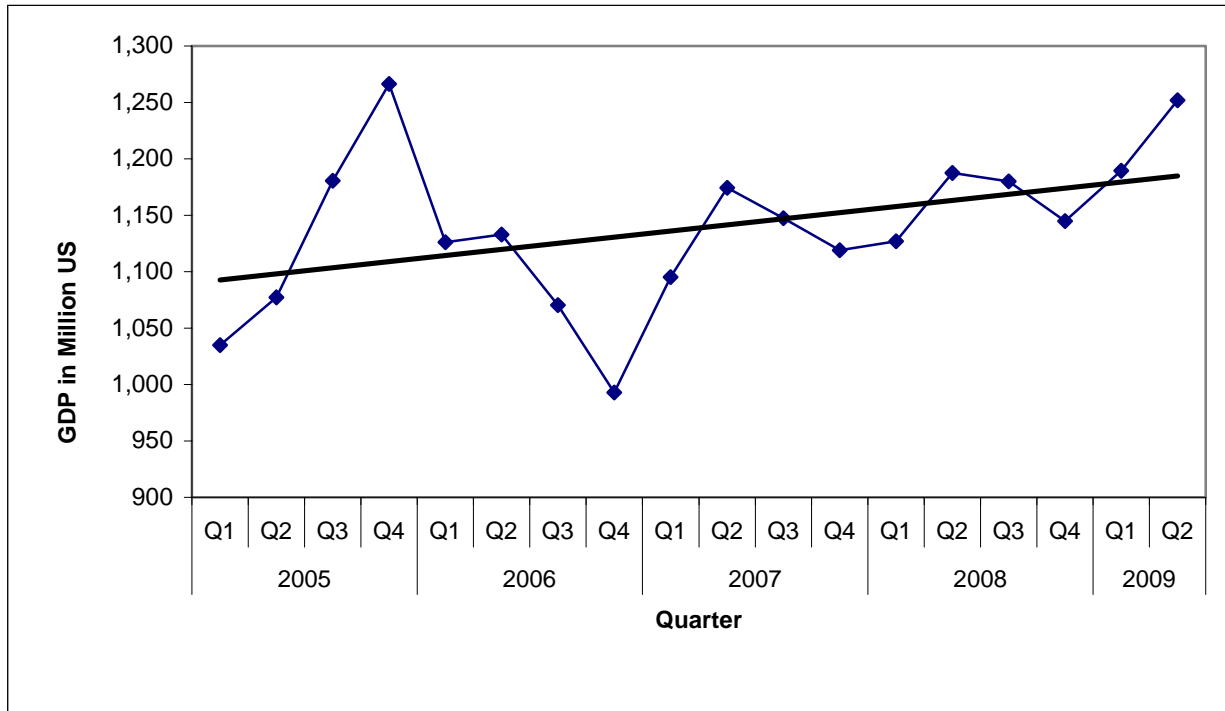
The percentage contribution for the economic activities to the quarterly GDP was affected in short term, since the percentage contribution increase for some of the economic activities during the Second quarter 2009 compared with the First Quarter 2009 :

- Increase in Construction activity from 5.3% in the First Quarter 2009 to 6.4% in the second quarter 2009.
- Increase in Agriculture and fishing activity from 3.6% in the First Quarter 2009 to 4.0% in the second quarter 2009.
- Increase in Hotels and restaurants services activities from 1.4% in the First Quarter 2009 to 2.1% in the second quarter 2009.
- Increase in Community, social and personal services activities from 1.8% in the First Quarter 2009 to 1.9% in the second quarter 2009.

Whereas the percentage contribution decrease for the following economic activities during the Second quarter 2009 compared with the First Quarter 2009 :

- Decrease in Public administration and defense activity from 14.1% in the First Quarter 2009 to 13.9% in the second quarter 2009.
- Decrease in Transport, Storage and Communications activity from 9.4% in the First Quarter 2009 to 9.0% in the second quarter 2009.
- Decrease in Wholesale and retail trade activity from 10.5% in the First Quarter 2009 to 10.0% in the second quarter 2009.
- Decrease in Education activity from 10.1% in the First Quarter 2009 to 9.6% in the second quarter 2009.
- Decrease in Manufacturing activity from 10.0% in the First Quarter 2009 to 9.8% in the second quarter 2009.
- Decrease in Financial intermediation activity from 5.7% in the First Quarter 2009 to 5.6% in the second quarter 2009.

