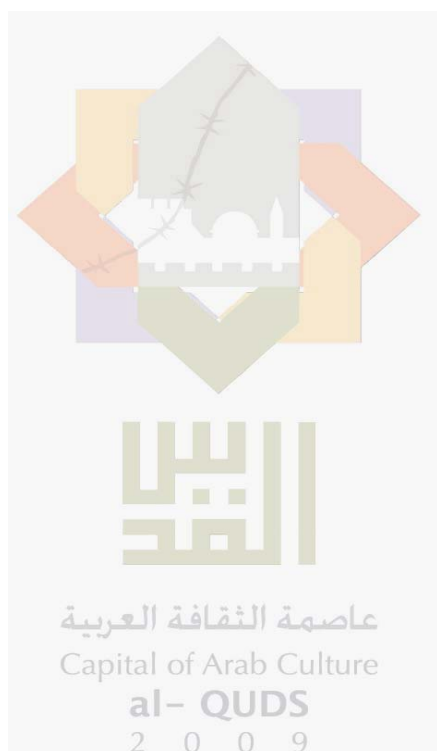


**Palestinian National Authority**  
**Palestinian Central Bureau of Statistics**

**Press Release**  
**Preliminary Estimates of Quarterly National Accounts**  
**(Third Quarter 2008)**

**December, 2008**

**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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## **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 2008 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated short-term indicators; whereas the data related to the second quarter of the year 2008 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.

Its worth mentioning that:

- The unemployment rate for the third quarter of the year 2008 reached to 27.3% recorded an increase by 5.8% compared with the second quarter of the year 2008. The unemployment rate recorded an increase by 17.7% during the third quarter 2008 compared with the similar quarter of the previous year 2007. The unemployment rate for the full year 2007 was 21.5% compared with 23.6% in 2005.
- After the first quarter 2007, the public sector employee's have returned to their jobs after along absence from their work due to strike based on the contract between public employees union and the government.
- The data for the second quarter of the year 2008 pertaining the Custom duties and the Value Added Tax on imports are preliminary estimates and in Accrual Bases based on the recommendations of the System of National Accounts issued by the UN.
- We depend on the results of the population, Housing, and Establishments Census 2007 to calculate GDP Percapita, which indicates that the number of population in the Palestinian Territory was 3,761,646, and the final series for the percapita indicator 2000-2007 will be issued after issuing the final results of the census and the revised estimates for the population.



**Press Release**  
**Preliminary Estimates of Quarterly National Accounts**  
**(Third Quarter 2008).**

**In the Third Quarter 2008, GDP decreased by 1.7% compared with the second Quarter 2008**

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 (Second Quarter 2008) and the parallel quarter of the previous year 2007 (Third Quarter 2007).

**Decrease in GDP during the Third Quarter 2008 compared with the Second Quarter 2008**

The preliminary estimates at constant prices for the third quarter of 2008 shows small decrease in the performance of the economy in the Remaining West Bank and Gaza Strip. Whereas the GDP estimates increased during the second quarter 2008 by 0.7% based on the first revision of the data, the third quarter 2008 shows small decrease by 1.7% compared with the second quarter 2008, and showed a decrease of 3.6% compared to the third quarter of the year 2007 at constant prices.

The estimates refer also to a decrease in the main economic activities within the available short term indicators for each activity. There was an increase in the Agriculture and fishing , Mining and quarrying, Construction, Real estate, renting and business services, Community, social and personal services, Hotels and restaurants, Public administration and defense.

In addition, the preliminary estimates for the Gross Domestic Product per capita for the Remaining West Bank and Gaza Strip during the third quarter 2008 was 278.8 US\$ with an decrease by 2.4% compared to the second quarter of 2008, while it showed a decrease by 6.9% compared with the same quarter 2007.

