

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

**Press Conference**  
**Preliminary Estimates of Quarterly National Accounts**  
**(First Quarter 2006)**

**May, 2006**

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## Population, Housing and Establishment Census- 2007



# **Palestinian National Authority**

## **Palestinian Central Bureau of Statistics**

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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 first quarter of the year 2006 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated 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.

**Press Conference**  
**Preliminary Estimates of Quarterly National Accounts**  
**(First Quarter 2006).**

**In the First Quarter 2006, GDP declined by 7.0% compared with the Fourth quarter 2005**

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 (Fourth Quarter 2005) and the parallel quarter of the previous year 2005 (First Quarter 2005).

**Decline of GDP in the First Quarter 2006**

The preliminary estimates at constant prices for the first quarter of 2006 shows decrease in the performance of the economy in Remaining West Bank and Gaza Strip. The GDP estimates decreased during the first quarter of 2006 by 7.0% compared with the fourth quarter of the previous year, and showed an increase of 5.5% compared to the first quarter of the year 2005 at constant prices.

This decline in the first quarter of the year 2006 compared to the fourth quarter of the previous year was a result of the decline in the main economic activities within the available short term indicators for each activity. There was decline in the agriculture and fishing, Hotels and restaurants, Mining, Manufacturing, Water and Electricity, Wholesale and retail trade, Health and social work, Construction in addition to the Financial intermediation.

In addition, the preliminary estimates for the Gross Domestic Product per capita for Remaining West Bank and Gaza Strip during the first quarter 2006 decreased by 8.2% compared to the fourth quarter of the previous year, while it showed an increase of 1.5% compared to the same quarter of the year 2005.

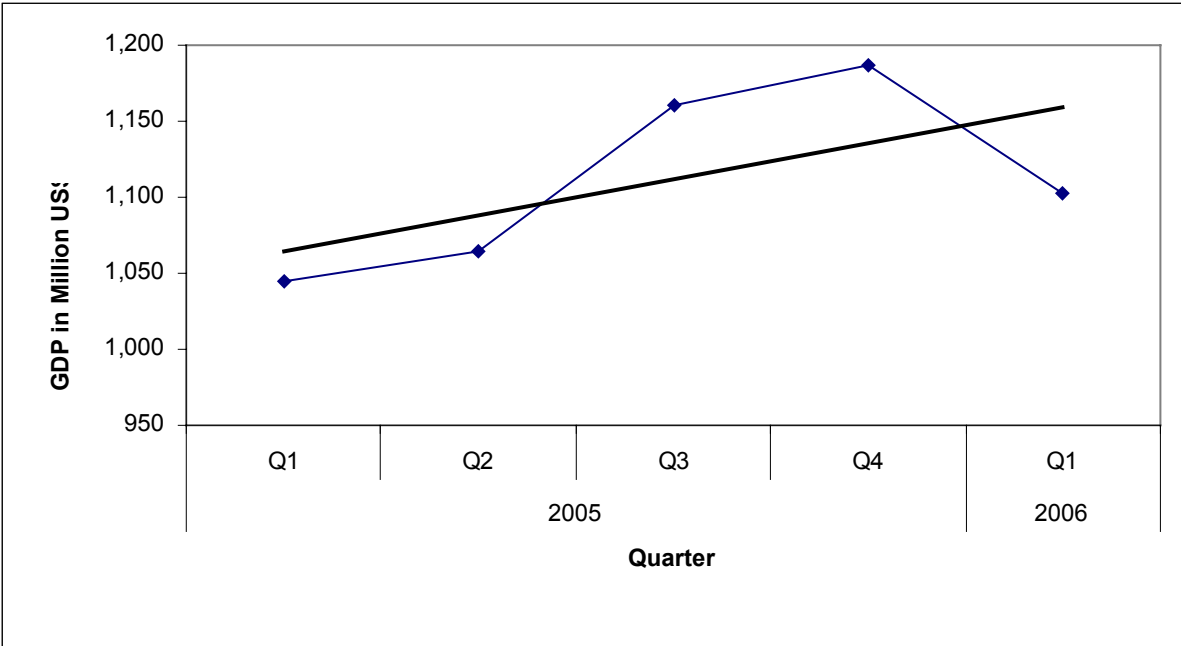
**Performance of Main Economic Activities**

The performance of different activities during the first quarter of the year 2006 compared to both the fourth quarter of the year 2005 and the same quarter of the previous year was as follows:

- The gross value added for **Agriculture** activity decreased by 12.6% during the first quarter of 2006 in relation to the fourth quarter 2005, while it increased by 3.4% 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 first quarter 2006 compared to the fourth quarter of the year 2005 by 9.5%, while it declined by 16.1% compared to the first quarter of the year 2005.
- The gross value added for **Construction** activity decreased by 9.4% during the first quarter of the year 2006 compared to the fourth quarter 2005, while it increased by 7.0% compared to the same quarter of the year 2005.

