



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

**Survey of the Perceptions of Owners / Managers of Active
Industrial Enterprises Regarding the Economic Situation
Fourth Quarter 2012**

Report on the Survey Results

January 2013

PAGE NUMBERS OF ENGLISH TEXT ARE PRINTED IN SQUARE BRACKETS.
TABLES ARE PRINTED IN ARABIC FORMAT (FROM RIGHT TO LEFT).

This document is prepared in accordance with the standard procedures stated in the Code of Practice for Palestine Official Statistics 2006.

© January 2013
All rights reserved.

Suggested Citation:

Palestinian Central Bureau of Statistics, 2013. *Survey of the Perceptions of Owners / Managers of Industrial Enterprises Regarding the Economic Situation, Fourth Quarter 2012. Report on the Survey Results.*
Ramallah- Palestine

All correspondence should be directed to:
Palestinian Central Bureau of Statistics
P.O.Box 1647, Ramallah, Palestine.

Tel: (972/970) 2 2982700

Fax: (972/970) 2 2982710

Toll free: 1800300300

E-Mail : diwan@pcbs.gov.ps

Website: <http://www.pcbs.gov.ps>

Table of Contents

Subject	Page
The Main Results	[5]
Tables	[9]

The Main Results

1. Performance of Industrial Enterprises in the Fourth Quarter 2012

1-1 Overall performance

According to the owners/ managers of industrial enterprises, 13.1% indicate that the overall performance of their enterprises had improved during the Fourth quarter 2012 compared with the Third quarter 2012 (11.4% in the West Bank and 23.2% in Gaza Strip).

1-2 Financial conditions

11.1% of owners/ managers of industrial enterprises believe that the financial situation improved during the Fourth quarter 2012 compared with the Third quarter 2012 (9.1% in the West Bank and 23.2% in Gaza Strip).

1-3 Borrowing and financing

Survey results show weak borrowing by active industrial enterprises from banks operating in Palestine during the Fourth quarter 2012: 99.2% of owners of industrial enterprises stated that they refrained from borrowing from banks, while 0.8% of them had applied for a bank loan on one occasion and there is no enterprises borrowed on more than one occasion.

2. Challenges

2-1 Changes in the level of sales

46.4% 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 fourth quarter 2012 (51.1% in the West Bank and 27.3% in Gaza Strip). Also, 21.8% stated that seasonally accounted for the decline in sales (17.0% in the West Bank and 40.9% in Gaza Strip).

2-2 Obstacles to exports

The owners/ managers of active industrial enterprises in the West Bank during the fourth quarter 2012 indicated a number of difficulties that hinder their ability to export goods. 77.3% of owners/ managers of export enterprises in the West Bank indicated that Closing entries had the greatest negative impact on export activities, while 61.3% believed that Customer payment guarantee was an additional obstacle.

2-3 Local and external competition

In Palestine, 96.2% of owners/ managers of active industrial enterprises indicated that the main product manufactured by their enterprises faced competition of some kind (95.6% in the West Bank and 100% in Gaza Strip).

According to 52.0% of owners/ managers of active industrial enterprises, their main item of production faced local competition, while 10.2% of owners cited foreign competition. In addition, 37.8% of owners/ managers of industrial enterprises stated that their main product faced both local and foreign competition.

3. Expectations for the First Quarter 2013

In regard to the expectations of owners/ managers of active industrial enterprises for the first quarter 2013, 18.6% expect an improvement in their situation in general (16.7% in the West Bank and 30.4% in Gaza Strip), meanwhile 19.1% expect an increase in production level (17.3% in the West Bank and 30.4% in Gaza Strip), While 20.1% of the owners/ managers of industrial enterprises in Palestine expect an increase in sales level in the first quarter 2013 (18.4% in the West Bank and 30.4% 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 fourth quarter 2012 according to the type of service provided. The results were as follows:

4.1 Infrastructure and facilities

67.8% of owners/ managers of industrial enterprises in Palestine were satisfied with services related to the Electricity supply services (78.4% in the West Bank and 3.6% in Gaza Strip). Around 78.6% of owners/ managers of industrial enterprises in Palestine indicated satisfaction with water supply (80.7% in the West Bank and 66.1% in Gaza Strip).

