



**State of Palestine
Palestinian Central Bureau of Statistics**

**Survey of the Perceptions of Owners / Managers of Active
Industrial Enterprises Regarding the Economic Situation
First Quarter 2013**

Report on the Survey Results

April 2013

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TABLES ARE PRINTED IN ARABIC FORMAT (FROM RIGHT TO LEFT).

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The Main Results

1. Performance of Industrial Enterprises in the First Quarter 2013

1.1 Overall performance

According to the owners/ managers of industrial enterprises, 13.1% indicated that the overall performance of their enterprises had improved during the first quarter of 2013 compared with the fourth quarter of 2012 (13.0% in West Bank and 14.0% in Gaza Strip).

1.2 Financial conditions

12.1% of owners/ managers of industrial enterprises believed that the financial situation improved during the first quarter of 2013 compared with the fourth quarter of 2012 (11.8% in West Bank and 14.0% in Gaza Strip).

1.3 Borrowing and financing

Survey results showed a weak borrowing by active industrial enterprises from banks operating in Palestine during the first quarter of 2013, 98.0% of owners of industrial enterprises stated that they refrained from borrowing from banks, while 1.3% of them had applied for a bank loan on one occasion and 0.7% of them borrowed on more than two occasions.

2. Challenges

2.1 Changes in the level of sales

37.4% of owners/ managers of active industrial enterprises in Palestine believed that the main reason for the decline in the level of sales was due to the decrease in consumer purchasing power in the first quarter 2013 (37.5% in West Bank and 36.8% in Gaza Strip). Also, 28.6% stated that seasonally accounted for the decline in sales (33.3% in the West Bank and 10.5% in Gaza Strip).

2.2 Obstacles to exports

The owners/ managers of active industrial enterprises in West Bank during the first quarter 2013 indicated a number of difficulties that hindered their ability to export goods. 92.5% of owners/ managers of export enterprises in West Bank indicated that Closure of entries and border crossings had the greatest negative impact on export activities, while 65.0% believed that Customer payment guarantee was an additional obstacle, 63.3% of the owners/ managers of active industrial enterprises indicated that traveling problems imposed on entering foreign markets was an additional difficulty that hindered their ability to export markets.

2.3 Local and external competition

In Palestine, 98.0% of owners/ managers of active industrial enterprises indicated that the main product manufactured by their enterprises faced competition of some kind by (97.7% in West Bank and 100% in Gaza Strip).

According to 52.3% of owners/ managers of active industrial enterprises, their main item of production faced local competition, while 9.0% of owners cited foreign competition. In addition, 38.7% of owners/ managers of industrial enterprises stated that their main product faced both local and foreign competition.

3. Expectations for the Second Quarter 2013

In regard to the expectations of owners/ managers of active industrial enterprises for the second quarter 2013, 36.4% expected an improvement in their situation in general by (33.2% in West Bank and 58.0% in Gaza Strip), meanwhile ,36.4% expected an increase in production level by (33.2% in West Bank and 58.0% in Gaza Strip), While 39.9% of the owners/ managers of industrial enterprises in Palestine expected an increase in sales level in the second quarter 2013 by (37.3% in West Bank and 58.0% in Gaza Strip).

4. Level of Satisfaction with Services Provided

There were variations in the level of satisfaction of owners/ managers of industrial enterprises regarding the services provided by private and governmental enterprises during the first quarter 2013 according to the type of service provided. The results were as follows:

4.1 Infrastructure and facilities

72.7% of owners/ managers of industrial enterprises in Palestine were satisfied with services related to Electricity supply services by (82.9% in West Bank and 2.0% in Gaza Strip). Around 67.7% of owners/ managers of industrial enterprises in Palestine indicated satisfaction with water supply by (74.6% in West Bank and 20.0% in Gaza Strip).

4.2 The judicial system and conflict resolution

The results showed that 88.1% of owners/ managers of industrial enterprises in Palestine are satisfied with the fairness of the police on issues related to their enterprises (90.2% in West Bank and 74.0% in Gaza Strip), while 74.5% of owners/managers were satisfied with the effectiveness of the Palestinian courts by (76.3% in West Bank and 62.0% in Gaza Strip).

