

Palestinian National Authority
Palestinian Central Bureau of Statistics

Press Release
Preliminary Estimates of Quarterly National Accounts
(Third Quarter 2006)

November, 2006

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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 third quarter of the year 2006 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 2006 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.

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.

The third quarter data was compiled during the ongoing difficulties, specially the partial delivery of government services to the public and partial transfers of wages and salaries for workers in the public sector.

Press Release
Preliminary Estimates of Quarterly National Accounts
(Third Quarter 2006).

In the Third Quarter 2006, GDP declined by 8.9% compared with the Second Quarter 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 (Second Quarter 2006) and the parallel quarter of the previous year 2005 (Third Quarter 2005).

Continuous decline in GDP during the third quarter 2006

The preliminary estimates at constant prices for the third quarter of 2006 shows continuous decreases in the performance of the economy in Remaining West Bank and Gaza Strip. At the same time the GDP estimates decreased during the second quarter of 2006 by 1.3% based on the second revision for the data, the third quarter shows a continuous decrease by 8.9% compared with the second quarter of the same year, and showed a decrease of 15.3% compared to the third quarter of the year 2005 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 decreases in the agriculture and fishing, Construction, Community, social and personal services, Education, Hotels and restaurants, Health and social work in addition to the Public administration and defense.

In addition, the preliminary estimates for the Gross Domestic Product per capita for Remaining West Bank and Gaza Strip during the third quarter 2006 was 269.1 US\$ which declined by 9.6% compared to the second quarter of the same year, while it showed a decrease of 18.2% compared to the same quarter of the year 2005.

Performance of Main Economic Activities

The performance of different activities during the third quarter of the year 2006 compared to both the second quarter of the year 2006 and the same quarter of the previous year was as follows:

- The gross value added for **Agriculture** activity decreased by 9.3% during the third quarter of 2006 in relation to the second quarter of the same year, while it decreased by 10.1% compared with the parallel quarter of the year 2005.
- The gross value added for **Mining, manufacturing, water and electricity** activities in Remaining West Bank and Gaza Strip declined during the third quarter 2006 compared to the second quarter of the same year by 1.7%, while it declined by 19.1% compared to the third quarter of the year 2005.
- The gross value added for **Construction** activity decreased by 9.2% during the third quarter of the year 2006 compared to the second quarter 2006, while it decreased by 24.9% compared to the same quarter of the year 2005.

- The gross value added for **Transport** increased during the third quarter of the year 2006 by 1.0% compared to the second quarter of 2006. while it increased by 2.8% compared to the third quarter of the year 2005.
- The gross value added for **Financial Intermediation** activity increased by 1.3% during the third quarter 2006 compared to the second quarter of the year 2006, while it decreased by 2.0% compared to the third quarter of the year 2005.
- The gross value added increased for **Wholesale and Retail Trade** by 9.6% compared to the second quarter of the year 2006; however, when compared to the same quarter of the year 2005, this activity recorded a decrease by 0.3%.
- The gross value added for **Education** decreased during the third quarter of the year 2006 by 20.5% compared to the second quarter of the same year, while it showed a decrease of 15.4% compared to the third quarter of the year 2005.
- The gross value added for **Hotels** decreased by 37.9% compared to the second quarter of the year 2006, and showed a decrease of 11.5% compared to the parallel quarter of the year 2005.
- The gross value added for **Public Administration and Defense** decreased by 20.0% during the third quarter of the year 2006 compared to the second quarter of the same year, and 8.4% compared to the parallel quarter of the year 2005.

Percentage Contribution for Economic Activity to Quarterly GDP:

