

Palestinian Central Bureau of Statistics

Press Release

For the Preliminary Estimates of Gross Domestic Product (Second Quarter 2004)

September, 2004

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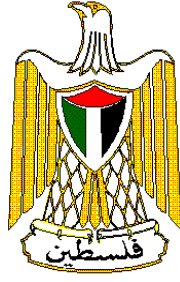
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Notice to users of this report

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

PCBS indicates also that all data related to the first quarter is the second revision since the availability of the related short-term indicators. Meanwhile, data for other quarters of the year 2004 is preliminary estimates that will be revised when the necessary short-term indicators are available within the requested periodicity.

Press Release

Main Estimates for the Gross Domestic Product (Second Quarter 2004)

During the Second Quarter 2004, GDP decline by 2.4% Compared to the First Quarter 2004

This Quarterly report is based on a number of short-term economic indicators compiled quarterly and covering different economic activities, therefore we compare the main macroeconomic indicators in order to provide informative tool for monitoring the economy in the short run. In this release we have presented a comparison with the previous quarter (First Quarter 2004) and the parallel Quarter prior to the outbreak of Al-Aqsa Intifada (Second Quarter 2000).

GDP Decline in the second quarter 2004

The preliminary estimates at constant prices for the second quarter of the year 2004 show substantial decline in the performance of the economy in Remaining West bank and Gaza Strip. The GDP estimates have substantially decreased during the second quarter 2004 by 2.4% compared with the first quarter of the same year while it grows by 0.5% compared to the second quarter of the year 2000 at constant prices.

This decline in the second quarter of the year 2004 compared to the first quarter of the same year was as a result of the decline in the main economic activities within the available short term indicators for each activity. There was a substantial decline in the Manufacturing Activities, Transport, Hotels in addition to the Real Estate and business services.

Performance of Main Economic Activities

The performance of different activities during the second quarter of the year 2004 compared to both the same quarter 2000 and the first quarter 2004 was as follows:

- The gross value added for **Mining, Manufacturing, Electricity and Water Supply** in Remaining West Bank and Gaza Strip declined during the second quarter 2004 compared to the first quarter of the year 2004 by 5.8%, while it declined by 2.1% compared to the second quarter of the year 2000.
- The gross value added for **Agriculture** activity grows by 3.2% during the second quarter 2004 in relation to the first quarter, while it grows by 28.6% compared with the parallel quarter of the year 2000.
- The gross value added for **Construction** activity grows by 4.4% during the second quarter of the year 2004 compared to the first quarter, while this activity's performance still far away from its position during the second quarter 2000 since it witnesses a substantial decrease of 64.8%.
- The gross value added for **Transport** activity declined during the second quarter of the year 2004 by 9.5% compared to the first quarter of the same year. On other hand this activity had a substantial growth rate by 29.2% compared to the second quarter of the year 2000.
- The gross value added for **Financial Intermediation** activity grows by 2.8% during the second quarter 2004 compared to the first quarter of the year 2004, while it declined substantially by 17.3% compared to the second quarter of the year 2000.

- The gross value added grows for the **Internal Trade** activity by 6.8% compared to the first quarter of the year 2004, meanwhile this activity recorded a growth by 19.7% compared to the same quarter of the year 2000.
- The gross value added for **Education** activity goes up during the second quarter of the year 2004 by 0.6% compared to the first quarter of the same year, and by 45.9% compared to the second quarter of the year 2000.
- The gross value added for **Hotels** activity declined by 4.0% compared to the first quarter of the year 2004, while it declined substantially by 29.1% compared to the second quarter of the year 2000.

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 in creating 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 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 could do this.

Short-term indicators

All indicators that have a periodicity for less than a year, usually 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, which was annexed after the 1967 occupation by Israel.

جدول (1): تقدير الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب الربع والنشاط الاقتصادي للعام 2004 بالاسعار الثابتة: سنة الاساس 1997

Table (1): Estimated GDP in Remaining West Bank and Gaza Strip by Quarter and Economic Activity for the year 2004 at Constant Price (1997 is the base year)