4.2 The judicial system and conflict resolution

The results showed that 86.2% of owners/ managers of industrial enterprises in Palestine are satisfied with the fairness of the police on issues related to their enterprises (90.1% in the West Bank and 62.5% in Gaza Strip), while 70.1% of owners/managers were satisfied with the effectiveness of the Palestinian courts (73.1% in the West Bank and 51.8% in Gaza Strip).

4.3 Facilities

In relation to facilities provided by government institutions to obtain required permits and licenses, 56.5% of owners/ managers of industrial enterprises in Palestine were satisfied with the facilities provided (60.8% in the West Bank and 30.4% in Gaza Strip). In addition, 19.1% of owners/managers were satisfied with the information provided to enterprises in Palestine (19.9% in the West Bank and 14.3% in Gaza Strip). Regarding the promotion of policies to assist the development of institutions, 18.8% of owners/ managers of industrial enterprises in Palestine were satisfied (19.6% in the West Bank and 14.3% in Gaza Strip).

5. Obstacles to the expansion of production of industrial enterprises

The owners/ managers of active industrial enterprises during the fourth quarter 2012 indicated a number of obstacles that hinder the expansion of production. About 97.0% of owners/ managers of exporting enterprises in Palestine cited the difficult political situation as having the greatest negative impact on the expansion of production (96.5% in the West Bank and 100% in Gaza Strip), while 92.4% believed that the Low level of income per capita in Palestine is an additional obstacle (93.0% in the West Bank and 89.3% in Gaza Strip).

6. Difficulties finding qualified employees

23.2% of owners/ managers of active industrial enterprises in Palestine revealed that they have difficulty finding suitable trained employees for the company in the fourth quarter 2012 (25.2% in the West Bank and 10.7% in Gaza Strip). Also, 2.3% of owners/ managers of active industrial enterprises in Palestine revealed that they have difficulty finding employees qualified in the academic specialization appropriate to the nature of their company (2.6% in the West Bank and it is not considered as difficulties in Gaza Strip).

2012

2012

:1

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

Indicator	Region		
	Gaza Strip	West Bank	Palestine
Enterprise's performance in general	23.2	11.4	13.1
Production situation	23.2	12.0	13.6
Employees' productivity	23.2	5.0	7.5
Obtaining needed raw materials and inputs	23.2	5.6	8.0
Regularity of work	23.2	3.5	6.3
Transporting finished goods to market	23.2	2.9	5.8
Financial situations	23.2	9.1	11.1
Banks' credits & facilities	-	0.6	0.5
Value of sales	23.2	9.4	11.3

(-) No Observations in the Sample

(-)

2012

2012

/

:2

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

Indicator	Total	Applicable Not	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.0	18.8	68.1	13.1	
Production situation	100	0.0	20.3	66.1	13.6	
Employees' productivity	100	0.0	15.9	76.6	7.5	
Obtaining needed raw materials and inputs	100	0.0	12.9	79.1	8.0	
Regularity of work	100	0.0	15.1	78.6	6.3	
Transporting finished goods to market	100	11.1	14.3	68.8	5.8	
Financial situations	100	0.0	27.1	61.8	11.1	
Banks' credits & facilities	100	54.5	4.3	40.7	0.5	
Value of sales	100	0.0	27.6	61.1	11.3	

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 Fourth Quarter 2012

Reason	Gaza Strip	West Bank	Palestine	
Difficulties in exporting finished goods	4.5	8.0	7.3	
Decline in consumer's purchasing power	27.3	51.1	46.4	
Obstacles related to Marketing of Products	9.1	1.1	2.7	()
Competing products	13.6	11.4	11.8	
Reasons Related Seasonally	40.9	17.0	21.8	
Military check points/Israeli actions/ closures	-	3.4	2.7	/ /
Lack of capital needed for the development of the institution	-	5.7	4.5	
Higher fees and taxes	-	1.1	0.9	
The instability of government systems (political instability)	-	-	-	()
Lack of trained workers	-	-	-	
Other	4.6	1.2	1.9	
Total	100	100	100	

(-) No Observations in the Sample

(-)

