



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

**Survey of the Perceptions of the Owners / Managers of
Active Industrial Enterprises Regarding the Economic
Situation
First Quarter 2011**

News Release on the Survey Results

April, 2011

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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Suggested Citation:

Palestinian Central Bureau of Statistics, 2011. *Survey of the Perceptions of the Owners / Managers of Industrial Enterprises Regarding the Economic Situation, First Quarter 2011. News Release on the survey's results.*
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News Release
Main Findings of the Survey of the Perceptions of the Owners/ managers of the
Active Industrial Enterprises Regarding the Economic Situation,
First Quarter 2011

1. Performance of industrial enterprises in the First Quarter 2011

1-1 Overall performance

According to 15.6% of the owners/ managers of the industrial enterprises, the overall performance of their enterprises during the first quarter 2011 has improved from what it was during the fourth quarter 2010 (15.4% for the West Bank and 16.5% for Gaza Strip).

1-2 Financial conditions

On the other hand, the results showed that 11.8% of the owners/ managers of industrial enterprises believe that the financial situation improved during the first quarter 2011 compared with fourth quarter 2010, (11.3% in the West Bank and 13.4% in Gaza Strip).

1-3 Borrowing and financing

Survey results show weak borrowing by the active industrial enterprises from operating banks in the Palestinian Territory during the First quarter 2011; 92.1% of the owners of industrial enterprises stated that they refrained from borrowing from the operating banks, while 3.6% of them did apply for bank loans only one time. While the percentage of enterprises that borrowed more than twice was 4.3%.

2. Challenges

2-1 Changes in sales level

The expectations of 34.0% of the owners/ managers of the active industrial enterprises in the Palestinian Territory revealed that the main reason for the decline in sales level is due to the decrease in the purchasing power of the consumers in the first quarter 2011; (32.7% in the West Bank, 38.6% in Gaza Strip).

2-2 Exports hindrance

The owners of the active industrial enterprises during the First quarter 2011 indicated a number of difficulties that hinder exports. About 52.7% of the owners of the exporting enterprises in the West Bank indicated that lack of customer's payment guarantee is considered to have largest negative impact on export activities, while 39.1% believed that irregularity in the delivery of exports; is additional obstacle.

2-3 Local and external competition

In the Palestinian Territory, 90.5% of the owners of the active industrial enterprises indicated that the main product of their enterprises faced local or foreign competition, (88.1% for the West Bank and 99.0% for Gaza Strip).

According to 56.4% of the owners of the active industrial enterprises in the Palestinian Territory, the main product faced local competition. On the other hand, 13.3% of the owners of the industrial enterprises indicated that their main product faced foreign competition.

However, results varied by geographic area since 54.1% of the owners of the active industrial enterprises in the West Bank pointed out the presence of local competition and 14.5% indicated presence of foreign competition. Alternatively, opinions in Gaza Strip stated that 63.5% of the industrial enterprises in Gaza Strip faced local competition while 9.4% in Gaza strip faced foreign competition.

3. Expectations for the Second Quarter 2011

The expectations of the owners/ managers of the active industrial enterprises in the second quarter 2011, show that 57.7% expected improvement in their situation in general. The expectations in the Palestinian Territory concerning production situation indicate that 57.5% foresee increase during second quarter 2011 (61.2% in the West Bank and 44.3% in Gaza Strip). The results show that 58.4% of the owners/ managers of the industrial enterprises in the Palestinian Territory expected increase of sales in the second quarter (61.4% for the West Bank and 47.4% for Gaza Strip).

4. Level of satisfaction with services provided:

Regarding level of services provided by private and governmental enterprises during the first quarter of 2011, results indicate that there is variation in the level of satisfaction by the owners/ managers of industrial enterprises by type of service provided. The results were as follows:

4.1 Infrastructure and facilities

Regarding services under this category, about 39.0% of the owners/ managers of industrial enterprises in the Palestinian Territory were satisfied to some extent for services related to the supply of electricity (46.2% in the West Bank, 13.4% in the Gaza Strip); while 25.4% are largely not satisfied (10.2% in the West Bank, 79.4% Gaza Strip). Regarding water supply services, about 47.2 % of the owners and managers of industrial enterprises in the Palestinian Territory indicated satisfaction to some extent on the services provided (48.5% in the West Bank, 42.3% in Gaza Strip)

4.2 The judicial system and conflict resolution

The results showed that 44.0% of the owners and managers of industrial enterprises in the Palestinian Territory are satisfied to some extent with the integrity of the police on to issues related to their enterprises; while 39.6% of owners/managers were satisfied to some extent on the effectiveness of the Palestinian courts (41.5% in the West Bank, 33.0% in the Gaza Strip).