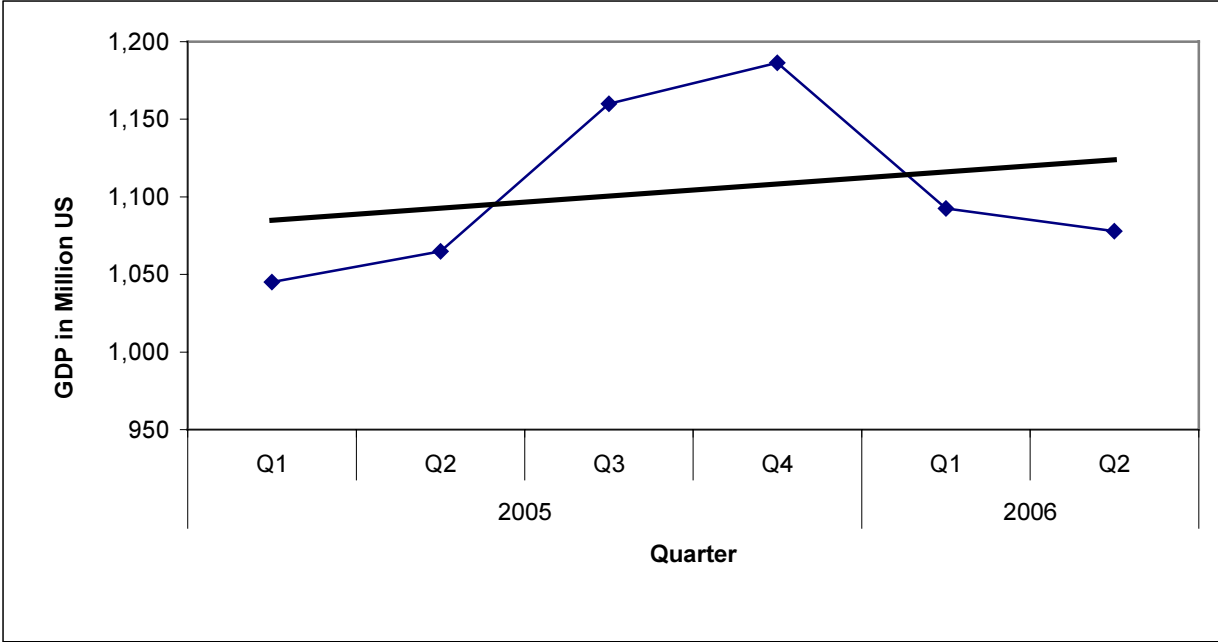
The percentage contribution for economic activity to the quarterly GDP were affected in short term (compared with second quarter 2006 and parallel quarter of the year 2005), where Mining, Manufacturing, Electricity and Water Supply activity decreased from (12.4%) in the third quarter of 2005 to (10.6%) in the second quarter of 2006, then it increased to (11.8%) in the third quarter of 2006, Wholesale and Retail Trade activity decreased from (8.8%) in the third quarter of 2005 to (8.6%) in the second quarter of 2006, then it increased to (10.4%) in the third quarter of 2006.

On the other hand Transport, Storage and Communications activity increased from (9.8%) in the third quarter of 2005 to (10.8%) in the second quarter of 2006, then this increases continued to reach (11.9%) in the third quarter of 2006, On the other hand, Financial Intermediation activity increased from (4.2%) in the third quarter of 2005 to (4.4%) in the second quarter of 2006, then this increases continued to reach (4.9%) in the third quarter of 2006, whereas Real estate, Renting and Business Services activity showed no change in the third quarter of 2005 and second quarter of 2006, while there is an increase of (11.4%) in the third quarter of 2006.

Whereas, Agriculture activity increased from (7.3%) in the third quarter of 2005 to (7.8%) in the second quarter of 2006, then it decreased to (7.7%) in the third quarter of 2006. Education activity increased from (7.8%) in the third quarter of 2005 to (8.9%) in the second quarter of the year 2006 and then decreased to (7.8%) in the third quarter of the year 2006. Health and Social Work activity increased from (4.0%) in the third quarter of 2005 to (5.9%) in the second quarter of the year 2006 and then decreased to (5.1%) in the third quarter of the year 2006

The following figure shows the Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2006

Figure 1: Quarterly GDP Trend Line in Remaining West Bank and Gaza Strip for the Years 2005-2006



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.

جدول (1): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2005، 2006 بالاسعار الثابتة: سنة الاساس 1997
Table (1): GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for the years 2005, 2006 at Constant Prices: (1997 is the base year)