4.3 Facilities

In relation to facilities provided by government institutions to obtain required permits and licenses, 56.3% of owners/ managers of industrial enterprises in Palestine were satisfied with the facilities provided by (58.1% in West Bank and 44.0% in Gaza Strip). In addition, 15.2% of owners/managers were satisfied with the information provided to enterprises in Palestine by (14.5% in West Bank and 20.0% in Gaza Strip). Regarding the promotion of policies to assist the development of institutions, 17.2% of owners/ managers of industrial enterprises in Palestine were satisfied by (16.8% in West Bank and 20.0% in Gaza Strip).

5. Obstacles to the expansion of production of industrial enterprises

The owners/ managers of active industrial enterprises during the first quarter 2013 indicated a number of obstacles that hindered the expansion of production. About 94.9% of owners/ managers of exporting enterprises in Palestine cited the difficult political situation as having the greatest negative impact on the expansion of production (95.7% in West Bank and 90.0% in Gaza Strip), while 94.2% believed that the small size of the Palestinian market is an additional obstacle at (93.6% in West Bank and 98.0% in Gaza Strip). 89.6% of the owners/ managers of active industrial enterprises indicates that Low level of income per capita in Palestine is an obstacle for the expansion of the production at (89.9% in West Bank and 88.0% in Gaza Strip).

6. Difficulties finding qualified employees

22.5% of owners/ managers of active industrial enterprises in Palestine revealed that they had difficulty in finding appropriate experience to the nature of the company in the first quarter 2013 (24.6% in West Bank and 8.0% in Gaza Strip). Also, 18.7% of owners/ managers of active industrial enterprises in Palestine revealed that they had difficulty in finding appropriate training to the nature of their company by (20.9% in West Bank and 4.0% in Gaza Strip), while 4.6% owners/ managers of active industrial enterprises in Palestine revealed that they had difficulty in finding appropriate academic specialization or training to the nature of the company at (4.6% in West Bank and 4.0% in Gaza Strip), 2.3% owners/ managers of active industrial enterprises in Palestine revealed that they had difficulty in finding an appropriate language specialists to the nature of the company (2.3% in West Bank and 2.0% in Gaza Strip).

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Table 1: Percentage of the Active Industrial Enterprises Witnessed Improvement in their Situation During the First Quarter 2013 Compared to the Fourth Quarter 2012 for the Main Indicators by Region

Indicator	Region			
	Gaza Strip	West Bank	Palestine	
Enterprise's performance in general	14.0	13.0	13.1	
Production situation	14.0	11.8	12.1	
Employees' productivity	14.0	8.4	9.1	
Obtaining needed raw materials and inputs	14.0	6.4	7.3	
Regularity of work	14.0	4.6	5.8	
Transporting finished goods to market	14.0	4.9	6.1	
Financial situations	14.0	11.8	12.1	
Banks' credits & facilities	4.0	1.4	1.8	
Value of sales	14.0	12.7	12.9	

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Table 2: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in Palestine According to Their Opinions of Main Indicators During the First Quarter 2013 Compared to the Fourth Quarter 2012

Indicator	Total	Applicable.Not	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.0	19.4	67.5	13.1	
Production situation	100	0.0	19.7	68.2	12.1	
Employees' productivity	100	0.0	14.6	76.3	9.1	
Obtaining needed raw materials and inputs	100	0.0	13.4	79.3	7.3	
Regularity of work	100	0.0	15.9	78.3	5.8	
Transporting finished goods to market	100	14.6	11.1	68.2	6.1	
Financial situations	100	0.0	24.5	63.4	12.1	
Banks' credits & facilities	100	56.3	2.5	39.4	1.8	
Value of sales	100	0.0	23.0	64.1	12.9	

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 First Quarter 2013

Reason	Gaza Strip	West Bank	Palestine	
Difficulties in exporting finished goods	5.3	11.1	9.9	
Decline in consumer's purchasing power	36.8	37.5	37.4	
Obstacles related to Marketing of Products	0.0	2.8	2.2	()
Competing products	15.8	4.2	6.6	
Reasons Related Seasonally	10.5	33.3	28.6	
Military check points/Israeli actions/ closures	0.0	5.6	4.4	/ /
Lack of capital needed for the development of the institution	0.0	1.4	1.1	
Higher fees and taxes	-	-	-	
The instability of government systems (political instability)	0.0	2.8	2.2	()
Lack of trained workers	-	-	-	
Other	31.6	1.3	7.6	
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 First Quarter 2013 by Region