4.3 Facilities

Regarding facilities provided by government institutions to obtain the necessary permits and licenses, the results indicated that 44.0% of the owners/ managers of industrial enterprises in the Palestinian Territory were satisfied to some extent (48.5% in the West Bank, 27.8% in Gaza Strip)

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Table 1: Percentage of the Active Industrial Enterprises Witnessed Improvement in their Situation During the First Quarter 2011 Compared to the Fourth Quarter 2010 for the Main Indicators by Region

Indicator	Region		
	Palestinian Territory	Gaza Strip	West Bank
Enterprise's performance in general	15.6	16.5	15.4
Production situation	15.6	15.5	15.7
Employees' productivity	12.2	14.4	11.6
Obtaining needed raw materials and inputs	10.4	20.6	7.5
Ability of employees to reach their work place	5.7	12.4	3.8
Regularity of work	8.1	11.3	7.2
Transporting finished goods to market	8.6	15.5	6.7
Financial situations	11.8	13.4	11.3
Banks' credits & facilities	3.4	3.1	3.5
Level of employment	8.1	12.4	7.0
Value of sales	16.3	15.5	16.5

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Table 2: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Opinions of Main Indicators During the First Quarter 2011 Compared to the Fourth Quarter 2010 in the Palestinian Territory

Indicator	Total	Not Applicable	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	:	37.8	46.6	15.6	
Production situation	100	:	39.6	44.8	15.6	
Employees' productivity	100	:	22.0	65.8	12.2	
Obtaining needed raw materials and inputs	100	:	19.5	70.1	10.4	
Ability of employees to reach their work place	100	:	5.2	89.1	5.7	
Regularity of work	100	:	10.0	81.9	8.1	
Transporting finished goods to market	100	9.5	24.4	57.5	8.6	
Financial situations	100	:	44.3	43.9	11.8	
Banks' credits & facilities	100	68.5	4.8	23.3	3.4	
Level of employment	100	0.2	17.9	73.8	8.1	
Value of sales	100	:	43.9	39.8	16.3	

(:)Not. Applicable

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Table 3: Percentage Distribution of Owners/Managers of the Active Industrial Enterprises According to the Reasons for the Decline in Sales Level by Region During the First Quarter 2011

Reason	Gaza Strip	West Bank	Palestinian Territory	
Decrease in demand	13.6	10.7	11.3	
Difficulties in exporting finished goods	4.5	1.3	2.1	
Decline in consumer's purchasing power	38.6	32.7	34.0	
Obstacles related to Marketing of Products	2.3	5.3	4.6	()
Competing products	25.0	12.0	14.9	
Reasons Related Seasonally	11.4	24.7	21.6	
Military check points/Israeli actions/ closures	4.6	3.3	3.6	/ /
Other	:	10.0	7.9	
Total	100	100	100	

(:) No Observations in the Sample

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Table 4: Percentage Distribution of Owners/Managers of the Active Industrial Enterprises According to Their Opinions on the Existence of Competing Products During the First Quarter 2011 by Region

Existence of competing products	Gaza Strip	West Bank	Palestinian Territory	
There is competition	99.0	88.1	90.5	
There is no competition	1.0	11.9	9.5	
Total	100	100	100	

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Table 5: Percentage Distribution of the Owners\ Managers of the Active Industrial Enterprises According to their Opinions on the Type of Existing Competition During the First Quarter 2011 by Region

Type of Competition	Gaza Strip	West Bank	Palestinian Territory	
Local	63.5	54.1	56.4	
Foreign	9.4	14.5	13.3	
Both	27.1	31.4	30.3	
Total	100	100	100	

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Table 6: Expectations of Owners/ Managers of the Active Industrial Enterprises about anticipated Improvement of Main Indicators Related to their Enterprises for the Second Quarter 2011 Compared to the First Quarter 2011 by Region

Indicator	Gaza Strip	West Bank	Palestinian Territory	
Enterprise's performance in general	46.4	60.9	57.7	
Production situation	44.3	61.2	57.5	
Volume of sales	47.4	61.4	58.4	
Employees' productivity	43.3	46.1	45.5	
Obtaining needed raw materials and inputs	40.2	28.8	31.3	
Ability of employees to reach their work place	20.6	22.0	21.7	
Regularity of work	32.0	33.6	33.3	
Level of employment	32.0	35.1	34.4	
Transporting finished goods to market	43.3	33.3	35.5	
Financial situations	48.5	52.5	51.6	
Banks' credits & facilities	6.2	12.2	10.9	

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Table 7: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Expectations of Main Indicators for the Second Quarter 2011 Compared to the First Quarter 2011 in the Palestinian Territory

