



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

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

News Release on the Survey Results

November, 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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News Release
Main Findings of the Survey of the Perceptions of the Owners/ managers of the
Active Industrial Enterprises Regarding the Economic Situation,
Third Quarter 2011

1. Performance of industrial enterprises in the Third Quarter 2011

1-1 Overall performance

According to 26.8% of the owners/ managers of the industrial enterprises (28.0% for the West Bank and 21.1% for Gaza Strip) the overall performance of their enterprises during the third quarter 2011 has improved from what it was during the second quarter 2011.

1-2 Financial conditions

On the other hand, the results showed that 22.0% of the owners/ managers of industrial enterprises (22.2% in the West Bank and 21.1% in Gaza Strip) believe that the financial situation improved during the third quarter 2011 compared with the second quarter 2011.

1-3 Borrowing and financing

Survey results show weak borrowing by the active industrial enterprises from operating banks in the Palestinian Territory during the third quarter 2011, 96.4% of the owners of industrial enterprises stated that they refrained from borrowing from the operating banks, while 2.7% of them did apply for bank loans only one time. While the percentage of enterprises that borrowed more than one time was 0.9%.

2. Challenges

2-1 Changes in sales level

The expectations of 60.1% 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 third quarter 2011, (53.4% in the West Bank, 80.0% in Gaza Strip).

2-2 Exports hindrance

The owners/ managers of the active industrial enterprises during the third quarter 2011 indicated a number of difficulties that hinder exports. About 85.1% of the owners/ managers of the exporting enterprises in the West Bank indicated that Commitment to international market requirements is considered to have the largest negative impact on export activities, while 85.0% believed that the Compliance to quantity demanded and delivery time, is an additional obstacle.

2-3 Local and external competition

In the Palestinian Territory, 93.4% of the owners/ managers of the active industrial enterprises (92.0% for the West Bank and 100.0% for Gaza Strip) indicated that the main product of their enterprises faced local and foreign competition.

According to 56.7% of the owners/ managers of the active industrial enterprises in the Palestinian Territory, the main product faced local competition. On the other hand, 10.5% of the owners of the industrial enterprises indicated that their main product faced foreign

competition, whereas 32.8% of the owners/ managers of the industrial enterprises indicated that their main product faced both types of competition.

3. Expectations for the Fourth Quarter 2011

The expectations of the owners/ managers of the active industrial enterprises in the fourth quarter 2011, show that 26.3% expected improvement in their situation in general. The expectations in the Palestinian Territory concerning production situation indicate that 25.2% foresee increase during fourth quarter 2011 (25.2% in the West Bank and 25.0% in Gaza Strip). The results show that 25.6% of the owners/ managers of the industrial enterprises in the Palestinian Territory expected increase of sales in the fourth quarter (25.8% for the West Bank and 25.0% for Gaza Strip).

4. Level of satisfaction with services provided:

Regarding level of services provided by private and governmental enterprises during the third quarter 2011, results indicated 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, 69.8% of the owners/ managers of industrial enterprises in the Palestinian Territory were satisfied for services related to the transport and communications (77.9% for the West Bank and 31.6% for Gaza Strip). Regarding water supply services, about 67.8% of the owners and managers of industrial enterprises in the Palestinian Territory indicated satisfaction on the services provided, (73.7% for the West Bank and 39.5% for Gaza Strip).

4.2 The judicial system and conflict resolution

The results showed that 80.2% of the owners/ managers of industrial enterprises in the Palestinian Territory are satisfied with the fairness of the police on issues related to their enterprises (87.6% for the West Bank and 44.7% for Gaza Strip), while 62.6% of owners/managers were satisfied on the effectiveness of the Palestinian courts (67.4% in the West Bank, 39.5% in Gaza Strip).

4.3 Facilities

Regarding facilities provided by government institutions to obtain the necessary permits and licenses, the results indicated that 57.9% of the owners/ managers of industrial enterprises in the Palestinian Territory were satisfied to facilities provided (64.3% for the West Bank and 27.6% for Gaza Strip), while 17.6% of owners/managers were satisfied on the Providing information to enterprises in the Palestinian Territory (21.3% for the West Bank and 0.0% for Gaza Strip). Regarding Promotion of policies that serve the development of institutions, about 15.6% of the owners and managers of industrial enterprises in the Palestinian Territory were satisfied to facilities provided (18.6% for the West Bank and 1.3% for Gaza Strip).