Existence of competing products	Gaza Strip	West Bank	Palestine	
There is competition	100.0	97.7	98.0	
There is no competition	0.0	2.3	2.0	
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 First Quarter 2013 by Region

Type of Competition	Gaza Strip	West Bank	Palestine	
Local	52.0	52.4	52.3	
Foreign	6.0	9.5	9.0	
Both	42.0	38.1	38.7	
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 Second Quarter 2013 Compared to the First Quarter 2013 by Region

Indicator	Gaza Strip	West Bank	Palestine	
Enterprise's performance in general	58.0	33.2	36.4	
Production situation	58.0	33.2	36.4	
Volume of sales	58.0	37.3	39.9	
Employees' productivity	58.0	22.8	27.3	
Obtaining needed raw materials and inputs	58.0	15.6	21.0	
Regularity of work	58.0	19.9	24.7	
Transporting finished goods to market	58.0	20.2	25.0	
Financial situations	58.0	28.9	32.6	
Banks' credits & facilities	6.0	4.9	5.1	

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Table 7: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in Palestine According to Their Expectations of Main Indicators for the Second Quarter 2013 Compared to the First Quarter 2013

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	1.2	12.9	49.5	36.4	
Production situation	100	1.0	13.1	49.5	36.4	
Volume of sales	100	2.0	13.4	44.7	39.9	
Employees productivity	100	0.7	11.9	60.1	27.3	
Obtaining needed raw materials and inputs	100	2.7	11.4	64.9	21.0	
Regularity of work	100	4.6	11.4	59.3	24.7	
Transporting finished goods to market	100	20.2	8.6	46.2	25.0	
Financial situations	100	10.1	14.1	43.2	32.6	
Banks credits & facilities	100	58.8	4.0	32.1	5.1	

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 First Quarter 2013 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Infrastructure and facilities							
Electricity supply	Palestine	100	0.3	27.0	72.7		
	West bank	100	0.3	16.8	82.9		
	Gaza strip	100	0.0	98.0	2.0		
Water supply	Palestine	100	1.0	31.3	67.7		
	West bank	100	0.5	24.9	74.6		
	Gaza strip	100	4.0	76.0	20.0		
The quality of roads	Palestine	100	1.8	30.3	67.9		
	West bank	100	1.7	24.6	73.7		
	Gaza strip	100	2.0	70.0	28.0		
Transport and Communications	Palestine	100	2.6	19.4	78.0		
	West bank	100	2.9	16.5	80.6		
	Gaza strip	100	0.0	40.0	60.0		
Access to industrial areas	Palestine	100	21.2	16.7	62.1		
	West bank	100	20.8	16.2	63.0		
	Gaza strip	100	24.0	20.0	56.0		
The judicial system and conflict resolution							
Fairness of the police	Palestine	100	4.6	7.3	88.1		
	West bank	100	3.2	6.6	90.2		
	Gaza strip	100	14.0	12.0	74.0		
Effectiveness of the courts	Palestine	100	6.3	19.2	74.5		
	West bank	100	3.5	20.2	76.3		
	Gaza strip	100	26.0	12.0	62.0		

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 First Quarter 2013 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Facilities							
To obtain the necessary permits and licenses	Palestine	100	15.4	28.3	56.3		
	West bank	100	11.6	30.3	58.1		
	Gaza strip	100	42.0	14.0	44.0		
Providing information to enterprises	Palestine	100	36.6	48.2	15.2		
	West bank	100	34.3	51.2	14.5		
	Gaza strip	100	52.0	28.0	20.0		
Promotion of policies that serve the development of institutions	Palestine	100	40.1	42.7	17.2		
	West bank	100	38.1	45.1	16.8		
	Gaza strip	100	54.0	26.0	20.0		
Laws and regulations							
Tax rate	Palestine	100	8.8	51.3	39.9		
	West bank	100	4.6	52.9	42.5		
	Gaza strip	100	38.0	40.0	22.0		
Tax administration	Palestine	100	10.1	26.5	63.4		
	West bank	100	4.1	25.7	70.2		
	Gaza strip	100	52.0	32.0	16.0		
Licenses and permits	Palestine	100	6.5	23.0	70.5		
	West bank	100	3.4	22.0	74.6		
	Gaza strip	100	28.0	30.0	42.0		

