

Palestinian National Authority
Palestinian Central Bureau of Statistics

Press Release
Preliminary Estimates of Quarterly National Accounts
(Second Quarter 2007)

September, 2007

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Population, Housing and Establishment Census- 2007

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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 2007 represents preliminary estimates (flash estimates) issued for the first time in accordance with the estimated short-term indicators; whereas the data related to the first quarter of the year 2007 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 second quarter of the year 2007 reached to 19.2% recorded a decrease by 11.1% compared with the first quarter of the year 2007. The unemployment rate recorded a decrease by 16.2% during the second quarter 2007 compared with the similar quarter of the previous year 2006. The unemployment rate for the full year 2006 was 23.6% compared with 23.5% in 2005.
- PCBS also indicates that the data related to Government (Education, Health in addition to the Public Administration and Defense) valued by the Accrual Bases based on the recommendations of the System of National Accounts issued by the UN, whereas the public sector employee's have returned to their jobs based on the contract between public employees union and the government.
- The data for the second quarter of the year 2007 pertaining the Custom duties and the Value added tax on imports is first estimates depend on estimation for the first quarter 2007, it will be revised when we obtain the data from the ministry of finance in Accrual Bases based on the recommendations of the System of National Accounts issued by the UN.
- Comparisons between both the first and second quarter 2007 is misleading because of the special situation that the first quarter 2007 suffering from, specially the strike of the public employees, so we would like to indicate that comparisons must be between the second quarter 2007 and the parallel quarters of the previous years.

Press Release
Preliminary Estimates of Quarterly National Accounts
(Second Quarter 2007).

General recovery in the main macroeconomic indicators based on the preliminary estimates of the GDP during the second quarter 2007

In the Second Quarter 2007, GDP increased by 6.5% compared with the First Quarter 2007, but it is still lower than its general level compared with the parallel quarter of the year 2005,2006

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 (First Quarter 2007) and the parallel quarter of the previous year 2006 (Second Quarter 2006).

Increase in GDP during the Second Quarter 2007 compared to the first quarter 2007

The preliminary estimates at constant prices for the second quarter 2007 shows increases in the performance of the economy in Remaining West Bank and Gaza Strip. Meanwhile the GDP estimates decreased during the first quarter of 2007 by 0.2% compared with the fourth quarter 2006 based on the first revision for the data, the second quarter 2007 shows an increase by 6.5% compared with the first quarter 2007, and showed a decrease of 4.9% and 7.9% compared to the second quarter of the year 2006, 2005 consequently at constant prices.

The estimates refers also to increases in the main economic activities within the available short term indicators for each activity. There were increases in the agriculture, mining and quarrying, construction, wholesale and retail trade, financial intermediation, real estate, renting and business services, community, social and personal services, hotels and restaurants, education, health and social work, public administration and defense, households with employed persons activity.

In addition, the preliminary estimates for the Gross Domestic Product per capita for Remaining West Bank and Gaza Strip during the second quarter 2007 was 272.4 US\$ which increased by 5.7% compared with the first quarter 2007, while it showed a decrease of 8.0% compared with the same quarter of the year 2006.

Performance of Main Economic Activities

The performance of different activities during the second quarter of the year 2007 compared to both the first quarter of the year 2007 and the same quarter of the previous year was as follows:

- The gross value added for **Agriculture** activity increased by 12.8% during the second quarter of 2007 in relation to the first quarter of the year 2007; however, when compared to the same quarter of the year 2006, this activity recorded a increase by 12.2%.
- The gross value added for **Mining, manufacturing, water and electricity** activities in Remaining West Bank and Gaza Strip decreased during the second quarter 2007 compared to the first quarter of the year 2007 by 0.2%, while it decreased by 5.4% compared to the second quarter of the year 2006.