**Performance of Main Economic Activities**

The performance of different activities during the third quarter 2008 compared to both the second quarter 2008 and the same quarter of 2007 was as follows:

- The gross value added for **Agriculture** activity decreased by 23.7% during the third quarter of 2008 compared with the previous quarter 2008, and a decrease by 36.4% compared with the parallel quarter 2007.
- The gross value added for **Mining, manufacturing, water and electricity** activities in the Remaining West Bank and Gaza Strip increased during the third quarter 2008 compared to the previous quarter of the same year by 0.8%, and it increased by 1.1% compared to the third quarter 2007.
- The gross value added for **Construction** activity decreased by 2.4% during the third quarter 2008 compared to the second quarter 2008, and it decreased by 34.9% compared to the third quarter 2007.

- The gross value added for **Wholesale and Retail Trade** decreased by 0.4% compared to the second quarter 2008; however, when compared to the same quarter 2007, this activity recorded an increase by 0.7%.
- The gross value added for **Transportation** increased during the third quarter 2008 by 10.4% compared to the second quarter 2008. while it decreased by 28.6% compared to the third quarter 2007.
- The gross value added for **Financial Intermediation** activity recorded an increase during the third quarter 2008 compared to the previous quarter of the same year by 3.8%, while it increased by 7.4% compared to the third quarter 2007.
- The gross value added for **Real estate, renting and business services** activity recorded a decrease during the third quarter 2008 compared to the second quarter 2008 by 12.4%, while it decreased by 14.1% compared to the third quarter 2007.
- The gross value added for **Community, social and personal services** activity recorded an decrease during the third quarter 2008 compared to the previous quarter by 17.3%, while it recorded no changes compared to the third quarter 2007.
- The gross value added for **Hotels** decreased by 17.8% compared to the second quarter 2008, and showed an increase by 19.5% compared to the parallel quarter 2007.
- The gross value added for **Education** increased during the third quarter 2008 by 1.5% compared to the second quarter 2008, while it showed an decrease by 2.3% compared to the third quarter 2007.
- The gross value added for **Health** increased during the third quarter 2008 by 5.9% compared to the second quarter 2008, while it showed a decrease by 9.7% compared to the third quarter 2007.
- The gross value added for **Public Administration and Defense** decreased by 5.3% during the third quarter 2008 compared to the second quarter 2008, and decreased by 7.0% compared to the parallel quarter 2007.

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

The percentage contribution for economic activity to the quarterly GDP was affected in short term (compared with first quarter 2008 and parallel quarter 2007), Hotels and restaurants activities increased from 2.2% in the third quarter 2007 to 3.1% in the second quarter 2008, then it decreased to 2.6% in the third quarter 2008, Community, social and personal services activity increased from 1.0% in the third quarter 2007 to 1.3% in the second quarter 2008, then it decreased to 1.0% in the third quarter 2008.

Also, manufacturing activities contribution increased from 10.3% in the third quarter 2007 to 10.7% in the second quarter 2008, then this increased continue to reach to 11.0% during the third quarter 2008, wholesale and retail trade activity increased from 9.9% in the third quarter 2007 to 10.2% in the second quarter 2008, then this increased continue to reach to 10.4% during the third quarter 2008, financial intermediation activity increased from 4.6% in the

third quarter 2007 to 4.9% in the second quarter 2008, then this increased continue to reach to 5.2% during the third quarter 2008.

In addition to that, transport storage and communications activity decreased from 12.1% in the third quarter 2007 to 8.0% in the second quarter 2008, then it increased to 8.9% in the third quarter 2008, Education activity decreased from 8.1% in the third quarter 2007 to 8.0% in the second quarter 2008, then it increased to 8.3% in the third quarter 2008. While health activity decreased from 3.4% during third quarter 2007 to 3.0% in the second quarter from 2008 then it increased to 3.2% through third quarter from 2008.

Otherwise, agriculture and fishing decreased from 8.2% in the third quarter 2007 to 6.9% in the second quarter 2008, then this increased continued to reach 5.4% in the third quarter 2008.