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 First Quarter 2013 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Labor laws	Palestine	100	6.0	17.2	76.8		
	West bank	100	4.0	16.2	79.8		
	Gaza strip	100	20.0	24.0	56.0		
Services							
Telecommunications	Palestine	100	2.5	2.8	94.7		
	West bank	100	2.6	2.0	95.4		
	Gaza strip	100	2.0	8.0	90.0		
Internet Service	Palestine	100	20.7	16.7	62.6		
	West bank	100	19.4	18.5	62.1		
	Gaza strip	100	30.0	4.0	66.0		
Access to governmental consulting and training	Palestine	100	40.4	48.0	11.6		
	West bank	100	37.8	51.2	11.0		
	Gaza strip	100	58.0	26.0	16.0		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestine	100	43.2	42.2	14.6		
	West bank	100	41.6	44.2	14.2)
	Gaza strip	100	54.0	28.0	18.0		(.....)

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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 First Quarter 2013 by Region

Frequency	Gaza Strip	West Bank	Palestine	
No loan request	100.0	97.7	98.0	
Once	0.0	1.4	1.3	
2 or more	0.0	0.9	0.7	2
Total	100	100	100	

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Table 10: 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 First Quarter 2013 by Region

Frequency	Gaza Strip	West Bank	Palestine	
The loan was accepted	-	75.0	75.0	
The loan was rejected	-	12.5	12.5	
No answer yet	-	12.5	12.5	
Total	-	100	100	

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Table 11: 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 First Quarter 2013 by Region

Frequency	Gaza Strip	West Bank	Palestine	
Insufficient guarantees on the quality and quantity	-	100.0	100.0	
Not to accept the feasibility study and action plan presented to the financial institution	-	0.0	0.0	
I don't know	-	0.0	0.0	
Total	-	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 First Quarter 2013

Problems	Total	Don't Know	No difficulty	There's a difficulty
Commitment to international market requirements	100	0.0	89.2	10.8
Price competition in the export market	100	0.9	75.8	23.3
Compliance to quantity demanded and delivery time	100	0.0	90.8	9.2
Marketing ability	100	0.8	84.2	15.0
Regular delivery of raw materials	100	4.2	53.3	42.5
Regular achievement of export	100	5.0	55.0	40.0
Palestinian export regulation and licensing	100	2.5	81.7	15.8
Information access to the foreign market	100	7.5	57.5	35.0
Traveling problems imposed on entering foreign markets	100	1.7	35.0	63.3
Customer payment guarantee	100	5.8	29.2	65.0
Closing entries	100	1.7	5.8	92.5

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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 First Quarter 2013

(Percentage)

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Approaching Customers	%	
Market research	44.2	
Information gathered from chamber of Commerce industrial union etc...	19.2	
Participate in international exhibitions and organized business missions	29.2	
Self-organized visits to the export market	39.2	
Personal relationships and contacts	97.5	
Through internet	25.8	
Customer self initiative	59.2	

Table 13: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Obstacles to the Expansion of Productive Activity During the First Quarter 2013 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
Low Confidence in the Palestinian Economy	Palestine	100	0.0	33.9	66.1		
	West bank	100	0.0	30.7	69.3		
	Gaza strip	100	0.0	56.0	44.0		
Confinement of Palestinian trade with Israel	Palestine	100	0.0	25.1	74.9		
	West bank	100	0.0	22.9	77.1		
	Gaza strip	100	0.0	40.0	60.0		
The small size of the Palestinian market	Palestine	100	0.0	5.8	94.2		
	West bank	100	0.0	6.4	93.6		
	Gaza strip	100	0.0	2.0	98.0		
Low level of income per capita in Palestine	Palestine	100	0.0	10.4	89.6		
	West bank	100	0.0	10.1	89.9		
	Gaza strip	100	0.0	12.0	88.0		
Inadequate investment laws	Palestine	100	0.0	44.6	55.4		
	West bank	100	0.0	43.2	56.8		
	Gaza strip	100	0.0	54.0	46.0		
Weakness of the Palestinian infrastructure	Palestine	100	0.0	35.2	64.8		
	West bank	100	0.0	37.1	62.9		
	Gaza strip	100	0.0	22.0	78.0		
The lack of industrial zones	Palestine	100	0.0	57.0	43.0		
	West bank	100	0.0	53.6	46.4		
	Gaza strip	100	0.0	80.0	20.0		

