

Palestinian Central Bureau of Statistics (PCBS)

Performance of the Palestinian Economy, 2011

Gross domestic Product (GDP) in the Palestinian Territory witnessed a remarkable growth during the year of 2011 amounted to 9.9%. The GDP Per capita increased by 6.6%. Construction activity registered the highest growth rate in 2011 and reached 26.9%, followed by public administration and defense at 13.0%, transport and storage by 12.3% and agriculture and fishing at 9.9%. This high growth in the Palestinian Territory during the year 2011 could be attributed to the high growth rate in Gaza Strip, which reached 23.0% compared with 5.2% in West Bank. The services sector contributed of a highest percentage of Gross Domestic Product (GDP) in both of the West Bank and Gaza Strip. Despite the surge in growth rates in Gaza Strip during the past two years, Gaza Strip contribution to GDP decreased to less than 30.0% of the GDP in the Palestinian Territory in 2011.

The Participation rate in labor force in 2011 increased by 43.0% compared with 41.1% in 2010. This increase in the participation rate is attributed to the remarkable increase in the size of the labor force that entered into the labor market. In 2011, the number of employees by 12.6% compared with 2010, as the number of employees in the Palestinian Territory reached 837 thousand employees in 2011 compared to 744 thousand employees in 2010. As a result, the unemployment rate in the Palestinian Territory decreased to 20.9% in 2011 compared with 23.7% in 2010.

Despite the stability in the average of nominal daily wage that prevailed in the Palestinian Territory during the year of 2011, the percentage of the real daily wage chopped down by 2.8% compared with the year of 2010, which demonstrated a low purchasing power of individuals in the Palestinian Territory, i.e. any increase in nominal pay of the laborer was less than the high level of prices in the Palestinian Territory during that period. The productivity rate in the Palestinian Territory decreased by 3.9% in 2011 compared with 2010.

Where most of economic activities in he Palestinian Territory experienced rise in the number of employees at different percentages with a disparity and inconsistency between West Bank and Gaza Strip. Activities of trade, restaurants and hotels in West Bank recorded the highest growth rate during 2011 by 13.7%, followed by mining and manufacturing at 13.0%.The Gaza Strip. Witnessed a sharp rise in construction activity by 154.4% during 2011, followed by the growth of agriculture and fishing by 57.0%.

The consumer price index in the Palestinian Territory increased by 2.88% during 2011 and reached 132.7 compared with 129.0 during the year of 2010 (base year 2004). The

higher consumer price index during the year of 2011 was mainly attributed to increase of prices of all major groups except for a set of furniture and household goods.

Despite the slight improvement in poverty rate in the Palestinian Territory, 25.7% of individuals were still suffering from poverty in 2010, compared with 26.2% in 2009 according to real patterns of consumption, while the percentage of deep poverty decreased from 14.1% during the same period. The poverty percentage in Palestinian Territory was varied and unbalanced, where the poverty rate in the West Bank reached at 18.3% in 2010 compared with 38.0% in Gaza Strip. The poverty gap also increased in Gaza Strip compared to West Bank, where it chopped down in the West Bank to 4.1%, while in Gaza Strip was upped to 10.3%.

Current account deficit in the Palestinian Territory increased during 2011 reaching USD 1,894.4 million which is the highest since 2000. Such deficit is attributed to the steady rise in the value of imports of goods and services to Palestine; while the Palestinian exports remained in its normal level which in return increased the trade balance deficit by 9.2% compared with 2010. Compensations of employees from abroad increased during 2011 by 3.7%; while current transfers and remittances decreased by 37.3% reaching USD 1,552.5 million after they were USD 2,476.5 million in 2010.

Regarding the financial situation of the Palestinian National Authority, the budget deficit of the Palestinian National Authority increased in 2011 compared to 2010 reaching USD 1,278.3 million. due to an increase in government expenses at a higher percentage than the increase in government revenues where total revenues increased by 6.1% during 2011 reaching USD 2.0 billion. Government expenses increased by 8.0% during the same period as well. External financial support to cover the deficit in the budget of the Palestinian National Authority decreased by 29.0% where the total of the external support reached USD 814.3 million during 2011 compared with USD 1,146.8 million in 2010.

The value of residents' deposits in local banks increased in 2011 by 2.2% reaching USD 6,776.8 million at the end of the year compared with USD 6,630.3 million in 2010. According to the data of the unified balance sheet of banks issued by the Palestinian Monetary Authority, the Palestinian Authority institutions' deposits constituted 6.4% of the total of residents' deposits in 2011.