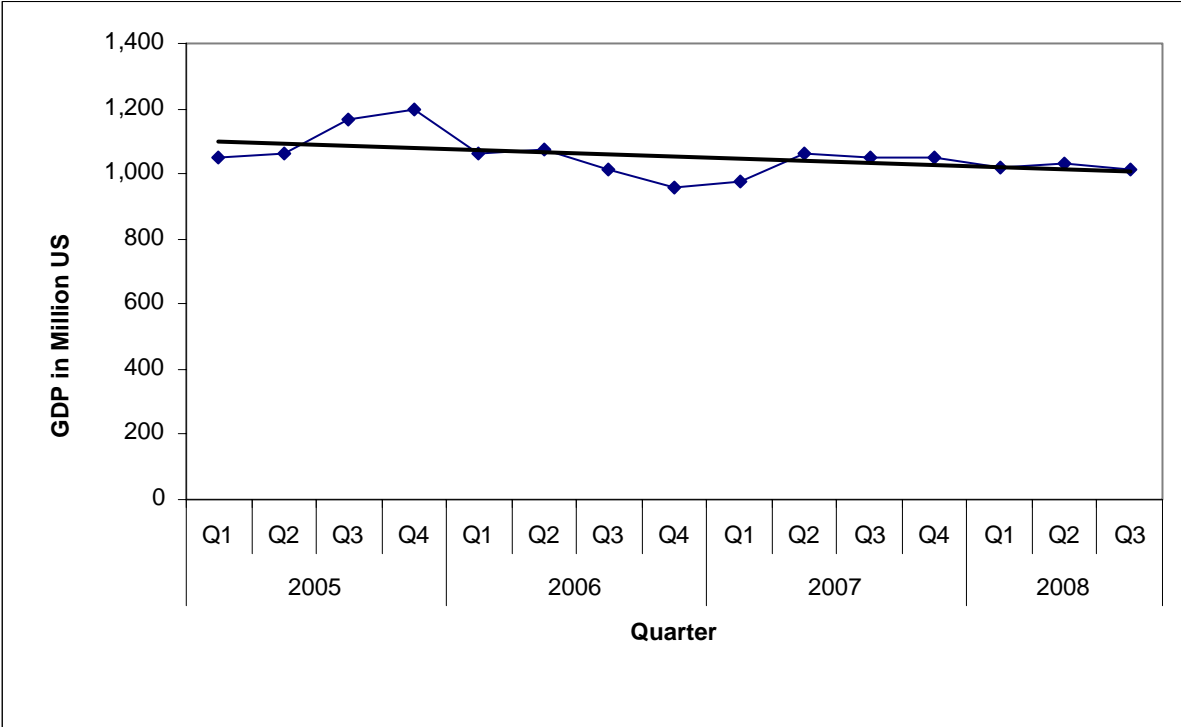
Whereas Construction activity decreased from 2.4% in the third quarter 2007 to 1.6% in the second and third quarters 2008, and for mining and quarrying activities decreased from 0.5% in the third quarter 2007 to 0.4% during the second and third quarters 2008.

Public administration and defense activity was 12.6% in the third quarter 2007 and second quarter 2008 then it decreased to 12.2% during third quarter 2008, whereas percentage contribution for real estate, renting and business services activity was 9.4% in the third quarter 2007 and second quarter 2008 then it decreased to 8.4% during the third quarter 2008.

On the other hand, electricity and water supply was 1.7% during third quarter 2007 and second quarter 2008, then it increased to 1.8% in third quarter 2008.

The Following Figure Shows the Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2008:

**Figure 1: Quarterly GDP Trend Line in the Remaining West Bank and Gaza Strip for the Years 2005-2008**







## 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.

**Remaining West Bank**

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

**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..

:(1)

1997 : 2008

**Table (1): GDP and Percentage Contribution in the Remaining West Bank and Gaza Strip by Economic Activity, Third Quarter 2008 at Constant Prices: (1997 is the Base Year)**