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	2006			2005				النشاط الاقتصادي
	الربع الثالث* Q III	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	75.9	83.7	66.8	77.0	84.4	86.1	65.1	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	116.4	114.5	119.0	134.1	143.9	142.1	144.7	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	4.9	4.6	4.0	4.8	4.7	4.7	4.1	التعدين واستغلال المحاجر
Manufacturing	97.1	95.7	100.1	112.7	121.4	119.8	122.6	الصناعة التحويلية
Electricity and water supply	14.4	14.2	14.9	16.6	17.8	17.6	18.0	امدادات المياه والكهرباء
Construction	24.7	27.2	27.5	28.7	32.9	33.5	24.3	الانشاءات
Wholesale and retail trade	101.9	93.0	91.5	94.1	102.2	94.4	83.2	تجارة الجملة والتجزئة
Transport, Storage and Communications	117.1	115.9	123.1	115.1	113.9	115.1	117.4	النقل والتخزين والاتصالات
Financial intermediation	48.1	47.5	48.2	51.1	49.1	45.3	41.9	الوساطة المالية
Other services	264.2	305.0	285.3	286.9	284.4	263.1	265.8	الخدمات
Real estate, renting and business services	112.4	111.5	111.0	108.1	119.8	109.1	109.8	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	10.5	10.7	10.9	10.6	11.0	10.4	11.2	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	14.6	23.5	17.2	17.9	16.5	15.6	18.1	المطاعم والفنادق
Education	76.5	96.2	91.8	91.2	90.4	82.0	78.9	التعليم
Health and social work	50.2	63.1	54.4	59.1	46.7	46.0	47.8	الصحة والعمل الاجتماعي
Public administration and defense	191.1	238.9	236.8	231.2	208.7	178.6	177.6	الإدارة العامة والدفاع
Households with employed persons	2.1	2.1	2.1	2.0	2.2	2.1	2.2	الخدمات المنزلية
Less: FISIM	-34.8	-34.0	-34.5	-36.0	-35.9	-34.7	-33.1	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	39.8	44.7	59.2	84.8	76.2	65.5	65.4	زائد: الرسوم الجمركية
Plus: VAT on imports, net	35.8	39.4	67.5	117.3	98.0	73.9	90.6	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	982.3	1,077.9	1,092.5	1,186.3	1,160.0	1,065.0	1,045.1	الناتج المحلي الاجمالي

* Flash Estimates

* تقديرات أولية (الإصدار الأول)

** First Revision, *** Second Revision

** التنقيح الأول، *** التنقيح الثاني

جدول (2): نسبة مساهمة الأنشطة الاقتصادية في الناتج المحلي الإجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي والربع للعامين 2005، 2006 بالأسعار الثابتة: سنة الأساس 1997
 Table (2): Percentage Contribution to GDP in Remaining West Bank and Gaza Strip by Economic Activity and Quarter for years 2005, 2006 at Constant Prices: (1997 is the base year)

Economic Activity	2006			2005				النشاط الاقتصادي
	الربع الثالث* Q III	الربع الثاني** Q II	الربع الأول*** Q I	الربع الرابع Q IV	الربع الثالث Q III	الربع الثاني Q II	الربع الأول Q I	
Agriculture and fishing	7.7	7.8	6.1	6.5	7.3	8.1	6.2	الزراعة وصيد الأسماك
Mining, manufacturing, electr. and water	11.8	10.6	10.9	11.3	12.4	13.3	13.8	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	0.5	0.4	0.4	0.4	0.4	0.4	0.4	التعدين واستغلال المحاجر
Manufacturing	9.8	8.9	9.1	9.5	10.5	11.2	11.7	الصناعة التحويلية
Electricity and water supply	1.5	1.3	1.4	1.4	1.5	1.7	1.7	إمدادات المياه والكهرباء
Construction	2.5	2.5	2.5	2.4	2.8	3.1	2.3	الإنشاءات
Wholesale and retail trade	10.4	8.6	8.4	7.9	8.8	8.9	8.0	تجارة الجملة والتجزئة
Transport, Storage and Communications	11.9	10.8	11.3	9.7	9.8	10.8	11.2	النقل والتخزين والاتصالات
Financial intermediation	4.9	4.4	4.4	4.3	4.2	4.3	4.0	الوساطة المالية
Other services	26.9	28.3	26.1	24.2	24.4	24.7	25.4	الخدمات
Real estate, renting and business services	11.4	10.3	10.1	9.1	10.3	10.2	10.5	الأنشطة العقارية والإيجارية والتجارية
Community, social and personal services	1.1	1.0	1.0	0.9	0.9	1.0	1.1	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	1.5	2.2	1.6	1.5	1.4	1.5	1.7	المطاعم والفنادق
Education	7.8	8.9	8.4	7.7	7.8	7.7	7.5	التعليم
Health and social work	5.1	5.9	5.0	5	4.0	4.3	4.6	الصحة والعمل الاجتماعي
Public administration and defense	19.5	22.2	21.7	19.5	18.0	16.8	17.0	الإدارة العامة والدفاع
Households with employed persons	0.2	0.2	0.2	0.2	0.2	0.2	0.2	الخدمات المنزلية
Less: FISIM	-3.5	-3.2	-3.2	-3	-3.1	-3.3	-3.1	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	4.1	4.1	5.4	7.1	6.5	6.2	6.3	زائد: الرسوم الجمركية
Plus: VAT on imports, net	3.6	3.7	6.2	9.9	8.5	6.9	8.7	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	100	100	100	100	100	100	100	الناتج المحلي الإجمالي