- The gross value added for **Construction** activity increased by 13.9% during the second quarter of the year 2007 compared to the first quarter 2007, while it increased by 8.2% compared to the same quarter of the year 2006.
- The gross value added increased for **Wholesale and Retail Trade** by 6.3% compared to the first quarter of the year 2007; however, when compared to the same quarter of the year 2006, this activity recorded a increase by 13.3%.
- The gross value added for **Transport** decreased during the second quarter of the year 2007 by 3.0% compared to the first quarter of 2007. while it increased by 2.3% compared to the second quarter of the year 2006.
- The gross value added for **Financial Intermediation** activity increased during the second quarter 2007 compared to the first quarter of the year 2007 by 0.9%, while it increased by 1.9% compared to the second quarter of the year 2006.
- The gross value added for **Real estate, renting and business services** activity increased during the second quarter 2007 compared to the first quarter of the year 2007 by 9.5%, and decreased by 22.8% compared to the second quarter of the year 2006.
- The gross value added for **Community, social and personal services** activity increased during the second quarter 2007 compared to the first quarter of the year 2007 by 1.9%, and decreased by 1.9% compared to the second quarter of the year 2006.
- The gross value added for **Hotels** increased by 24.9% compared to the first quarter of the year 2007, and showed a decrease of 3.9% compared to the parallel quarter of the year 2006.
- The gross value added for **Education** increased during the second quarter of the year 2007 by 32.1% compared to the first quarter of the year 2007, while it increased by 1.3% compared to the second quarter of the year 2006.
- The gross value added for **Health** increased during the second quarter of the year 2007 by 15.2% compared to the first quarter of the year 2007, while it showed a decrease of 13.9% compared to the second quarter of the year 2006.
- The gross value added for **Public Administration and Defense** increased by 9.2% during the second quarter of the year 2007 compared to the first quarter of the year 2007, and decreased by 0.3% compared to the parallel quarter of the year 2006.

Percentage Contribution for Economic Activity to Quarterly GDP:

The percentage contribution for economic activity to the quarterly GDP were affected in short term (compared with first quarter 2007 and parallel quarter of the year 2006), Real estate, renting and business services activity decreased from (10.1%) in the second quarter of 2006 to (8.0%) in the first quarter of 2007, then it increased to (8.2%) in the second quarter of 2007. Education activity decreased from (7.4%) in the second quarter of 2006 to (6.4%) in the first quarter of 2007, then it increased to (7.9%) in the second quarter of 2007. Health and social work activity decreased from (3.7%) in the second quarter of 2006 to (3.1%) in the first quarter of 2007, then it increased to (3.3%) in the second quarter of 2007. Hotels and

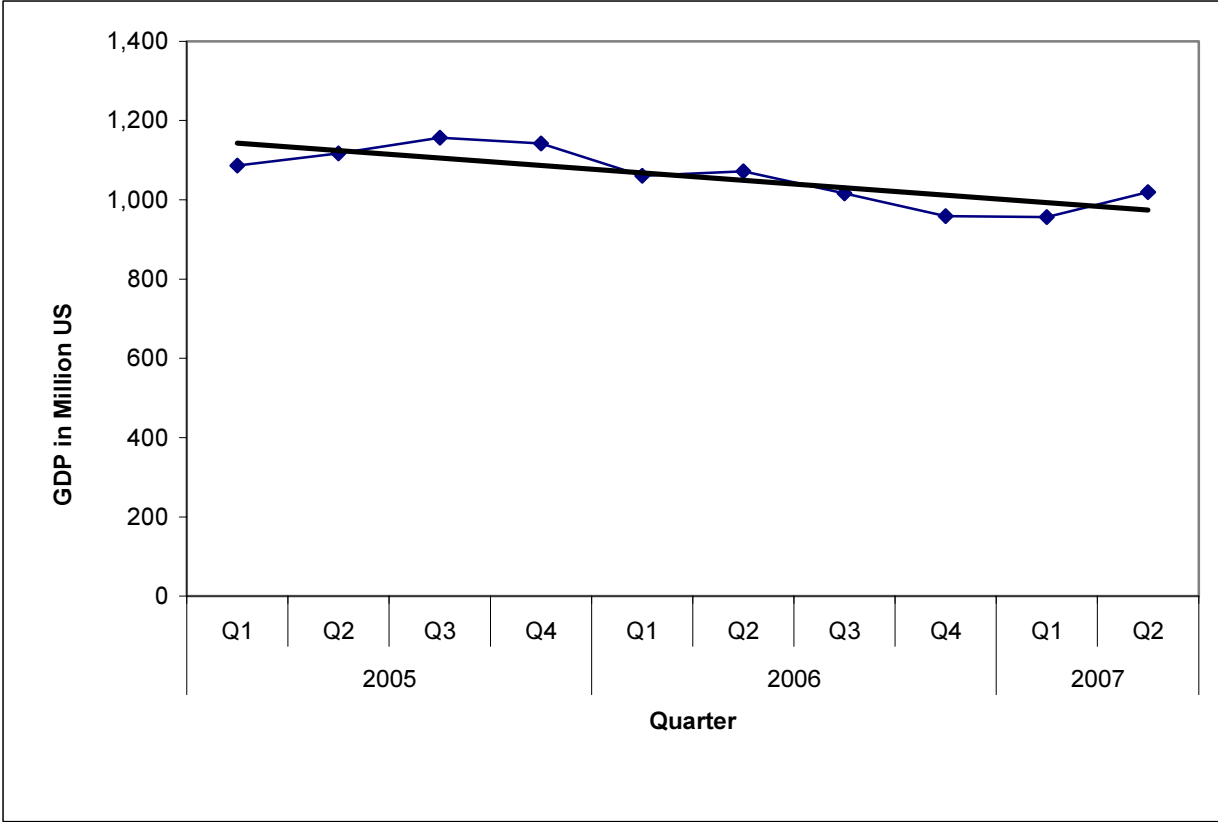
restaurants activity decreased from (2.1%) in the second quarter of 2006 to (1.8%) in the first quarter of 2007, then it increased to (2.2%) in the second quarter of 2007.

