

**Palestinian National Authority**  
**Palestinian Central Bureau of Statistics**

**Press Release**  
**Preliminary Estimates of Quarterly National Accounts**  
**(Second Quarter 2006)**

**August, 2006**

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TABLES ARE PRINTED IN THE ARABIC ORDER (FROM RIGHT TO LEFT)

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## Population, Housing and Establishment Census- 2007

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## **Notice to users of this report**

PCBS would like to indicate to users of this press release that the data presented is at constant prices, where the year 1997 is the base year.

PCBS indicates also that all data related to the second quarter of the year 2006 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated short-term indicators; whereas the data related to the first quarter of the year 2006 revised for the first time based on the availability of the short term indicators. Data will be revised when the necessary short-term indicators are available within the requested periodicity.

Based on the international recommendations for the compilation of the QNA revisions, the final report of the Quarterly National Accounts will be released after finalizing the Annual National Accounts for Production and Expenditure sides at constant prices.

PCBS also indicates that the data related to Government (Education, Health in addition to the Public Administration and Defense) valued by the Accrual Bases.

**Press Release**  
**Preliminary Estimates of Quarterly National Accounts**  
**(Second Quarter 2006).**

**In the Second Quarter 2006, GDP declined by 1.7% compared with the First quarter 2006**

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 2006) and the parallel quarter of the previous year 2005 (Second Quarter 2005).

**Continuous decline in GDP during the second quarter 2006**

The preliminary estimates at constant prices for the second quarter of 2006 shows continuous decreases in the performance of the economy in Remaining West Bank and Gaza Strip. At the same time the GDP estimates decreased during the first quarter of 2006 by 7.2% the second quarter shows a continuous decrease by 1.7% compared with the first quarter of the same year, and showed an increase of 1.7% compared to the second quarter of the year 2005 at constant prices.

The estimates refers also to increases in the main economic activities within the available short term indicators for each activity. There were increases in the agriculture and fishing, Wholesale and retail trade, Real estate, renting and business services, Education, Hotels and restaurants, Health and social work in addition to the Public administration and defense.

In addition, the preliminary estimates for the Gross Domestic Product per capita for Remaining West Bank and Gaza Strip during the second quarter 2006 was 299.1 US\$ which declined by 2.1% compared to the first quarter of the same year, while it showed a decrease of 1.8% compared to the same quarter of the year 2005.

**Performance of Main Economic Activities**

The performance of different activities during the second quarter of the year 2006 compared to both the first quarter of the year 2006 and the same quarter of the previous year was as follows:

- The gross value added for **Agriculture** activity increased by 25.4% during the second quarter of 2006 in relation to the first quarter of the same year, while it decreased by 2.0% compared with the parallel quarter of the year 2005.
- The gross value added for **Mining, manufacturing, water and electricity** activities in Remaining West Bank and Gaza Strip declined during the second quarter 2006 compared to the first quarter of the same year by 1.8%, while it declined by 16.7% compared to the second quarter of the year 2005.
- The gross value added for **Construction** activity decreased by 1.1% during the second quarter of the year 2006 compared to the first quarter 2006, while it decreased by 18.8% compared to the same quarter of the year 2005.

- The gross value added for **Transport** decreased during the second quarter of the year 2006 by 5.9% compared to the first quarter of 2006. while it increased by 1.3% compared to the second quarter of the year 2005.
- The gross value added for **Financial Intermediation** activity decreased by 1.7% during the second quarter 2006 compared to the first quarter of the year 2006, while it increased by 4.4% compared to the second quarter of the year 2005.
- The gross value added increased for **Wholesale and Retail Trade** by 1.7% compared to the first quarter of the year 2005; however, when compared to the same quarter of the year 2005, this activity recorded a decrease by 0.5%.
- The gross value added for **Education** increased during the second quarter of the year 2006 by 2.6% compared to the first quarter of the same year, while it showed an increase of 17.0% compared to the second quarter of the year 2005.
- The gross value added for **Hotels** increased by 36.6% compared to the first quarter of the year 2006, and 50.6% compared to the parallel quarter of the year 2005.
- The gross value added for **Real Estate, Renting and Business Services** increased by 0.4% during the second quarter of the year 2006 compared to the first quarter of the same year, and 4.0% compared to the parallel quarter of the year 2005.