Value in million US\$

Economic Activity	(%) Percentage Contribution(%)	GDP*	
<b>Agriculture and fishing</b>	<b>5.4</b>	<b>54.4</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>13.2</b>	<b>132.6</b>	
Mining and quarrying	0.4	4.1	
Manufacturing	11.0	110.7	
Electricity and water supply	1.8	17.8	
<b>Construction</b>	<b>1.6</b>	<b>16.4</b>	
<b>Wholesale and retail trade</b>	<b>10.4</b>	<b>104.9</b>	
<b>Transport, Storage and Communications</b>	<b>8.9</b>	<b>90.4</b>	
<b>Financial intermediation</b>	<b>5.2</b>	<b>52.3</b>	
<b>Other services</b>	<b>23.5</b>	<b>237.4</b>	
Real estate, renting and business services	8.4	84.6	
Community, social and personal services	1.0	10.6	
Hotels and restaurants	2.6	26.3	
Education	8.3	83.4	
Health and social work	3.2	32.5	
<b>Public administration and defense</b>	<b>12.2</b>	<b>122.9</b>	
<b>Households with employed persons</b>	<b>0.2</b>	<b>2.0</b>	
Less: FISIM	-3.6	-35.3	:
Plus: Customs duties	8.0	81.4	:
Plus: VAT on imports, net	15.0	151.3	:
<b>Quarterly Gross Domestic Product</b>	<b>100</b>	<b>1,010.7</b>	

\* Flash Estimates

( )

\*

1997

:

2008 - 2007

:(2)

**Table (2): GDP in the Remaining West Bank and Gaza Strip by Economic Activity and Quarter for the Years 2007-2008 at Constant Prices:  
(1997 is the Base Year)**

Value in million US\$

Economic Activity	2008			2007				
	* Q III	** Q II	*** Q I	Q IV	Q III	Q II	Q I	
<b>Agriculture and fishing</b>	<b>54.4</b>	<b>71.3</b>	<b>67.7</b>	<b>82.3</b>	<b>85.5</b>	<b>96.3</b>	<b>76.7</b>	
<b>Mining, manufacturing, electr. and water</b>	<b>132.6</b>	<b>131.6</b>	<b>130.3</b>	<b>131.3</b>	<b>131.1</b>	<b>132.1</b>	<b>132.8</b>	
Mining and quarrying	4.1	4.5	4.3	5.3	5.4	5.5	5.1	
Manufacturing	110.7	109.5	108.6	108.6	108.3	109.1	110.0	
Electricity and water supply	17.8	17.6	17.4	17.4	17.4	17.5	17.7	
<b>Construction</b>	<b>16.4</b>	<b>16.8</b>	<b>16.4</b>	<b>21.5</b>	<b>25.2</b>	<b>30.4</b>	<b>26.7</b>	
<b>Wholesale and retail trade</b>	<b>104.9</b>	<b>105.3</b>	<b>113.6</b>	<b>104.5</b>	<b>104.2</b>	<b>104.5</b>	<b>98.3</b>	
<b>Transport, Storage and Communications</b>	<b>90.4</b>	<b>81.9</b>	<b>92.8</b>	<b>126.7</b>	<b>126.6</b>	<b>112.6</b>	<b>112.6</b>	
<b>Financial intermediation</b>	<b>52.3</b>	<b>50.4</b>	<b>47.6</b>	<b>50.9</b>	<b>48.7</b>	<b>47.6</b>	<b>45.3</b>	
<b>Other services</b>	<b>237.4</b>	<b>254.7</b>	<b>246.7</b>	<b>255.8</b>	<b>252.5</b>	<b>230.9</b>	<b>166.9</b>	
Real estate, renting and business services	84.6	96.6	95.7	99.7	98.5	89.3	55.7	
Community, social and personal services	10.6	13.2	13.2	12.2	10.6	10.6	10.5	
Hotels and restaurants	26.3	32.0	25.4	19.5	22.0	16.2	10.1	
Education	83.4	82.2	83.8	87.7	85.4	80.7	61.0	
Health and social work	32.5	30.7	28.6	36.7	36.0	34.1	29.6	
<b>Public administration and defense</b>	<b>122.9</b>	<b>129.8</b>	<b>136.2</b>	<b>148.4</b>	<b>132.1</b>	<b>145.0</b>	<b>144.5</b>	
<b>Households with employed persons</b>	<b>2.0</b>	<b>2.5</b>	<b>2.5</b>	<b>2.3</b>	<b>2.1</b>	<b>2.1</b>	<b>2.1</b>	
Less: FISIM	-35.3	-34.7	-34.3	-36.3	-35.0	-34.8	-33.7	:
Plus: Customs duties	81.4	69.2	62.9	76.9	76.0	68.3	62.9	:
Plus: VAT on imports, net	151.3	149.8	138.7	84.7	99.1	127.5	138.7	:
<b>Gross Domestic Product</b>	<b>1,010.7</b>	<b>1,028.6</b>	<b>1,021.1</b>	<b>1,049.0</b>	<b>1,048.1</b>	<b>1,062.5</b>	<b>973.8</b>	