On the other hand Transport, Storage and Communications activity increased from (10.7%) in the second quarter 2006 to (12.6%) in the first quarter of 2007, then it decreased to (11.5%) in the second quarter of 2007. Wholesale and retail trade activity increased from (8.8%) in the second quarter of 2006 to (10.5%) in the first quarter of 2007, then it decreased to (10.4%) in the second quarter of 2007. Manufacturing activity increased from (10.3%) in the second quarter of 2006 to (10.9%) in the first quarter of 2007, then it decreased to (10.2%) in the second quarter of 2007. Financial intermediation activity increased from (4.3%) in the second quarter of 2006 to (4.9%) in the first quarter of 2007, then it decreased to (4.6%) in the second quarter of 2007. Electricity and water supply activity increased from (1.6%) in the second quarter of 2006 to (1.7%) in the first quarter of 2007, then it decreased to (1.6%) in the second quarter of 2007, Community, social and personal services activities increased from (1.0%) in the second quarter of 2006 to (1.1%) in the first quarter of 2007, then it decreased to (1.0%) in the second quarter of 2007.

On the other hand Public administration and defense activity contribution increased from (14.2%) in the second quarter of 2006 to (14.5%) in the first quarter of 2007, then this increases continued to reach (14.8%) in the second quarter of 2007. Agriculture and fishing activity contribution increased from (7.3%) in the second quarter of 2006 to (8.2%) in the first quarter of 2007, then this increases continued to reach (8.6%) in the second quarter of 2007. Construction activity contribution increased from (2.6%) in the second quarter of 2006 to (2.8%) in the first quarter of 2007, then this increases continued to reach (3.0%) in the second quarter of 2007, Mining and quarrying activity contribution increased from (0.4%) in the second quarter of 2006 to (0.5%) in the first quarter of 2007, then this increases continued to reach (0.6%) in the second quarter of 2007.

The Following Figure Shows the Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2007

Figure 1: Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2007



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.

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..

جدول (1): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2006، 2007 بالاسعار الثابتة: سنة الاساس 1997
Table (1): GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for the years 2006, 2007 at Constant Prices: (1997 is the base year)