#### **Percentage Contribution for Economic Activity to Quarterly GDP:**

The percentage contribution for economic activity to the quarterly GDP were affected in short term (compared with first quarter 2006 and parallel quarter of the year 2005), where Agriculture activity decreased from (8.1%) in the second quarter of 2005 to (6.1%) in the first quarter of 2006, then it increased to (7.8%) in the second quarter of 2006, Wholesale and Retail Trade activity decreased from (8.9%) in the second quarter of 2005 to (8.4%) in the first quarter of 2006, then it increased to (8.7%) in the second quarter of 2006.

On the other hand Hotels and Restaurants activity increased from (1.5%) in the second quarter of 2005 to (1.6%) in the first quarter of 2006, then this increases continued to reach (2.2%) in the second quarter of 2006, On the other hand Health and Social Work activity increased from (4.3%) in the second quarter of 2005 to (4.9%) in the first quarter of 2006, then this increases continued to reach (5.8%) in the second quarter of 2006, whereas Real estate, Renting and Business Services activity increased from (10.2%) in the second quarter of 2005 to (10.3%) in the first quarter of 2006, then this increases continued to reach (10.5%) in the second quarter of 2006.

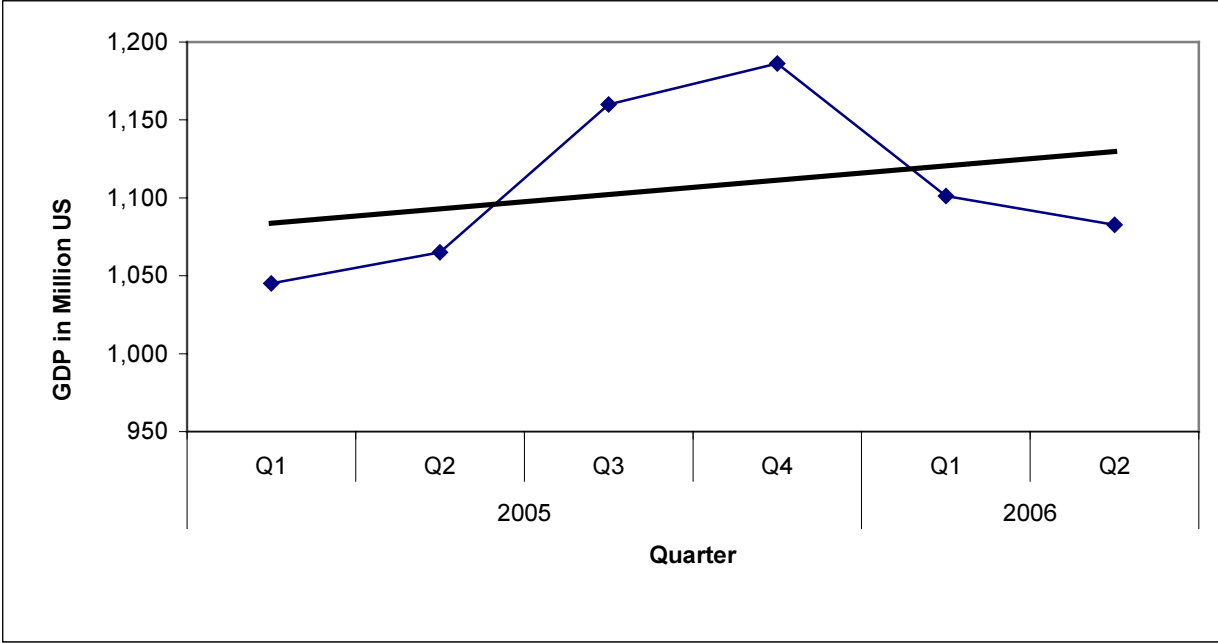
Public Administration and Defense activity increased from (16.8%) in the second quarter of 2005 to (21.6%) in the first quarter of 2006, then it increased to (22.2%) in the second quarter of 2006. Education activity increased from (7.7%) in the second quarter of 2005 to (8.9%) in the first and second quarters of 2006, and Financial intermediation activity increased from (4.3%) in the second quarter of 2005 to (4.4%) in the first and second quarters of 2006.