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

Indicator	Region		
	Gaza Strip	West Bank	Palestinian Territory
Enterprise's performance in general	21.1	28.0	26.8
Production situation	21.1	26.9	25.9
Employees' productivity	21.1	20.2	20.4
Obtaining needed raw materials and inputs	19.7	13.9	14.9
Regularity of work	21.1	16.1	16.9
Transporting finished goods to market	21.1	14.2	15.4
Financial situations	21.1	22.2	22.0
Banks' credits & facilities	-	5.8	4.8
Value of sales	21.1	25.2	24.5

(-) No Observations in the Sample

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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 Third Quarter 2011 Compared to the Second Quarter 2011 in the Palestinian Territory

Indicator	Total	Not Applicable	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.0	25.2	48.0	26.8	
Production situation	100	0.0	25.9	48.2	25.9	
Employees' productivity	100	0.0	19.2	60.4	20.4	
Obtaining needed raw materials and inputs	100	0.0	17.4	67.7	14.9	
Regularity of work	100	0.0	17.6	65.5	16.9	
Transporting finished goods to market	100	6.2	17.9	60.5	15.4	
Financial situations	100	0.0	31.8	46.2	22.0	
Banks' credits & facilities	100	58.6	6.4	30.2	4.8	
Value of sales	100	0.0	27.5	48.0	24.5	

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

Reason	Gaza Strip	West Bank	Palestinian Territory	
Difficulties in exporting finished goods	-	4.4	3.3	
Decline in consumer's purchasing power	80.0	53.4	60.1	
Obstacles related to Marketing of Products	-	-	-	()
Competing products	33.3	8.9	7.5	
Reasons Related Seasonally	16.7	11.1	12.5	
Military check points/Israeli actions/ closures	-	7.8	5.8	/ /
Lack of capital needed for the development of the institution	-	3.3	2.5	
Higher fees and taxes	-	-	-	
The instability of government systems (political instability)	-	3.3	2.5	()
Lack of trained workers	-	-	-	
Other	-	7.8	5.8	
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 Third Quarter 2011 by Region

Existence of competing products	Gaza Strip	West Bank	Palestinian Territory	
There is competition	100.0	92.0	93.4	
There is no competition	0.0	8.0	6.6	
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 Third Quarter 2011 by Region

Type of Competition	Gaza Strip	West Bank	Palestinian Territory	
Local	60.6	55.9	56.7	
Foreign	3.9	12.0	10.5	
Both	35.5	32.1	32.8	
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 Fourth Quarter 2011 Compared to the Third Quarter 2011 by Region

Indicator	Gaza Strip	West Bank	Palestinian Territory	
Enterprise's performance in general	25.0	26.6	26.3	
Production situation	25.0	25.2	25.2	
Volume of sales	25.0	25.8	25.6	
Employees' productivity	25.0	19.9	20.8	
Obtaining needed raw materials and inputs	25.0	13.3	15.3	
Regularity of work	25.0	12.2	14.4	
Transporting finished goods to market	25.0	16.9	18.3	
Financial situations	25.0	21.3	22.0	
Banks' credits & facilities	2.6	8.3	7.3	

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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 Fourth Quarter 2011 Compared to the Third Quarter 2011 in the Palestinian Territory

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	2.5	31.6	39.6	26.3	
Production situation	100	2.5	32.5	39.8	25.2	
Volume of sales	100	3.9	34.3	36.2	25.6	
Employees productivity	100	2.1	22.9	54.2	20.8	
Obtaining needed raw materials and inputs	100	7.1	21.7	55.9	15.3	
Regularity of work	100	12.8	23.6	49.2	14.4	
Transporting finished goods to market	100	11.7	22.5	47.5	18.3	
Financial situations	100	12.4	34.5	31.1	22.0	
Banks credits & facilities	100	55.2	7.3	30.2	7.3	

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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 Third Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Infrastructure and facilities							
Electricity supply	Palestinian Territory	100	0.5	35.4	64.1		
	West bank	100	0.3	22.7	77.0		
	Gaza strip	100	1.3	96.1	2.6		
Water supply	Palestinian Territory	100	2.3	29.9	67.8		
	West bank	100	1.7	24.6	73.7		
	Gaza strip	100	5.3	55.2	39.5		
The quality of roads	Palestinian Territory	100	0.9	38.1	61.0		
	West bank	100	0.6	29.8	69.6		
	Gaza strip	100	2.6	77.7	19.7		
Transport and Communications	Palestinian Territory	100	3.0	27.2	69.8		
	West bank	100	1.9	20.2	77.9		
	Gaza strip	100	7.9	60.5	31.6		
Access to industrial areas	Palestinian Territory	100	25.1	19.8	55.1		
	West bank	100	14.5	20.3	65.2		
	Gaza strip	100	75.0	17.1	7.9		
The judicial system and conflict resolution							
Fairness of the police	Palestinian Territory	100	7.5	12.3	80.2		
	West bank	100	5.5	6.9	87.6		
	Gaza strip	100	17.1	38.2	44.7		
Effectiveness of the courts	Palestinian Territory	100	13.9	23.5	62.6		
	West bank	100	10.8	21.8	67.4		
	Gaza strip	100	28.9	31.6	39.5		