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	2007		2006				النشاط الاقتصادي
	الربع الثاني* Q II	الربع الاول** Q I	الربع الرابع Q IV	الربع الثالث Q III	الربع الثاني Q II	الربع الاول Q I	
Agriculture and fishing	88.0	78.0	121.9	71.1	78.4	62.6	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	125.5	125.8	138.9	142.1	132.6	117.5	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	5.7	4.8	4.7	4.8	4.5	4.0	التعدين واستغلال المحاجر
Manufacturing	103.7	104.7	116.1	118.8	110.9	98.2	الصناعة التحويلية
Electricity and water supply	16.1	16.3	18.1	18.5	17.2	15.3	امدادات المياه والكهرباء
Construction	30.4	26.7	22.7	26.0	28.1	27.2	الانشاءات
Wholesale and retail trade	106.5	100.2	93.2	103.0	94.0	92.5	تجارة الجملة والتجزئة
Transport, Storage and Communications	116.8	120.4	115.0	115.5	114.2	121.3	النقل والتخزين والاتصالات
Financial intermediation	47.1	46.7	46.8	46.8	46.2	46.9	الوساطة المالية
Other services	230.9	195.0	193.0	229.8	261.2	256.2	الخدمات
Real estate, renting and business services	83.8	76.5	110.1	121.1	108.5	108.1	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	10.5	10.3	11.7	10.4	10.7	10.8	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	22.1	17.7	13.0	14.2	23.0	16.8	المطاعم والفنادق
Education	80.3	60.8	38.5	56.9	79.3	80.6	التعليم
Health and social work	34.2	29.7	19.7	27.2	39.7	39.9	الصحة والعمل الاجتماعي
Public administration and defense	151.3	138.5	97.5	138.0	151.7	165.5	الإدارة العامة والدفاع
Households with employed persons	2.2	2.1	2.3	2.1	2.1	2.2	الخدمات المنزلية
Less: FISIM	-33.1	-33.7	-35.3	-34.7	-33.9	-34.4	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	62.0	57.1	77.1	76.2	68.5	63.1	زائد: الرسوم الجمركية
Plus: VAT on imports, net	91.9	100.0	85.5	100.1	128.7	140.0	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	1,019.5	956.8	958.6	1,016.0	1,071.8	1,060.6	الناتج المحلي الاجمالي

* Flash Estimates

* تقديرات أولية (الإصدار الأول)

** First Revision

** التنقيح الأول

جدول (2): نسبة مساهمة الأنشطة الاقتصادية في الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2006، 2007 بالاسعار الثابتة: سنة الاساس 1997
 Table (2): Percentage Contribution to GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for years 2006, 2007 at Constant Prices: (1997 is the base year)

Economic Activity	2007		2006				النشاط الاقتصادي
	الربع الثاني* Q II	الربع الاول** Q I	الربع الرابع Q IV	الربع الثالث Q III	الربع الثاني Q II	الربع الاول Q I	
Agriculture and fishing	8.6	8.2	12.7	7.0	7.3	5.9	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	12.4	13.1	14.5	14.0	12.3	11.1	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	0.6	0.5	0.5	0.5	0.4	0.4	التعدين واستغلال المحاجر
Manufacturing	10.2	10.9	12.1	11.7	10.3	9.3	الصناعة التحويلية
Electricity and water supply	1.6	1.7	1.9	1.8	1.6	1.4	امدادات المياه والكهرباء
Construction	3.0	2.8	2.4	2.6	2.6	2.6	الانشاءات
Wholesale and retail trade	10.4	10.5	9.7	10.1	8.8	8.7	تجارة الجملة والتجزئة
Transport, Storage and Communications	11.5	12.6	12.0	11.4	10.7	11.4	النقل والتخزين والاتصالات
Financial intermediation	4.6	4.9	4.9	4.6	4.3	4.4	الوساطة المالية
Other services	22.6	20.4	20.2	22.6	24.3	24.2	الخدمات
Real estate, renting and business services	8.2	8.0	11.5	11.9	10.1	10.2	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	1.0	1.1	1.2	1.0	1.0	1.0	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	2.2	1.8	1.4	1.4	2.1	1.6	المطاعم والفنادق
Education	7.9	6.4	4.0	5.6	7.4	7.6	التعليم
Health and social work	3.3	3.1	2.1	2.7	3.7	3.8	الصحة والعمل الاجتماعي
Public administration and defense	14.8	14.5	10.2	13.6	14.2	15.6	الإدارة العامة والدفاع
Households with employed persons	0.2	0.2	0.2	0.2	0.2	0.2	الخدمات المنزلية
Less: FISIM	-3.2	-3.6	-3.7	-3.5	-3.2	-3.2	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	6.1	5.9	8.0	7.5	6.5	5.9	زائد: الرسوم الجمركية
Plus: VAT on imports, net	9.0	10.5	8.9	9.9	12.0	13.2	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	100	100	100	100	100	100	الناتج المحلي الاجمالي