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better
Enterprise's performance in general	100	1.8	16.7	23.8	57.7
Production situation	100	1.5	17.0	24.0	57.5
Volume of sales	100	1.7	17.0	22.9	58.4
Employees productivity	100	1.7	11.8	41.0	45.5
Obtaining needed raw materials and inputs	100	2.9	13.6	52.2	31.3
Ability of employees to reach their work place	100	1.1	6.8	70.4	21.7
Regularity of work	100	9.0	10.9	46.8	33.3
Level of employment	100	4.5	11.3	49.8	34.4
Transporting finished goods to market	100	12.3	13.1	39.1	35.5
Financial situations	100	7.6	17.9	22.9	51.6
Banks credits & facilities	100	67.1	3.4	18.6	10.9

Table 8: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Satisfaction Level on Services Provided by Governmental and Private Enterprises During the First Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Largely not- satisfied	Not- satisfied to some extent	Satisfied to some extent	Largely satisfied		
Infrastructure and facilities									
Electricity supply	Palestinian Territory	100	1.0	25.4	12.2	39.0	22.4		
	West bank	100	1.1	10.2	14.0	46.2	28.5		
	Gaza strip	100	0.0	79.4	6.2	13.4	1.0		
Water supply	Palestinian Territory	100	4.1	10.9	11.6	47.2	26.2		
	West bank	100	3.2	4.1	13.5	48.5	30.7		
	Gaza strip	100	7.1	35.1	5.2	42.3	10.3		
The quality of roads	Palestinian Territory	100	2.4	20.0	20.0	42.6	15.0		
	West bank	100	1.4	13.1	22.4	44.5	18.6		
	Gaza strip	100	6.2	44.3	11.3	36.1	2.1		
Transport and Communications	Palestinian Territory	100	5.3	9.1	13.8	50.3	21.5		
	West bank	100	3.8	4.1	15.1	51.7	25.3		
	Gaza strip	100	10.3	26.8	9.3	45.4	8.2		
Access to industrial areas	Palestinian Territory	100	34.4	4.8	11.7	34.9	14.2		
	West bank	100	23.2	4.4	14.1	40.9	17.4		
	Gaza strip	100	74.0	6.3	3.1	13.5	3.1		
The judicial system and conflict resolution									
Integrity of the police	Palestinian Territory	100	12.7	3.9	7.1	44.0	32.3		
	West bank	100	8.2	2.6	8.8	45.6	34.8		
	Gaza strip	100	28.9	8.2	1.1	38.1	23.7		
Effectiveness of the courts	Palestinian Territory	100	17.3	9.8	11.4	39.6	21.9		
	West bank	100	12.7	9.6	14.0	41.5	22.2		
	Gaza strip	100	34.0	10.3	2.1	33.0	20.6		

Table 8 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Satisfaction Level on Services Provided by Governmental and Private Enterprises During the First Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Largely not- satisfied	Not- satisfied to some extent	Satisfied to some extent	Largely satisfied		
Facilities									
To obtain the necessary permits and licenses	Palestinian Territory	100	20.8	7.3	15.9	44.0	12.0		
	West bank	100	15.2	4.9	16.6	48.5	14.8		
	Gaza strip	100	41.2	15.5	13.4	27.8	2.1		
Providing information to enterprises	Palestinian Territory	100	60.5	6.1	15.9	15.9	1.6		
	West bank	100	55.0	5.0	19.0	19.0	2.0		
	Gaza strip	100	79.3	10.3	5.2	5.2	0.0		
Promotion of policies that serve the development of institutions	Palestinian Territory	100	58.2	6.1	16.6	16.6	2.5		
	West bank	100	53.4	4.1	19.8	19.5	3.2		
	Gaza strip	100	75.2	13.4	5.2	6.2	0.0		
Laws and regulations									
Tax rate	Palestinian Territory	100	10.2	20.2	25.6	38.8	5.2		
	West bank	100	8.4	12.8	29.1	43.3	6.4		
	Gaza strip	100	16.5	46.4	13.4	22.7	1.0		
Tax administration	Palestinian Territory	100	12.3	17.0	19.3	46.0	5.4		
	West bank	100	10.8	8.4	20.9	53.2	6.7		
	Gaza strip	100	17.6	47.4	13.4	20.6	1.0		
Licenses and permits	Palestinian Territory	100	5.9	15.2	16.6	51.2	11.1		
	West bank	100	3.9	7.8	17.7	58.1	12.5		
	Gaza strip	100	13.4	41.2	12.4	26.8	6.2		