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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 Third Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Facilities							
To obtain the necessary permits and licenses	Palestinian Territory	100	26.5	15.6	57.9		
	West bank	100	21.3	14.4	64.3		
	Gaza strip	100	51.3	21.1	27.6		
Providing information to enterprises	Palestinian Territory	100	62.5	19.9	17.6		
	West bank	100	56.3	22.4	21.3		
	Gaza strip	100	92.1	7.9	0.0		
Promotion of policies that serve the development of institutions	Palestinian Territory	100	65.4	19.0	15.6		
	West bank	100	60.1	21.3	18.6		
	Gaza strip	100	90.8	7.9	1.3		
Laws and regulations							
Tax rate	Palestinian Territory	100	9.6	37.7	52.7		
	West bank	100	7.5	30.9	61.6		
	Gaza strip	100	19.7	69.8	10.5		
Tax administration	Palestinian Territory	100	12.6	32.4	55.0		
	West bank	100	10.2	26.0	63.8		
	Gaza strip	100	23.7	63.1	13.2		
Licenses and permits	Palestinian Territory	100	10.5	21.0	68.5		
	West bank	100	5.8	18.0	76.2		
	Gaza strip	100	32.9	35.5	31.6		

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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 Third Quarter 2011 by Region

Kind of Service	Region	المجموع	Don't Know	Not-satisfied	satisfied		
		ع Total					
Labor laws	Palestinian Territory	100	11.2	19.9	68.9		
	West bank	100	6.4	17.1	76.5		
	Gaza strip	100	34.2	32.9	32.9		
Services							
Telecommunications	Palestinian Territory	100	10.3	6.2	83.5		
	West bank	100	7.5	4.1	88.4		
	Gaza strip	100	23.7	15.8	60.5		
Internet Service	Palestinian Territory	100	33.8	9.8	56.4		
	West bank	100	32.3	9.4	58.3		
	Gaza strip	100	40.8	11.8	47.4		
Access to governmental consulting and training	Palestinian Territory	100	71.5	18.5	10.0		
	West bank	100	67.1	20.7	12.2		
	Gaza strip	100	92.1	7.9	0.0		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestinian Territory	100	70.8	17.8	11.4)
	West bank	100	65.6	20.8	13.6		(.....
	Gaza strip	100	94.8	3.9	1.3		

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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 Third Quarter 2011 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
No loan request	97.4	96.1	96.4	
Once	2.6	2.8	2.7	
2 or more	0.0	1.1	0.9	2
Total	100	100	100	

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Table 9: Percentage Distribution of the Frequency of Accepted and Rejected Loans From the Banks which Requested by the Owners/Managers of the Active Industrial Enterprises During the Third Quarter 2011 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
The loan was accepted	0.0	69.2	60.0	
The loan was rejected	100.0	15.4	26.7	
No answer yet	0.0	15.4	13.3	
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 Third Quarter 2011 by Region

Reason for Refusal	Gaza Strip	West Bank	Palestinian Territory	
Insufficient guarantees on the quality and quantity	0.0	100.0	50.0	
High business risk from the viewpoint of funding enterprise	50.0	0.0	25.0	
I don't know	50.0	0.0	25.0	
Total	100	100	100	

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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 in the West Bank during the Third Quarter 2011

Problems	المجموع Total	Don't Know	No difficulty	There's a difficulty
Commitment to international market requirements	100	0.9	14.0	85.1
Price competition in the export market	100	0.0	23.4	76.6
Compliance to quantity demanded and delivery time	100	0.0	15.0	85.0
Marketing ability	100	8.4	20.6	71.0
Regular delivery of raw materials	100	0.0	40.2	59.8
Regular achievement of export	100	1.9	41.1	57.0
Palestinian export regulation and licensing	100	3.7	16.8	79.5
Information access to the foreign market	100	7.5	31.8	60.7
Traveling problems imposed on entering foreign markets	100	1.9	41.1	57.0
Customer payment guarantee	100	1.9	59.8	38.3
Closing entries	100	0.9	78.5	20.6

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Table 12: Mechanism of Finding Customers in the Export Market used by Active Industrial Enterprises in the West Bank during the Third Quarter 2011 (Percentage)

Approaching Customers	West Bank	
Market research	39.3	
Information gathered from chamber of Commerce industrial union etc...	22.4	
Participate in international exhibitions and organized business missions	37.4	
Self-organized visits to the export market	55.1	
Personal relationships and contacts	96.3	
Through internet	24.3	
Customer self initiative	78.5	