* Flash Estimates

** First Revision, ** Second Revision

* تقديرات أولية (الإصدار الأول)

** التتقيح الأول، *** التتقيح الثاني

جدول (3): نصيب الفرد من الناتج المحلي الإجمالي خلال الأرباع الخاصة بالاعوام 2004-2006 بالأسعار الثابتة: سنة الأساس 1997
 Table (3): GDP Per Capita by the Quarters of years 2004- 2006 at Constant Prices: (1997 is the base year)

Value in US\$

القيمة بالدولار الأمريكي

Year	2006	2005	2004	السنة
Quarter				الربع
First Quarter	303.1	301.4	300.7	الربع الأول
Second Quarter	297.8	304.5	298.4	الربع الثاني
Third Quarter	269.1	328.8	331.8	الربع الثالث
Fourth Quarter	-	333.4	315.3	الربع الرابع
Annual Estimate	-	1,268.0	1,246.2	التقدير السنوي

(-) Data not available

(-) البيانات غير متوفرة

جدول (4): الناتج المحلي الاجمالي في باقي الضفة الغربية وقطاع غزة حسب النشاط الاقتصادي للأعوام 1999-2005 بالاسعار الثابتة: سنة الاساس 1997

Table (4): GDP in Remaining West Bank and Gaza Strip by Economic Activity for the years 1999- 2005 at Constant Prices: (1997 is the base year)

Value in million US\$

القيمة بالمليون دولار أمريكي

Economic Activity	*2005	2004	2003	2002	2001	2000	1999	النشاط الاقتصادي
Agriculture and fishing	312.6	319.0	311.2	269.6	350.1	388.0	470.7	الزراعة وصيد الاسماك
Mining, manufacturing, electr. and water	564.8	564.3	532.9	580.0	614.6	668.6	655.5	التعدين، الصناعة التحويلية والمياه والكهرباء
Mining and quarrying	18.3	17.5	17.0	33.0	28.9	32.6	35.7	التعدين واستغلال المحاجر
Manufacturing	476.5	477.7	450.7	476.3	504.6	570.2	566.4	الصناعة التحويلية
Electricity and water supply	70.0	69.1	65.2	70.7	81.1	65.8	53.4	امدادات المياه والكهرباء
Construction	119.4	103.7	96.9	67.5	85.5	270.4	616.9	الانشاءات
Wholesale and retail trade	373.9	359.0	340.4	350.0	414.8	519.2	537.8	تجارة الجملة والتجزئة
Transport, Storage and Communications	461.5	444.4	392.0	349.6	317.3	292.5	231.0	النقل والتخزين والاتصالات
Financial intermediation	187.4	170.0	158.9	149.9	138.1	191.5	169.1	الوساطة المالية
Other services	1,100.2	1,047.2	1,002.5	899.1	994.6	1055.7	990.8	الخدمات
Real estate, renting and business services	446.8	428.9	404.1	392.7	444.6	566.7	444.3	الانشطة العقارية والايجارية والتجارية
Community, social and personal services	43.2	43.3	42.5	33.2	29.3	32.2	28.3	أنشطة الخدمة المجتمعية والاجتماعية والشخصية
Hotels and restaurants	68.1	61.8	58.0	60.7	104.4	93.7	128.0	المطاعم والفنادق
Education	342.5	324.9	315.1	287.7	290.8	244.4	262.4	التعليم
Health and social work	199.6	188.3	182.8	124.8	125.5	118.7	127.8	الصحة والعمل الاجتماعي
Public administration and defense	796.1	736.4	694.7	578.1	628.9	559.3	497.7	الإدارة العامة والدفاع
Households with employed persons	8.5	8.6	8.4	8.2	7.7	9.1	8.7	الخدمات المنزلية
Less: FISIM	-139.7	-124.9	-118.9	-109.6	-117.4	-154.4	-129.5	ناقص: خدمات الوساطة المالية المقاسة بصورة غير مباشرة
Plus: Customs duties	291.9	277.9	262.2	75.8	174.6	196.3	208.6	زائد: الرسوم الجمركية
Plus: VAT on imports, net	379.8	342.1	313.8	338.2	309.0	264.9	254.4	زائد: صافي ضريبة القيمة المضافة على الواردات
Gross Domestic Product	4,456.4	4,247.7	3,995.0	3,556.4	3,917.8	4,261.1	4,511.7	الناتج المحلي الاجمالي

* Third Revision

* التتقيح الثالث