Table 13 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Obstacles to the Expansion of Productive Activity During the First Quarter 2013 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
The unfairness of tax systems	Palestine	100	0.0	47.1	52.9		
	West bank	100	0.0	44.6	55.4		
	Gaza strip	100	0.0	64.0	36.0		
Bureaucratic licensing procedures	Palestine	100	0.0	55.7	44.3		
	West bank	100	0.0	54.5	45.5		
	Gaza strip	100	0.0	64.0	36.0		
Lack of facilities in Palestinian banks	Palestine	100	0.0	67.6	32.4		
	West bank	100	0.0	68.7	31.3		
	Gaza strip	100	0.0	60.0	40.0		
High cost of Palestinian labor	Palestine	100	0.0	50.4	49.6		
	West bank	100	0.0	51.0	49.0		
	Gaza strip	100	0.0	46.0	54.0		
Lack of trained Palestinian	Palestine	100	0.0	50.4	49.6		
	West bank	100	0.0	49.6	50.4		
	Gaza strip	100	0.0	56.0	44.0		
Increase in water prices	Palestine	100	0.0	43.3	56.7		
	West bank	100	0.0	41.2	58.8		
	Gaza strip	100	0.0	58.0	42.0		
Increase in electricity prices	Palestine	100	0.0	12.2	87.8		
	West bank	100	0.0	8.7	91.3		
	Gaza strip	100	0.0	36.0	64.0		

Table 13 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Obstacles to the Expansion of Productive Activity During the First Quarter 2013 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
Increase in fuel prices and fuel	Palestine	100	0.0	11.1	88.9		
	West bank	100	0.0	8.7	91.3		
	Gaza strip	100	0.0	28.0	72.0		
Difficult to export	Palestine	100	0.0	41.0	59.0		
	West bank	100	0.0	41.4	58.6		
	Gaza strip	100	0.0	38.0	62.0		
Import difficulties	Palestine	100	0.0	51.1	48.9		
	West bank	100	0.0	47.5	52.5		
	Gaza strip	100	0.0	76.0	24.0		
Difficult political situation	Palestine	100	0.0	5.1	94.9		
	West bank	100	0.0	4.3	95.7		
	Gaza strip	100	0.0	10.0	90.0		
Lack of information on opportunities in the Palestinian economy	Palestine	100	0.0	28.9	71.1		
	West bank	100	0.0	24.6	75.4		
	Gaza strip	100	0.0	58.0	42.0		
Weakness of self-reliance on investment	Palestine	100	0.0	39.7	60.3		
	West bank	100	0.0	34.5	65.5		
	Gaza strip	100	0.0	76.0	24.0		

Table 14: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About the Difficulties in Obtaining Employment Qualified During the First Quarter 2013 by Region

Field	Region	Total	Applicable	Not	No	Yes		
Appropriate academic specialization to the nature of the company	Palestine	100	3.2		92.2	4.6		
	West bank	100	3.5		91.9	4.6		
	Gaza strip	100	2.0		94.0	4.0		
Appropriate training to the nature of the company	Palestine	100	0.5		80.8	18.7		
	West bank	100	0.3		78.8	20.9		
	Gaza strip	100	2.0		94.0	4.0		
Appropriate experience to the nature of the company	Palestine	100	0.5		77.0	22.5		
	West bank	100	0.3		75.1	24.6		
	Gaza strip	100	2.0		90.0	8.0		
Appropriate language to the nature of the company	Palestine	100	15.2		82.5	2.3		
	West bank	100	6.4		91.3	2.3		
	Gaza strip	100	76.0		22.0	2.0		