* Flash Estimates

** First Revision

* تقديرات أولية (الإصدار الأول)

** التنقيح الأول

جدول (3): نصيب الفرد من الناتج المحلي الإجمالي خلال الأرباع الخاصة بالاعوام 2006، 2007 بالأسعار الثابتة: سنة الأساس 1997
 Table (3): GDP Per Capita by the Quarters of years 2006, 2007 at Constant Prices: (1997 is the base year)

Value in US\$

القيمة بالدولار الأمريكي

Quarter	Year	2007	2006	السنة	الربع
First Quarter		257.7	294.3		الربع الأول
Second Quarter		272.4	296.1		الربع الثاني
Third Quarter		-	278.3		الربع الثالث
Fourth Quarter		-	260.5		الربع الرابع
Annual Estimate		-	1,129.2		التقدير السنوي

(-) Data is not available

(-) البيانات غير متوفرة

جدول (4): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي للأعوام 1999-2006 بالاسعار الثابتة: سنة الاساس 1997

Table (4): GDP in Remaining West Bank and Gaza Strip by Economic Activity for the years 1999-2006 at Constant Prices: (1997 is the base year)

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	2006	2005	2004	2003	2002	2001	2000	1999	النشاط الاقتصادي
Agriculture and fishing	334.0	312.6	319.0	311.2	269.6	350.1	388.0	470.7	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	531.1	564.8	564.3	532.9	580.0	614.6	668.6	655.5	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	18.0	18.3	17.5	17.0	33.0	28.9	32.6	35.7	التعدين واستغلال المحاجر
Manufacturing	444.0	476.5	477.7	450.7	476.3	504.6	570.2	566.4	الصناعة التحويلية
Electricity and water supply	69.1	70.0	69.1	65.2	70.7	81.1	65.8	53.4	امدادات المياه والكهرباء
Construction	104.0	119.4	103.7	96.9	67.5	85.5	270.4	616.9	الانشاءات
Wholesale and retail trade	382.7	373.9	359.0	340.4	350.0	414.8	519.2	537.8	تجارة الجملة والتجزئة
Transport, Storage and Communications	466.0	461.5	444.4	392.0	349.6	317.3	292.5	231.0	النقل والتخزين والاتصالات
Financial intermediation	186.7	187.4	170.0	158.9	149.9	138.1	191.5	169.1	الوساطة المالية
Other services	940.2	1,100.2	1,047.2	1,002.5	899.1	994.6	1055.7	990.8	الخدمات
Real estate, renting and business services	447.8	446.8	428.9	404.1	392.7	444.6	566.7	444.3	الانشطة العقارية والاجارية والتجارية
Community, social and personal services	43.6	43.2	43.3	42.5	33.2	29.3	32.2	28.3	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	67.0	68.1	61.8	58.0	60.7	104.4	93.7	128.0	المطاعم والفنادق
Education	255.3	342.5	324.9	315.1	287.7	290.8	244.4	262.4	التعليم
Health and social work	126.5	199.6	188.3	182.8	124.8	125.5	118.7	127.8	الصحة والعمل الاجتماعي
Public administration and defense	552.7	796.1	736.4	694.7	578.1	628.9	559.3	497.7	الإدارة العامة والدفاع
Households with employed persons	8.7	8.5	8.6	8.4	8.2	7.7	9.1	8.7	الخدمات المنزلية
Less: FISIM	-138.3	-139.6	-124.9	-118.9	-109.6	-117.4	-154.4	-129.5	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	284.9	274.2	277.9	262.2	75.8	174.6	196.3	208.6	زائد: الرسوم الجمركية
Plus: VAT on imports, net	454.3	443.6	342.1	313.8	338.2	309.0	264.9	254.4	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	4,107.0	4,502.6	4,247.7	3,995.0	3,556.4	3,917.8	4,261.1	4,511.7	الناتج المحلي الاجمالي