2012

/

:4

Table 4: Percentage Distribution of Owners/Managers of the Active Industrial Enterprises According to Their Opinions on the Existence of Competing Products During the Fourth Quarter 2012 by Region

Existence of competing products	Gaza Strip	West Bank	Palestine	
There is competition	100.0	95.6	96.2	
There is no competition	0.0	4.4	3.8	
Total	100	100	100	

2012

/

:5

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 Fourth Quarter 2012 by Region

Type of Competition	Gaza Strip	West Bank	Palestine	
Local	46.4	52.9	52.0	
Foreign	8.9	10.4	10.2	
Both	44.7	36.7	37.8	
Total	100	100	100	

2012

2013

/

:6

Table 6: Expectations of Owners/ Managers of the Active Industrial Enterprises about anticipated Improvement of Main Indicators Related to their Enterprises for the First Quarter 2013 Compared to the Fourth Quarter 2012 by Region

Indicator	Gaza Strip	West Bank	Palestine	
Enterprise's performance in general	30.4	16.7	18.6	
Production situation	30.4	17.3	19.1	
Volume of sales	30.4	18.4	20.1	
Employees' productivity	30.4	12.9	15.3	
Obtaining needed raw materials and inputs	30.4	8.5	11.6	
Regularity of work	30.4	10.5	13.3	
Transporting finished goods to market	30.4	9.4	12.3	
Financial situations	30.4	15.2	17.3	
Banks' credits & facilities	1.8	2.9	2.8	

2012

2013

/

:7

Table 7: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises in Palestine According to Their Expectations of Main Indicators for the First Quarter 2013 Compared to the Fourth Quarter 2012

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	2.5	18.6	60.3	18.6	
Production situation	100	2.3	19.8	58.8	19.1	
Volume of sales	100	3.5	21.6	54.8	20.1	
Employees productivity	100	2.3	16.3	66.1	15.3	
Obtaining needed raw materials and inputs	100	4.5	14.6	69.3	11.6	
Regularity of work	100	8.1	15.3	63.3	13.3	
Transporting finished goods to market	100	16.8	12.6	58.3	12.3	
Financial situations	100	8.8	21.9	52.0	17.3	
Banks credits & facilities	100	59.0	4.3	33.9	2.8	

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 Fourth Quarter 2012 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Infrastructure and facilities							
Electricity supply	Palestine	100	0.5	31.7	67.8		
	West bank	100	0.5	21.1	78.4		
	Gaza strip	100	0.0	96.4	3.6		
Water supply	Palestine	100	1.6	19.8	78.6		
	West bank	100	0.6	18.7	80.7		
	Gaza strip	100	7.1	26.8	66.1		
The quality of roads	Palestine	100	1.5	27.4	71.1		
	West bank	100	1.2	22.5	76.3		
	Gaza strip	100	3.6	57.1	39.3		
Transport and Communications	Palestine	100	3.0	16.6	80.4		
	West bank	100	2.0	13.5	84.5		
	Gaza strip	100	8.9	35.7	55.4		
Access to industrial areas	Palestine	100	21.9	16.3	61.8		
	West bank	100	18.7	15.8	65.5		
	Gaza strip	100	41.1	19.6	39.3		
The judicial system and conflict resolution							
Fairness of the police	Palestine	100	6.8	7.0	86.2		
	West bank	100	4.3	5.6	90.1		
	Gaza strip	100	21.4	16.1	62.5		
Effectiveness of the courts	Palestine	100	8.8	21.1	70.1		
	West bank	100	5.0	21.9	73.1		
	Gaza strip	100	32.1	16.1	51.8		

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 Fourth Quarter 2012 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Facilities							
To obtain the necessary permits and licenses	Palestine	100	19.6	23.9	56.5		
	West bank	100	14.9	24.3	60.8		
	Gaza strip	100	48.2	21.4	30.4		
Providing information to enterprises	Palestine	100	38.7	42.2	19.1		
	West bank	100	35.1	45.0	19.9		
	Gaza strip	100	60.7	25.0	14.3		
Promotion of policies that serve the development of institutions	Palestine	100	40.2	41.0	18.8		
	West bank	100	36.0	44.4	19.6		
	Gaza strip	100	66.1	19.6	14.3		
Laws and regulations							
Tax rate	Palestine	100	4.3	55.8	39.9		
	West bank	100	2.4	56.1	41.5		
	Gaza strip	100	16.0	53.6	30.4		
Tax administration	Palestine	100	4.7	33.2	62.1		
	West bank	100	2.7	29.8	67.5		
	Gaza strip	100	17.8	53.6	28.6		
Licenses and permits	Palestine	100	5.3	21.1	73.6		
	West bank	100	1.8	18.7	79.5		
	Gaza strip	100	26.8	35.7	37.5		