Figure 1: Quarterly GDP Trend Line in the West Bank* and Gaza Strip for the Years 2005-2009



* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel.

Concepts and Definitions

Statistical Unit

The United Nations System of National Accounts SNA 1993 defines two main types of statistical units:

- Institutional Unit-Enterprise

An institutional unit is an economic entity that is capable, in its own right, of owning assets, incurring liabilities and engaging in economic activities and in transactions with other entities.

- Establishment

An establishment is an enterprise, or part of an enterprise, which produces only a single group of goods (with the possibility of production from secondary activities) in which the principal productive activity accounts for most of the value added.

Breaking down institutional units into establishments serves to create more consistent statistical units in the productive sense.

Principal Economic Activity

It is the main activity of the enterprise during the reference year, using (ISIC-3) for classification and coding.

Output

Value of goods and services, including own-account goods, produced during a specific period.

Value added

Value added is a central concept of production and refers to the generated value of any unit that carries out any productive activity. Gross value added is defined as the value of gross production less the value of intermediate consumption. The net value added is defined as the gross value less the value of fixed capital consumption. The net value added reflects the performance of the economy in a better way; however, since it is difficult to measure the fixed capital consumption accurately, the concept of gross value added is more frequently used.

Value added at producers' price is the difference between output at basic prices and the value of the intermediate consumption at purchase price plus taxes (less subsidies) on production. However, if taxes and subsidies are excluded, value added will be obtained in basic prices.

Gross Domestic Product (GDP)

Gross Domestic Product or GDP is the summary measure of the output or production during a certain period in time. Estimate of GDP, like the output and the value added, can vary according to taxes and subsidies taken into consideration. GDP is usually estimated at market prices, producers' prices, or basic prices.

Deflating

Changing all data at current prices to constant prices by choosing the suitable indices by which the effect of prices on the data will be isolated, and choosing suitable base year in order to do this.

Short-term indicators

All indicators that have a periodicity for less than a year, usually a month or quarter.

Industrial Production Index

A statistical tool used for measuring the change in volume of output of industrial activities during a certain period of time. The index uses the change in volume of production for the largest establishments in each industry.

Financial Intermediation indirectly measured (FISIM)

It refers to the total of property income payable to financial institution less the gross value of payable interests on these institutions excluding property income receivable by investment of money of the same institutions..

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2004 : 2009

Table 1: GDP and Percentage Contribution in the West Bank* and Gaza Strip by Economic Activity, Second Quarter 2009 at Constant Prices: (2004 is the Base Year)

Value in US\$ Million

Economic Activity	(%) Percentage Contribution(%)	** GDP**	
Agriculture and fishing	4.0	49.7	
Mining, manufacturing, electr. and water	13.5	169.3	
Mining and quarrying	0.3	4.0	
Manufacturing	9.8	122.2	
Electricity and water supply	3.4	43.1	
Construction	6.4	80.0	
Wholesale and retail trade	10.0	124.7	
Transport, Storage and Communications	9.0	113.2	
Financial intermediation	5.6	69.6	
Other services	26.5	332.0	
Real estate, renting and business services	10.0	125.3	
Community, social and personal services	1.9	24.0	
Hotels and restaurants	2.1	26.0	
Education	9.6	120.7	
Health and social work	2.9	36.0	
Public administration and defense	13.9	174.2	
Households with employed persons	0.1	1.3	
Less: FISIM	-5.2	-64.4	:
Plus: Customs duties	6.4	80.3	:
Plus: VAT on imports, net	9.8	122.2	:
Quarterly Gross Domestic Product	100	1,252.1	

* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel

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** Flash Estimates

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2004

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2009-2008 للعامين

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Table 2: GDP in West Bank* and Gaza Strip by Economic Activity and Quarter for the Years 2008-2009 at Constant Prices: 2004 is the Base Year

Value In US\$ Million

Economic Activity	2009		**2008				
	****	***	Q IV	Q III	Q II	Q I	
	Q II	Q I					
Agriculture and fishing	49.7	41.9	50.6	49.9	60.0	52.0	
Mining, manufacturing, electr. and water	169.3	164.8	161.2	158.5	156.9	155.8	
Mining and quarrying	4.0	4.2	3.6	4.0	4.2	4.1	
Manufacturing	122.2	118.7	116.5	114.2	112.9	112.1	
Electricity and water supply	43.1	41.9	41.1	40.3	39.8	39.6	
Construction	80.0	62.6	56.7	54.0	63.6	51.9	
Wholesale and retail trade	124.7	123.6	128.8	126.1	124.6	122.3	
Transport, Storage and Communications	113.2	110.9	102.7	110.9	92.0	107.2	
Financial intermediation	69.6	66.9	66.1	64.0	61.7	58.0	
Other services	332.0	307.9	299.9	288.3	312.9	270.3	
Real estate, renting and business services	125.3	118.0	104.6	100.0	114.2	100.8	
Community, social and personal services	24.0	20.9	16.8	17.3	20.0	20.3	
Hotels and restaurants	26.0	16.7	28.8	22.9	27.9	22.1	
Education	120.7	118.5	116.8	113.4	117.8	100.2	
Health and social work	36.0	33.8	32.9	34.7	33.0	26.9	
Public administration and defense	174.2	165.9	152.5	161.9	161.7	169.7	
Households with employed persons	1.3	1.1	0.9	0.9	1.1	1.1	
Less: FISIM	-64.4	-61.4	-66.9	-67.3	-66.1	-63.2	:
Plus: Customs duties	80.3	74.7	71.4	81.7	69.3	63.0	:
Plus: VAT on imports, net	122.2	118.4	121.1	151.3	149.9	138.8	:
Gross Domestic Product	1,252.1	1,177.3	1,145.0	1,180.2	1,187.6	1,126.9	

* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel

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** Preliminary Estimates *** First Revision **** Flash Estimates

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2004

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2009-2008

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Table 3: Percentage Contribution to GDP in West Bank* and Gaza Strip by Economic Activity and Quarter for Years 2008-2009 at Constant Prices: 2004 is the Base Year

Economic Activity	2009		**2008				
	**** Q II	*** Q I	Q IV	Q III	Q II	Q I	
Agriculture and fishing	4.0	3.6	4.4	4.2	5.1	4.6	
Mining, manufacturing, electr. and water	13.5	14.0	14.1	13.4	13.3	13.8	
Mining and quarrying	0.3	0.4	0.3	0.3	0.4	0.4	
Manufacturing	9.8	10.0	10.2	9.7	9.5	9.9	
Electricity and water supply	3.4	3.6	3.6	3.4	3.4	3.5	
Construction	6.4	5.3	5.0	4.6	5.4	4.6	
Wholesale and retail trade	10.0	10.5	11.2	10.7	10.5	10.9	
Transport, Storage and Communications	9.0	9.4	9.0	9.4	7.7	9.5	
Financial intermediation	5.6	5.7	5.8	5.4	5.2	5.1	
Other services	26.5	26.2	26.2	24.4	26.3	24.0	
Real estate, renting and business services	10.0	10.0	9.1	8.5	9.6	8.9	
Community, social and personal services	1.9	1.8	1.5	1.5	1.7	1.8	
Hotels and restaurants	2.1	1.4	2.5	1.9	2.3	2.0	
Education	9.6	10.1	10.2	9.6	9.9	8.9	
Health and social work	2.9	2.9	2.9	2.9	2.8	2.4	
Public administration and defense	13.9	14.1	13.3	13.7	13.6	15.1	
Households with employed persons	0.1	0.1	0.1	0.1	0.1	0.1	
Less: FISIM	-5.2	-5.2	-5.8	-5.7	-5.6	-5.6	:
Plus: Customs duties	6.4	6.3	6.2	6.9	5.8	5.6	:
Plus: VAT on imports, net	9.8	10.0	10.5	12.9	12.6	12.3	:
Gross Domestic Product	100	100	100	100	100	100	

* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel

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** Preliminary Estimates *** First Revision **** Flash Estimates

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2004 : 2009-2008 :4

**Table 4: GDP Per Capita by the Quarters of Years 2008-2009 at Constant Prices:
(2004 is the Base Year)**

Value in US\$

Quarter \ Year	2009	*2008
First Quarter	**321.4	316.7
Second Quarter	***339.4	331.4
Third Quarter	-	326.9
Fourth Quarter	-	314.9
Annual Value	-	1,289.9

* Preliminary Estimates

** First Revision

*** Flash Estimates

(-) The data is not available

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2008 -1999

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Table 5: GDP in the West Bank* and Gaza Strip by Economic Activity for the Years 1999- 2008 at Constant Prices

Value in US\$ Million

Economic Activity	**2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Agriculture and fishing	212.5	252.2	240.3	236.2	296.7	297.6	251.3	340.8	403.6	470.7
Mining, manufacturing, electr. and water	632.4	626.4	665.6	789.1	728.0	657.8	534.7	616.8	545.6	655.5
Mining and quarrying	15.9	17.6	37.3	40.8	37.7	45.9	25.2	21.2	23.8	35.7
Manufacturing	455.7	450.0	505.4	591.8	554.0	470.7	385.9	471.7	472.4	566.4
Electricity and water supply	160.8	158.8	122.9	156.5	136.3	141.2	123.6	123.9	49.4	53.4
Construction	226.2	279.1	312.3	310.2	238.5	187.2	127.7	205.4	366.3	616.9
Wholesale and retail trade	501.8	480.5	445.7	451.8	437.5	385.4	408.9	382.8	504.9	537.8
Transport, Storage and Communications	412.8	430.5	390.0	347.3	348.7	229.9	183.9	209.4	221.0	231.0
Financial intermediation	249.8	235.2	184.8	200.5	150.2	154.2	136.3	134.4	181.7	169.1
Other services	1,171.4	1,118.9	893.6	1,084.0	984.4	927.9	862.6	896.1	1,050.4	990.8
Real estate, renting and business services	419.6	417.5	321.9	481.0	454.5	396.3	376.1	404.1	534.0	444.3
Community, social and personal services	74.4	69.9	52.2	57.3	39.0	51.6	33.5	28.6	29.9	28.3
Hotels and restaurants	101.7	62.4	62.1	56.3	39.1	73.0	84.2	87.7	136.0	128.0
Education	448.2	442.9	339.3	375.7	326.1	284.7	260.9	269.4	242.2	262.4
Health and social work	127.5	126.2	118.1	113.7	125.7	122.3	107.9	106.3	108.3	127.8
Public administration and defense	645.8	632.4	679.1	641.5	598.7	633.6	545.6	663.7	518.4	497.7
Households with employed persons	4.0	3.6	2.9	1.8	2.9	8.2	7.4	7.5	9.3	8.7
Less: FISIM	-263.5	-257.1	-128.9	-116.5	-114.3	-114.3	-99.6	-114.3	-154.3	-129.5
Plus: Customs duties	285.4	283.9	286.0	265.9	204.0	166.5	87.4	170.0	196.7	208.6
Plus: VAT on imports, net	561.1	450.1	350.9	347.7	323.1	215.6	217.9	252.6	274.9	254.4
Gross Domestic Product	4,639.7	4,535.7	4,322.3	4,559.5	4,198.4	3,749.6	3,264.1	3,765.2	4,118.5	4,511.7

* Excluding that part of Jerusalem, which was annexed after the 1967 occupation by Israel

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** Preliminary Estimates, 1997 is the base year for 1999-2003, 2004 is the base year for 2004-2008

2008-2004

2004 2003-1999

1997

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