\* Flash Estimates \*\* First Revision \*\*\* Second Revision

\*\*\* \*\* ( ) \*

1997 : 2008 -2007

:(3)

**Table (3): Percentage Contribution to GDP in the Remaining West Bank and Gaza Strip by Economic Activity and Quarter for the Years 2007-2008 at Constant Prices: (1997 is the Base Year)**

Economic Activity	2008			2007				
	*	**	***					
	Q III	Q II	Q I	Q IV	Q III	Q II	Q I	
<b>Agriculture and fishing</b>	5.4	6.9	6.6	7.8	8.2	9.1	7.9	
<b>Mining, manufacturing, electr. and water</b>	13.2	12.8	12.7	12.5	12.5	12.4	13.6	
Mining and quarrying	0.4	0.4	0.4	0.5	0.5	0.5	0.5	
Manufacturing	11.0	10.7	10.6	10.4	10.3	10.3	11.3	
Electricity and water supply	1.8	1.7	1.7	1.7	1.7	1.6	1.8	
<b>Construction</b>	1.6	1.6	1.6	2.0	2.4	2.9	2.7	
<b>Wholesale and retail trade</b>	10.4	10.2	11.1	10.0	9.9	9.8	10.1	
<b>Transport, Storage and Communications</b>	8.9	8.0	9.1	12.1	12.1	10.6	11.6	
<b>Financial intermediation</b>	5.2	4.9	4.7	4.9	4.6	4.5	4.7	
<b>Other services</b>	23.5	24.8	24.2	24.4	24.1	21.7	17.1	
Real estate, renting and business services	8.4	9.4	9.4	9.5	9.4	8.4	5.7	
Community, social and personal services	1.0	1.3	1.3	1.2	1.0	1.0	1.1	
Hotels and restaurants	2.6	3.1	2.5	1.9	2.1	1.5	1.0	
Education	8.3	8.0	8.2	8.4	8.1	7.6	6.3	
Health and social work	3.2	3.0	2.8	3.5	3.4	3.2	3.0	
<b>Public administration and defense</b>	12.2	12.6	13.4	14.1	12.6	13.6	14.8	
<b>Households with employed persons</b>	0.2	0.2	0.2	0.2	0.2	0.2	0.2	
Less: FISIM	-3.6	-3.4	-3.4	-3.5	-3.3	-3.3	-3.5	:
Plus: Customs duties	8.0	6.7	6.2	7.3	7.2	6.4	6.5	:
Plus: VAT on imports, net	15.0	14.7	13.6	8.1	9.5	12.0	14.2	:
<b>Gross Domestic Product</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	

\* Flash Estimates \*\* First Revision \*\*\* Second Revision

\*\*\* \*\* ( ) \*

1997 : 2008-2007 : (4)

**Table (4): GDP Per Capita by the Quarters of Years 2007- 2008 at Constant Prices:  
(1997 is the Base Year)**

Value in US\$

Quarter \ Year	2008	2007	
First Quarter	***285.7	274.5	
Second Quarter	**285.8	301.5	
Third Quarter	*278.8	299.5	
Fourth Quarter	-	301.9	
<b>Annual Estimate</b>	-	<b>1,177.4</b>	

(-) Data is not available

\* Flash Estimates

\*\* First Revision

\*\*\* Second Revision

(-)

\*

\*\*

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1997

:

2007 -1999

:(5)

**Table (5): GDP in the Remaining West Bank and Gaza Strip by Economic Activity for the Years 1999- 2007 at Constant Prices:  
(1997 is the Base Year)**