Value In million US

القيمة بالمليون دولار امريكي

Economic Activity	2004					النشاط الاقتصادي
	التقديرات السنوية Annual Estimates	الربع الرابع** Q IV	الربع الثالث** Q III	الربع الثاني** Q II	الربع الاول* Q I	
Agriculture and fishing	473.5	118.5	112.6	123.1	119.3	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	618.6	146.9	143.6	159.2	168.9	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	40.6	9.4	9.5	10.8	10.9	التعدين واستغلال المحاجر
Manufacturing	519.7	123.6	120.6	133.4	142.1	الصناعة التحويلية
Electricity and water supply	58.3	13.9	13.5	15.0	15.9	امدادات المياه والكهرباء
Construction	127.9	32.5	36.3	30.2	28.9	الانشاءات
Wholesale and retail trade	567.2	134.7	127.8	157.4	147.3	تجارة الجملة والتجزئة
Transport, Storage and Communications	418.3	109.6	103.3	97.6	107.8	النقل والتخزين والاتصالات
Financial intermediation	145.1	34.7	33.6	38.9	37.9	الوساطة المالية
Other services	1,069.1	237.2	268.7	278.2	285.0	الخدمات الأخرى
Real estate, renting and business services	469.1	102.2	126.1	115.8	125.0	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	43.3	9.6	10.9	11.6	11.2	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	81.0	17.3	21.0	20.9	21.8	المطاعم والفنادق
Education	333.5	76.0	75.5	91.3	90.7	التعليم
Health and social work	142.2	32.1	35.2	38.6	36.3	الصحة والعمل الاجتماعي
Public administration and defense	556.3	129.6	127.1	152.8	146.8	الإدارة العامة والدفاع
Households with employed persons	11.2	2.5	2.8	3.0	2.9	الخدمات المنزلية
Less: FISIM	-118.4	-27.0	-26.3	-33.9	-31.2	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	204.6	51.2	54.0	45.8	53.6	زائد: الرسوم الجمركية
Plus: VAT on imports, net	254.3	48.4	67.5	62.8	75.6	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	4,327.7	1,018.8	1,051.0	1,115.1	1,142.8	الناتج المحلي الاجمالي
* Second Revision ** Flash Estimates						* التنقيح الثاني ** التنقيح الأول

جدول (2): التوزيع النسبي لمساهمة الأنشطة الاقتصادية في الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة للارباع الخاصة بالعام 2004
 Table (2): Percentage Contribution to GDP by Economic Activity in Remaining West Bank and Gaza Strip for the Quarters of year 2004

Economic Activity	2004					النشاط الاقتصادي
	التقديرات السنوية Annual Estimates	الربع الرابع** Q IV	الربع الثالث** Q III	الربع الثاني** Q II	الربع الاول* Q I	
Agriculture and fishing	10.9	11.6	10.7	11.0	10.4	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	14.2	14.4	13.7	14.3	14.8	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	0.9	0.9	0.9	1.0	1.0	التعدين واستغلال المحاجر
Manufacturing	12.0	12.1	11.5	12.0	12.4	الصناعة التحويلية
Electricity and water supply	1.3	1.4	1.3	1.3	1.4	امدادات المياه والكهرباء
Construction	3.0	3.2	3.5	2.7	2.5	الانشاءات
Wholesale and retail trade	13.1	13.2	12.2	14.1	12.9	تجارة الجملة والتجزئة
Transport, Storage and Communications	9.7	10.8	9.8	8.8	9.4	النقل والتخزين والاتصالات
Financial intermediation	3.4	3.4	3.2	3.5	3.3	الوساطة المالية
Other services	24.7	23.3	25.5	25.0	24.9	الخدمات الأخرى
Real estate, renting and business services	10.8	10.0	12.0	10.4	10.9	الانشطة العقارية والاجارية والتجارية
Community, social and personal services	1.0	0.9	1.0	1.0	1.0	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	1.9	1.7	2.0	1.9	1.9	المطاعم والفنادق
Education	7.7	7.5	7.2	8.2	7.9	التعليم
Health and social work	3.3	3.2	3.3	3.5	3.2	الصحة والعمل الاجتماعي
Public administration and defense	12.9	12.7	12.1	13.7	12.8	الإدارة العامة والدفاع
Households with employed persons	0.3	0.2	0.3	0.3	0.3	الخدمات المنزلية
Less: FISIM	-2.7	-2.7	-2.5	-3.0	-2.7	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	4.7	5.0	5.1	4.1	4.7	زائد: الرسوم الجمركية
Plus: VAT on imports, net	5.8	4.9	6.4	5.5	6.7	زائد: صافي ضريبة القيمة المضافة على الواردات
Total	100.0	100.0	100.0	100.0	100.0	المجموع
* Second Revision ** Flash Estimates						* التتقيح الثاني ** التتقيح الأول