On the other hand Manufacturing activity decreased from (11.2%) in the second quarter of 2005 to (9.2%) in the first and second quarters of 2006, Electricity and water supply activity decreased from (1.7%) in the second quarter of 2005 to (1.4%) in the first quarter of 2006, then this decreases continued to reach (1.3%) in the second quarter of 2006.

Whereas, Transport, Storage and Communications activity increased from (10.8%) in the second quarter of 2005 to (11.3%) in the first quarter of 2006, then it decreased to (10.8%) in the second quarter of 2006.

The following figure shows the Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2006

**Figure 1: Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2006**







## 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 or 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.

**Remaining West Bank**

The West Bank excluding that part of Jerusalem that was annexed after the 1967 occupation by Israel.

جدول (1): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2005، 2006 بالاسعار الثابتة: سنة الاساس 1997  
**Table (1): GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for the years 2005, 2006 at Constant Prices: (1997 is the base year)**

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	2006		2005				النشاط الاقتصادي
	الربع الثاني* Q II	الربع الاول** Q I	الربع الرابع Q IV	الربع الثالث Q III	الربع الثاني Q II	الربع الاول Q I	
<b>Agriculture and fishing</b>	<b>84.4</b>	<b>67.3</b>	<b>77.0</b>	<b>84.4</b>	<b>86.1</b>	<b>65.1</b>	الزراعة وصيد الاسماك
<b>Mining, manufacturing, electr. and water</b>	<b>118.3</b>	<b>120.5</b>	<b>134.1</b>	<b>143.9</b>	<b>142.1</b>	<b>144.7</b>	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	4.6	4.0	4.8	4.7	4.7	4.1	التعدين واستغلال المحاجر
Manufacturing	99.1	101.6	112.7	121.4	119.8	122.6	الصناعة التحويلية
Electricity and water supply	14.6	14.9	16.6	17.8	17.6	18.0	امدادات المياه والكهرباء
<b>Construction</b>	<b>27.2</b>	<b>27.5</b>	<b>28.7</b>	<b>32.9</b>	<b>33.5</b>	<b>24.3</b>	الانشاءات
<b>Wholesale and retail trade</b>	<b>93.9</b>	<b>92.3</b>	<b>94.1</b>	<b>102.2</b>	<b>94.4</b>	<b>83.2</b>	تجارة الجملة والتجزئة
<b>Transport, Storage and Communications</b>	<b>116.6</b>	<b>123.9</b>	<b>115.1</b>	<b>113.9</b>	<b>115.1</b>	<b>117.4</b>	النقل والتخزين والاتصالات
<b>Financial intermediation</b>	<b>47.3</b>	<b>48.1</b>	<b>51.1</b>	<b>49.1</b>	<b>45.3</b>	<b>41.9</b>	الوساطة المالية
<b>Other services</b>	<b>306.4</b>	<b>293.8</b>	<b>286.9</b>	<b>284.4</b>	<b>263.1</b>	<b>265.8</b>	الخدمات
Real estate, renting and business services	113.5	113.1	108.1	119.8	109.1	109.8	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	10.7	10.8	10.6	11.0	10.4	11.2	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	23.5	17.2	17.9	16.5	15.6	18.1	المطاعم والفنادق
Education	95.9	98.5	91.2	90.4	82.0	78.9	التعليم
Health and social work	62.8	54.2	59.1	46.7	46.0	47.8	الصحة والعمل الاجتماعي
<b>Public administration and defense</b>	<b>240.1</b>	<b>237.9</b>	<b>231.2</b>	<b>208.7</b>	<b>178.6</b>	<b>177.6</b>	الإدارة العامة والدفاع
<b>Households with employed persons</b>	<b>2.1</b>	<b>2.1</b>	<b>2.0</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	الخدمات المنزلية
Less: FISIM	-34.5	-35.0	-36.0	-35.9	-34.7	-33.1	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	41.6	55.1	84.8	76.2	65.5	65.4	زائد: الرسوم الجمركية
Plus: VAT on imports, net	39.3	67.6	117.3	98.0	73.9	90.6	زائد: صافي ضريبة القيمة المضافة على الواردات
<b>Gross Domestic Product</b>	<b>1082.7</b>	<b>1101.1</b>	<b>1,186.3</b>	<b>1,160.0</b>	<b>1,065.0</b>	<b>1,045.1</b>	<b>الناتج المحلي الاجمالي</b>