Value in million US\$

Economic Activity	**2007	*2006	2005	2004	2003	2002	2001	2000	1999
<b>Agriculture and fishing</b>	<b>340.8</b>	<b>334.0</b>	<b>289.8</b>	<b>338.6</b>	<b>297.6</b>	<b>251.3</b>	<b>340.8</b>	<b>403.6</b>	<b>470.7</b>
<b>Mining, manufacturing, electr. and water</b>	<b>527.3</b>	<b>531.1</b>	<b>698.4</b>	<b>736.5</b>	<b>657.8</b>	<b>534.7</b>	<b>616.8</b>	<b>545.6</b>	<b>655.5</b>
Mining and quarrying	21.3	18.0	61.6	64.9	45.9	25.2	21.2	23.8	35.7
Manufacturing	436.0	444.0	495.8	531.2	470.7	385.9	471.7	472.4	566.4
Electricity and water supply	70.0	69.1	141.0	140.4	141.2	123.6	123.9	49.4	53.4
<b>Construction</b>	<b>103.8</b>	<b>104.0</b>	<b>343.6</b>	<b>288.0</b>	<b>187.2</b>	<b>127.7</b>	<b>205.4</b>	<b>366.3</b>	<b>616.9</b>
<b>Wholesale and retail trade</b>	<b>411.6</b>	<b>382.7</b>	<b>421.4</b>	<b>404.2</b>	<b>385.4</b>	<b>408.9</b>	<b>382.8</b>	<b>504.9</b>	<b>537.8</b>
<b>Transport, Storage and Communications</b>	<b>478.5</b>	<b>466.0</b>	<b>247.3</b>	<b>238.5</b>	<b>229.9</b>	<b>183.9</b>	<b>209.4</b>	<b>221.0</b>	<b>231.0</b>
<b>Financial intermediation</b>	<b>192.5</b>	<b>186.7</b>	<b>215.8</b>	<b>159.0</b>	<b>154.2</b>	<b>136.3</b>	<b>134.4</b>	<b>181.7</b>	<b>169.1</b>
<b>Other services</b>	<b>906.1</b>	<b>940.2</b>	<b>1,036.2</b>	<b>946.6</b>	<b>927.9</b>	<b>862.6</b>	<b>896.1</b>	<b>1,050.4</b>	<b>990.8</b>
Real estate, renting and business services	343.2	447.8	427.6	411.1	396.3	376.1	404.1	534.0	444.3
Community, social and personal services	43.9	43.6	67.1	52.5	51.6	33.5	28.6	29.9	28.3
Hotels and restaurants	67.8	67.0	75.4	61.6	73.0	84.2	87.7	136.0	128.0
Education	314.8	255.3	342.1	295.3	284.7	260.9	269.4	242.2	262.4
Health and social work	136.4	126.5	124.0	126.1	122.3	107.9	106.3	108.3	127.8
<b>Public administration and defense</b>	<b>570.0</b>	<b>552.7</b>	<b>751.7</b>	<b>693.5</b>	<b>633.6</b>	<b>545.6</b>	<b>663.7</b>	<b>518.4</b>	<b>497.7</b>
<b>Households with employed persons</b>	<b>8.6</b>	<b>8.7</b>	<b>2.3</b>	<b>3.6</b>	<b>8.2</b>	<b>7.4</b>	<b>7.5</b>	<b>9.3</b>	<b>8.7</b>
Less: FISIM	-139.8	-138.3	-121.4	-117.5	-114.3	-99.6	-114.3	-154.3	129.5-
Plus: Customs duties	284.0	284.9	230.3	173.4	166.5	87.4	170.0	196.7	208.6
Plus: VAT on imports, net	450.0	454.3	363.4	332.3	215.6	217.9	252.6	274.9	254.4
<b>Gross Domestic Product</b>	<b>4,133.4</b>	<b>4,107.0</b>	<b>4,478.8</b>	<b>4,196.7</b>	<b>3,749.6</b>	<b>3,264.1</b>	<b>3,765.2</b>	<b>4,118.5</b>	<b>4,511.7</b>

\* Second Revision \*\* First Revision

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