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 Fourth Quarter 2012 by Region

Kind of Service	Region	Total	Don't Know	Not-satisfied	satisfied		
Labor laws	Palestine	100	7.1	19.3	73.6		
	West bank	100	3.8	17.3	78.9		
	Gaza strip	100	26.8	32.1	41.1		
Services							
Telecommunications	Palestine	100	4.3	3.8	91.9		
	West bank	100	4.7	3.5	91.8		
	Gaza strip	100	1.7	5.4	92.9		
Internet Service	Palestine	100	23.1	16.4	60.5		
	West bank	100	23.5	17.6	58.9		
	Gaza strip	100	21.5	8.9	69.6		
Access to governmental consulting and training	Palestine	100	42.7	42.7	14.6		
	West bank	100	39.5	46.2	14.3		
	Gaza strip	100	62.5	21.4	16.1		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestine	100	42.5	42.2	15.3		
	West bank	100	38.9	45.6	15.5)
	Gaza strip	100	64.3	21.4	14.3		(.....

2012

/

:9

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 Fourth Quarter 2012 by Region

Frequency	Gaza Strip	West Bank	Palestine	
No loan request	98.2	99.4	99.2	
Once	1.8	0.6	0.8	
2 or more	0.0	0.0	0.0	2
Total	100	100	100	

2012

/

:10

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 Fourth Quarter 2012 by Region

Frequency	Gaza Strip	West Bank	Palestine	
The loan was accepted	100	100	100	
The loan was rejected	0.0	0.0	0.0	
No answer yet	0.0	0.0	0.0	
Total	100	100	100	

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 Fourth Quarter 2012

Problems	Total	Don't Know	No difficulty	There's a difficulty
Commitment to international market requirements	100	1.7	93.3	5.0
Price competition in the export market	100	0.0	78.2	21.8
Compliance to quantity demanded and delivery time	100	0.0	89.1	10.9
Marketing ability	100	0.8	76.5	22.7
Regular delivery of raw materials	100	1.7	53.8	44.5
Regular achievement of export	100	2.6	52.9	44.5
Palestinian export regulation and licensing	100	0.8	72.3	26.9
Information access to the foreign market	100	3.4	54.6	42.0
Traveling problems imposed on entering foreign markets	100	4.2	49.6	46.2
Customer payment guarantee	100	0.9	37.8	61.3
Closing entries	100	3.4	19.3	77.3

2012

:12

Table 12: Mechanism of Finding Customers in the Export Market used by Active Industrial Enterprises in the West Bank during the Fourth Quarter 2012

(Percentage)

()

Approaching Customers	%	
Market research	39.2	
Information gathered from chamber of Commerce industrial union etc...	17.5	
Participate in international exhibitions and organized business missions	28.3	
Self-organized visits to the export market	43.3	
Personal relationships and contacts	90.0	
Through internet	26.7	
Customer self initiative	62.5	

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 Fourth Quarter 2012 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
Low Confidence in the Palestinian Economy	Palestine	100	0.0	38.2	61.8		
	West bank	100	0.0	37.7	62.3		
	Gaza strip	100	0.0	41.1	58.9		
Confinement of Palestinian trade with Israel	Palestine	100	0.0	24.1	75.9		
	West bank	100	0.0	23.4	76.6		
	Gaza strip	100	0.0	28.6	71.4		
The small size of the Palestinian market	Palestine	100	0.0	8.5	91.5		
	West bank	100	0.0	8.2	91.8		
	Gaza strip	100	0.0	10.7	89.3		
Low level of income per capita in Palestine	Palestine	100	0.0	7.6	92.4		
	West bank	100	0.0	7.0	93.0		
	Gaza strip	100	0.0	10.7	89.3		
Inadequate investment laws	Palestine	100	0.0	38.2	61.8		
	West bank	100	0.0	37.7	62.3		
	Gaza strip	100	0.0	41.1	58.9		
Weakness of the Palestinian infrastructure	Palestine	100	0.0	34.4	65.6		
	West bank	100	0.0	37.7	62.3		
	Gaza strip	100	0.0	14.3	85.7		
The lack of industrial zones	Palestine	100	0.0	52.8	47.2		
	West bank	100	0.0	53.5	46.5		
	Gaza strip	100	0.0	48.2	51.8		