\* Flash Estimates

\* تقديرات أولية (الإصدار الأول)

\*\* First Revision

\*\* التنقيح الأول

جدول (2): نسبة مساهمة الأنشطة الاقتصادية في الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2005، 2006 بالاسعار الثابتة: سنة الاساس 1997  
 Table (2): Percentage Contribution to GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for years 2005, 2006 at Constant Prices: (1997 is the base year)

Economic Activity	2006		2005				النشاط الاقتصادي
	الربع الثاني* Q II	الربع الاول** Q I	الربع الرابع* Q IV	الربع الثالث* Q III	الربع الثاني* Q II	الربع الاول* Q I	
<b>Agriculture and fishing</b>	7.8	6.1	6.5	7.3	8.1	6.2	الزراعة وصيد الاسماك
<b>Mining, manufacturing, electr. and water</b>	10.9	11.0	11.3	12.4	13.3	13.8	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	0.4	0.4	0.4	0.4	0.4	0.4	التعدين واستغلال المحاجر
Manufacturing	9.2	9.2	9.5	10.5	11.2	11.7	الصناعة التحويلية
Electricity and water supply	1.3	1.4	1.4	1.5	1.7	1.7	امدادات المياه والكهرباء
<b>Construction</b>	2.5	2.5	2.4	2.8	3.1	2.3	الانشاءات
<b>Wholesale and retail trade</b>	8.7	8.4	7.9	8.8	8.9	8.0	تجارة الجملة والتجزئة
<b>Transport, Storage and Communications</b>	10.8	11.3	9.7	9.8	10.8	11.2	النقل والتخزين والاتصالات
<b>Financial intermediation</b>	4.4	4.4	4.3	4.2	4.3	4.0	الوساطة المالية
<b>Other services</b>	28.4	26.7	24.2	24.4	24.7	25.4	الخدمات
Real estate, renting and business services	10.5	10.3	9.1	10.3	10.2	10.5	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	1.0	1.0	0.9	0.9	1.0	1.1	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	2.2	1.6	1.5	1.4	1.5	1.7	المطاعم والفنادق
Education	8.9	8.9	7.7	7.8	7.7	7.5	التعليم
Health and social work	5.8	4.9	5	4.0	4.3	4.6	الصحة والعمل الاجتماعي
<b>Public administration and defense</b>	22.2	21.6	19.5	18.0	16.8	17.0	الإدارة العامة والدفاع
<b>Households with employed persons</b>	0.2	0.2	0.2	0.2	0.2	0.2	الخدمات المنزلية
Less: FISIM	-3.2	-3.2	-3	-3.1	-3.3	-3.1	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	3.8	5.0	7.1	6.5	6.2	6.3	زائد: الرسوم الجمركية
Plus: VAT on imports, net	3.5	6.0	9.9	8.5	6.9	8.7	زائد: صافي ضريبة القيمة المضافة على الواردات
<b>Gross Domestic Product</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>الناتج المحلي الاجمالي</b>