- The gross value added for **Transport** increased during the first quarter of the year 2006 by 7.6% compared to the fourth quarter of 2005. while it increased by 5.5% compared to the first quarter of the year 2005.
- The gross value added for **Financial Intermediation** activity decreased by 1.6% during the first quarter 2006 compared to the fourth quarter of the year 2005, while it increased by 20.0% compared to the first quarter of the year 2005.
- The gross value added declined for **Wholesale and Retail Trade** by 1.9% compared to the fourth quarter of the year 2005; however, when compared to the same quarter of the year 2005, this activity recorded an increase rate of 10.9%.
- The gross value added for **Education** increased during the first quarter of the year 2006 by 8.8% compared to the fourth quarter of the previous year, while it showed an increase of 25.7% compared to the first quarter of the year 2005.
- The gross value added for **Hotels** decreased by 5.6% compared to the fourth quarter of the year 2005, and 6.6% compared to the parallel quarter of the year 2005.
- The gross value added for **Real Estate, Renting and Business Services** increased by 8.0% during the first quarter of the year 2006 compared to the fourth quarter of the previous year, and 6.4% compared to the parallel quarter of the year 2005.

**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.

2006

:(1)

1997 :

**Table (1): GDP in Remaining West Bank and Gaza Strip by Economic Activity for the First Quarter of year 2006 at Constant Prices: (1997 is the base year)**

Value in million US\$

Economic Activity	2006	
	* Q I	
<b>Agriculture and fishing</b>	<b>67.3</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>121.4</b>	
Mining and quarrying	4.0	
Manufacturing	102.3	
Electricity and water supply	15.1	
<b>Construction</b>	<b>26.0</b>	
<b>Wholesale and retail trade</b>	<b>92.3</b>	
<b>Transport, Storage and Communications</b>	<b>123.9</b>	
<b>Financial intermediation</b>	<b>50.3</b>	
<b>Other services</b>	<b>292.5</b>	
Real estate, renting and business services	116.8	
Community, social and personal services	11.1	
Hotels and restaurants	16.9	
Education	99.2	
Health and social work	48.5	
<b>Public administration and defense</b>	<b>239.6</b>	
<b>Households with employed persons</b>	<b>2.2</b>	
Less: FISIM	-35.5	:
Plus: Customs duties	55.1	:
Plus: VAT on imports, net	67.6	:
<b>Quarterly Gross Domestic Product</b>	<b>1,102.7</b>	

\* Flash Estimates

( ) \*

2006

:(2)

**Table (2): Percentage Contribution to GDP in Remaining West Bank and Gaza Strip by Economic Activity for the First Quarter of year 2006**

Economic Activity	2006	
	*	
	Q I	
<b>Agriculture and fishing</b>	<b>6.1</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>11.0</b>	
Mining and quarrying	0.4	
Manufacturing	9.2	
Electricity and water supply	1.4	
<b>Construction</b>	<b>2.4</b>	
<b>Wholesale and retail trade</b>	<b>8.4</b>	
<b>Transport, Storage and Communications</b>	<b>11.2</b>	
<b>Financial intermediation</b>	<b>4.6</b>	
<b>Other services</b>	<b>26.5</b>	
Real estate, renting and business services	10.6	
Community, social and personal services	1.0	
Hotels and restaurants	1.5	
Education	9.0	
Health and social work	4.4	
<b>Public administration and defense</b>	<b>21.7</b>	
<b>Households with employed persons</b>	<b>0.2</b>	
Less: FISIM	-3.2	:
Plus: Customs duties	5.0	:
Plus: VAT on imports, net	6.1	:
<b>Quarterly Gross Domestic Product</b>	<b>100.0</b>	

\* Flash Estimates

( ) \*

1997

:

2006

:(3)

**Table (3): GDP Per Capita by First Quarter in 2006 at Constant Prices: (1997 is the base year)**

Value in US\$

Region	Indicator	GDP per capita
Remaining West Bank and Gaza Strip		305.9

1997

:

2006 2005

:(4)