Table 8 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Satisfaction Level on Services Provided by Governmental and Private Enterprises During the First Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Largely not- satisfied	Not- satisfied to some extent	Satisfied to some extent	Largely satisfied		
Labor laws	Palestinian Territory	100	15.2	12.7	13.8	48.3	10.0		
	West bank	100	12.2	7.3	15.7	52.9	11.9		
	Gaza strip	100	25.8	32.0	7.1	32.0	3.1		
Services									
Telecommunications	Palestinian Territory	100	11.1	3.2	6.8	39.0	39.9		
	West bank	100	8.2	2.3	7.3	42.4	39.8		
	Gaza strip	100	21.6	6.2	5.2	26.8	40.2		
Internet Service	Palestinian Territory	100	44.3	5.2	6.6	28.9	15.0		
	West bank	100	39.1	4.4	7.0	33.8	15.7		
	Gaza strip	100	62.9	8.2	5.2	11.3	12.4		
Access to governmental consulting and training	Palestinian Territory	100	65.8	6.2	14.5	11.4	2.1		
	West bank	100	61.5	4.1	18.1	14.3	2.0		
	Gaza strip	100	81.4	13.4	2.1	1.0	2.1		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestinian Territory	100	66.6	7.3	14.5	10.0	1.6		
	West bank	100	62.8	5.2	18.1	12.2	1.7)
	Gaza strip	100	80.4	14.4	2.1	2.1	1.0		(.....)

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Table 9: Percentage Distribution of the Frequency of Loans Requested From the Banks According to the Owners/Managers of the Active Industrial Enterprises During the First Quarter 2011 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
No loan request	83.5	94.5	92.1	
Once	7.2	2.6	3.6	
2 or more	9.3	2.9	4.3	2
Total	100	100	100	

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Table 10: Percentage Distribution of the Reasons for Refusal of Loans Requested From the Banks According to the Owners/ Managers Of the Active Industrial Enterprises During the First Quarter 2011 by Region

Reason for Refusal	Gaza Strip	West Bank	Palestinian Territory	
Insufficient guarantees on the quality and quantity	:	100	75.0	
High business risk from the viewpoint of funding enterprise	100	:	25.0	
Total	100	100	100	

(:) No Observations in the Sample

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Table 11: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views about Obstacles Related to Export Activities during the First Quarter 2011 by Region

Problems	Region	المجموع Total	Not Applicable	Don't Know	There's a difficulty	No difficulty		
Commitment to international market requirements	Palestinian Territory	-	-	-	-	-		
	West bank	100	2.7	2.8	20.9	73.6		
	Gaza strip	-	-	-	-	-		
Price competition in the export market	Palestinian Territory	-	-	-	-	-		
	West bank	100	1.8	1.8	38.2	58.2		
	Gaza strip	-	-	-	-	-		
Compliance to quantity demanded and delivery time	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.0	0.9	20.0	79.1		
	Gaza strip	-	-	-	-	-		
Marketing ability	Palestinian Territory	-	-	-	-	-		
	West bank	100	3.6	2.7	22.8	70.9		
	Gaza strip	-	-	-	-	-		
Regular delivery of raw materials	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.9	0.9	35.5	62.7		
	Gaza strip	-	-	-	-	-		

(-) No Exports from Gaza Strip

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Table 11 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About Obstacles Related to Export Activities During the First Quarter 2011 by Region

Problems	Region	المجموع Total	Not Applicable	Don't Know	There's a difficulty	No difficulty		
Regular achievement of export	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.0	3.6	39.1	57.3		
	Gaza strip	-	-	-	-	-		
Palestinian export regulation and licensing	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.0	4.5	18.2	77.3		
	Gaza strip	-	-	-	-	-		
Information access to the foreign market	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.9	9.1	32.7	57.3		
	Gaza strip	-	-	-	-	-		
Traveling problems imposed on entering foreign markets	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.9	5.5	34.5	59.1		
	Gaza strip	-	-	-	-	-		
Customer payment guarantee	Palestinian Territory	-	-	-	-	-		
	West bank	100	0.0	0.9	52.7	46.4		
	Gaza strip	-	-	-	-	-		

(-) No Exports from Gaza Strip

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Table 12: Mechanism of Finding Customers in the Export Market used by Active Industrial Enterprises During the First Quarter 2011 by Region (Percentage)

Approaching Customers	Gaza Strip	West Bank	Palestinian Territory	
Market research	-	37.3	-	
Information gathered from chamber of Commerce industrial union etc...	-	10.0	-	
Participate in international exhibitions and organized business missions	-	24.5	-	
Self-organized visits to the export market	-	45.5	-	
Personal relationships and contacts	-	94.5	-	
Through internet	-	27.3	-	
Customer self initiative	-	62.7	-	

(-) No Exports from Gaza Strip

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