\* Flash Estimates

\*\* First Revision

\* تقديرات أولية (الإصدار الأول)

\*\* التنقيح الأول



جدول (3): نصيب الفرد من الناتج المحلي الإجمالي خلال الأرباع الخاصة بالاعوام 2004-2006 بالأسعار الثابتة: سنة الأساس 1997  
 Table (3): GDP Per Capita by the Quarters of years 2004- 2006 at Constant Prices: (1997 is the base year)

Value in US\$

القيمة بالدولار الأمريكي

Quarter	Year	2006	2005	2004	السنة
First Quarter		305.5	301.4	300.7	الربع الأول
Second Quarter		299.1	304.5	298.4	الربع الثاني
Third Quarter		-	328.8	331.8	الربع الثالث
Fourth Quarter		-	333.4	315.3	الربع الرابع
Annual Estimate		-	1,268.0	1,246.2	التقدير السنوي

(-) Data not available

(-) البيانات غير متوفرة

جدول (4): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي للأعوام 1999-2005 بالاسعار الثابتة: سنة الاساس 1997

**Table (4): GDP in Remaining West Bank and Gaza Strip by Economic Activity for the years 1999- 2005 at Constant Prices: (1997 is the base year)**

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	*2005	2004	2003	2002	2001	2000	1999	النشاط الاقتصادي
Agriculture and fishing	312.6	319.0	311.2	269.6	350.1	388.0	470.7	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	564.8	564.3	532.9	580.0	614.6	668.6	655.5	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	18.3	17.5	17.0	33.0	28.9	32.6	35.7	التعدين واستغلال المحاجر
Manufacturing	476.5	477.7	450.7	476.3	504.6	570.2	566.4	الصناعة التحويلية
Electricity and water supply	70.0	69.1	65.2	70.7	81.1	65.8	53.4	امدادات المياه والكهرباء
Construction	119.4	103.7	96.9	67.5	85.5	270.4	616.9	الانشاءات
Wholesale and retail trade	373.9	359.0	340.4	350.0	414.8	519.2	537.8	تجارة الجملة والتجزئة
Transport, Storage and Communications	461.5	444.4	392.0	349.6	317.3	292.5	231.0	النقل والتخزين والاتصالات
Financial intermediation	187.4	170.0	158.9	149.9	138.1	191.5	169.1	الوساطة المالية
Other services	1,100.2	1,047.2	1,002.5	899.1	994.6	1055.7	990.8	الخدمات
Real estate, renting and business services	446.8	428.9	404.1	392.7	444.6	566.7	444.3	الانشطة العقارية والاجارية والتجارية
Community, social and personal services	43.2	43.3	42.5	33.2	29.3	32.2	28.3	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	68.1	61.8	58.0	60.7	104.4	93.7	128.0	المطاعم والفنادق
Education	342.5	324.9	315.1	287.7	290.8	244.4	262.4	التعليم
Health and social work	199.6	188.3	182.8	124.8	125.5	118.7	127.8	الصحة والعمل الاجتماعي
Public administration and defense	796.1	736.4	694.7	578.1	628.9	559.3	497.7	الإدارة العامة والدفاع
Households with employed persons	8.5	8.6	8.4	8.2	7.7	9.1	8.7	الخدمات المنزلية
Less: FISIM	-139.7	-124.9	-118.9	-109.6	-117.4	-154.4	-129.5	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	291.9	277.9	262.2	75.8	174.6	196.3	208.6	زائد: الرسوم الجمركية
Plus: VAT on imports, net	379.8	342.1	313.8	338.2	309.0	264.9	254.4	زائد: صافي ضريبة القيمة المضافة على الواردات
<b>Gross Domestic Product</b>	<b>4,456.4</b>	<b>4,247.7</b>	<b>3,995.0</b>	<b>3,556.4</b>	<b>3,917.8</b>	<b>4,261.1</b>	<b>4,511.7</b>	<b>الناتج المحلي الاجمالي</b>

\* Third Revision

\* التتقيح الثالث