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 Fourth Quarter 2012 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
The unfairness of tax systems	Palestine	100	0.0	45.5	54.5		
	West bank	100	0.0	47.1	52.9		
	Gaza strip	100	0.0	35.7	64.3		
Bureaucratic licensing procedures	Palestine	100	0.0	48.7	51.3		
	West bank	100	0.0	50.3	49.7		
	Gaza strip	100	0.0	39.3	60.7		
Lack of facilities in Palestinian banks	Palestine	100	0.5	57.3	42.2		
	West bank	100	0.5	59.4	40.1		
	Gaza strip	100	0.0	44.6	55.4		
High cost of Palestinian labor	Palestine	100	0.0	48.5	51.5		
	West bank	100	0.0	48.8	51.2		
	Gaza strip	100	0.0	46.4	53.6		
Lack of trained Palestinian	Palestine	100	0.0	53.8	46.2		
	West bank	100	0.0	54.7	45.3		
	Gaza strip	100	0.0	48.2	51.8		
Increase in water prices	Palestine	100	0.0	55.0	45.0		
	West bank	100	0.0	57.3	42.7		
	Gaza strip	100	0.0	41.1	58.9		
Increase in electricity prices	Palestine	100	0.0	21.4	78.6		
	West bank	100	0.0	22.8	77.2		
	Gaza strip	100	0.0	12.5	87.5		

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 Fourth Quarter 2012 by Region

The Obstacle	Region	Total	No Effect	No	Yes		
Increase in fuel prices and fuel	Palestine	100	0.0	9.8	90.2		
	West bank	100	0.0	7.9	92.1		
	Gaza strip	100	0.0	21.4	78.6		
Difficult to export	Palestine	100	0.7	40.5	58.8		
	West bank	100	0.9	43.0	56.1		
	Gaza strip	100	0.0	25.0	75.0		
Import difficulties	Palestine	100	0.7	45.1	54.2		
	West bank	100	0.9	46.9	52.2		
	Gaza strip	100	0.0	33.9	66.1		
Difficult political situation	Palestine	100	0.0	3.0	97.0		
	West bank	100	0.0	3.5	96.5		
	Gaza strip	100	0.0	0.0	100.0		
Lack of information on opportunities in the Palestinian economy	Palestine	100	0.0	33.9	66.1		
	West bank	100	0.0	34.8	65.2		
	Gaza strip	100	0.0	28.6	71.4		
Weakness of self-reliance on investment	Palestine	100	0.0	37.2	62.8		
	West bank	100	0.0	34.8	65.2		
	Gaza strip	100	0.0	51.8	48.2		

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 Fourth Quarter 2012 by Region

Field	Region	Total	Applicable	Not	No	Yes		
Appropriate academic specialization to the nature of the company	Palestine	100	8.8		88.9	2.3		
	West bank	100	7.1		90.3	2.6		
	Gaza strip	100	19.6		80.4	0.0		
Appropriate training to the nature of the company	Palestine	100	2.2		74.6	23.2		
	West bank	100	0.9		73.9	25.2		
	Gaza strip	100	10.7		78.6	10.7		
Appropriate experience to the nature of the company	Palestine	100	2.0		74.8	23.2		
	West bank	100	0.6		73.3	26.1		
	Gaza strip	100	10.7		83.9	5.4		
Appropriate language to the nature of the company	Palestine	100	9.3		87.7	3.0		
	West bank	100	6.2		90.3	3.5		
	Gaza strip	100	28.6		71.4	0.0		