**Table (4): 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\$

Economic Activity	2006	2005				
	** Q I	* Q IV	* Q III	* Q II	* Q I	
<b>Agriculture and fishing</b>	<b>67.3</b>	<b>77.0</b>	<b>84.4</b>	<b>86.1</b>	<b>65.1</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>121.4</b>	<b>134.1</b>	<b>143.9</b>	<b>142.1</b>	<b>144.7</b>	
Mining and quarrying	4.0	4.8	4.7	4.7	4.1	
Manufacturing	102.3	112.7	121.4	119.8	122.6	
Electricity and water supply	15.1	16.6	17.8	17.6	18.0	
<b>Construction</b>	<b>26.0</b>	<b>28.7</b>	<b>32.9</b>	<b>33.5</b>	<b>24.3</b>	
<b>Wholesale and retail trade</b>	<b>92.3</b>	<b>94.1</b>	<b>102.2</b>	<b>94.4</b>	<b>83.2</b>	
<b>Transport, Storage and Communications</b>	<b>123.9</b>	<b>115.1</b>	<b>113.9</b>	<b>115.1</b>	<b>117.4</b>	
<b>Financial intermediation</b>	<b>50.3</b>	<b>51.1</b>	<b>49.1</b>	<b>45.3</b>	<b>41.9</b>	
<b>Other services</b>	<b>292.5</b>	<b>286.9</b>	<b>284.4</b>	<b>263.1</b>	<b>265.8</b>	
Real estate, renting and business services	116.8	108.1	119.8	109.1	109.8	
Community, social and personal services	11.1	10.6	11.0	10.4	11.2	
Hotels and restaurants	16.9	17.9	16.5	15.6	18.1	
Education	99.2	91.2	90.4	82.0	78.9	
Health and social work	48.5	59.1	46.7	46.0	47.8	
<b>Public administration and defense</b>	<b>239.6</b>	<b>231.2</b>	<b>208.7</b>	<b>178.6</b>	<b>177.6</b>	
<b>Households with employed persons</b>	<b>2.2</b>	<b>2.0</b>	<b>2.2</b>	<b>2.1</b>	<b>2.2</b>	
Less: FISIM	-35.5	-36.0	-35.9	-34.7	-33.1	:
Plus: Customs duties	55.1	84.8	76.2	65.5	65.4	:
Plus: VAT on imports, net	67.6	117.3	98.0	73.9	90.6	:
<b>Gross Domestic Product</b>	<b>1,102.7</b>	<b>1,186.3</b>	<b>1,160.0</b>	<b>1,065.0</b>	<b>1,045.1</b>	

\* Third Revision

\*\* Flash Estimates

( )

\*

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1997

:

2005 -1999

:(5)

**Table (5): 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\$

Economic Activity	*2005	2004	2003	2002	2001	2000	1999	
<b>Agriculture and fishing</b>	<b>312.6</b>	<b>319.0</b>	<b>311.2</b>	<b>269.6</b>	<b>350.1</b>	<b>388.0</b>	<b>470.7</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>564.8</b>	<b>564.3</b>	<b>532.9</b>	<b>580.0</b>	<b>614.6</b>	<b>668.6</b>	<b>655.5</b>	
Mining and quarrying	18.3	17.5	17.0	33.0	28.9	32.6	35.7	
Manufacturing	476.5	477.7	450.7	476.3	504.6	570.2	566.4	
Electricity and water supply	70.0	69.1	65.2	70.7	81.1	65.8	53.4	
<b>Construction</b>	<b>119.4</b>	<b>103.7</b>	<b>96.9</b>	<b>67.5</b>	<b>85.5</b>	<b>270.4</b>	<b>616.9</b>	
<b>Wholesale and retail trade</b>	<b>373.9</b>	<b>359.0</b>	<b>340.4</b>	<b>350.0</b>	<b>414.8</b>	<b>519.2</b>	<b>537.8</b>	
<b>Transport, Storage and Communications</b>	<b>461.5</b>	<b>444.4</b>	<b>392.0</b>	<b>349.6</b>	<b>317.3</b>	<b>292.5</b>	<b>231.0</b>	
<b>Financial intermediation</b>	<b>187.4</b>	<b>170.0</b>	<b>158.9</b>	<b>149.9</b>	<b>138.1</b>	<b>191.5</b>	<b>169.1</b>	
<b>Other services</b>	<b>1,100.2</b>	<b>1,047.2</b>	<b>1,002.5</b>	<b>899.1</b>	<b>994.6</b>	<b>1055.7</b>	<b>990.8</b>	
Real estate, renting and business services	446.8	428.9	404.1	392.7	444.6	566.7	444.3	
Community, social and personal services	43.2	43.3	42.5	33.2	29.3	32.2	28.3	
Hotels and restaurants	68.1	61.8	58.0	60.7	104.4	93.7	128.0	
Education	342.5	324.9	315.1	287.7	290.8	244.4	262.4	
Health and social work	199.6	188.3	182.8	124.8	125.5	118.7	127.8	
<b>Public administration and defense</b>	<b>796.1</b>	<b>736.4</b>	<b>694.7</b>	<b>578.1</b>	<b>628.9</b>	<b>559.3</b>	<b>497.7</b>	
<b>Households with employed persons</b>	<b>8.5</b>	<b>8.6</b>	<b>8.4</b>	<b>8.2</b>	<b>7.7</b>	<b>9.1</b>	<b>8.7</b>	
Less: FISIM	-139.7	-124.9	-118.9	-109.6	-117.4	-154.4	-129.5	:
Plus: Customs duties	291.9	277.9	262.2	75.8	174.6	196.3	208.6	:
Plus: VAT on imports, net	379.8	342.1	313.8	338.2	309.0	264.9	254.4	:
<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>	

\* Third Revision

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