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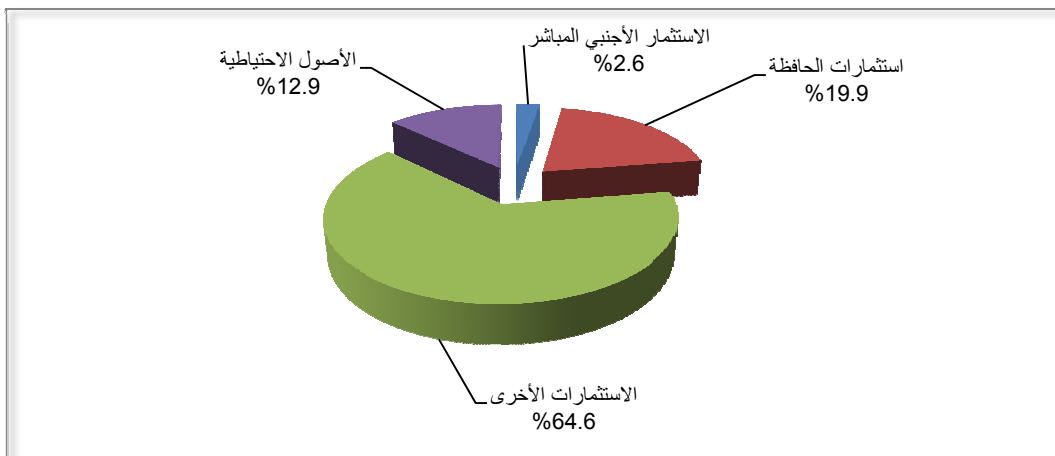
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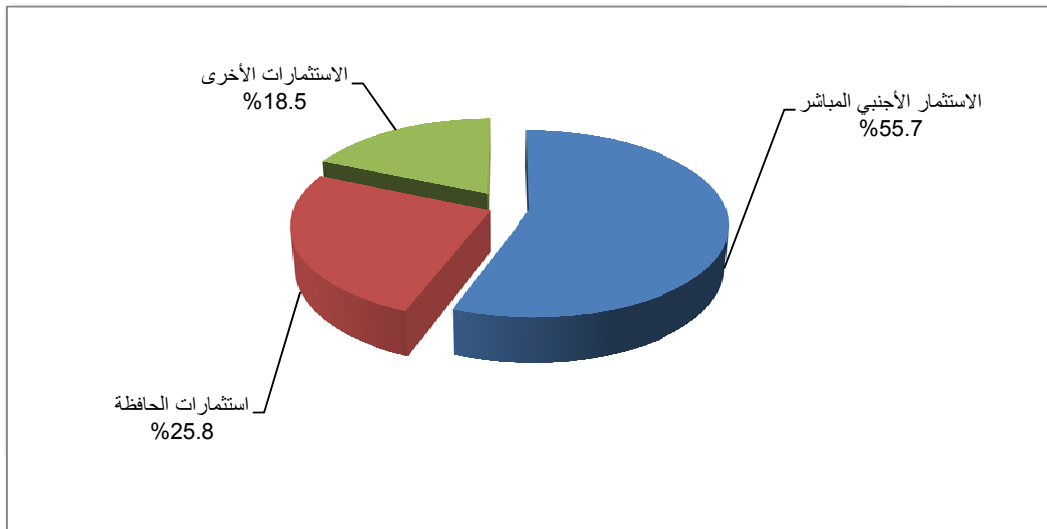
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Tables

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Table 1: Main Indicators of the Foreign Investment Survey of Resident Enterprises in Palestine (stocks) at the end of year 2012

(Value in million USD)

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Indicator	النسبة %	رصيد 2012 Stock 2012	
Total Assets*	100	5,155.0	*
Stocks of Foreign Direct Investment	2.6	133.0	
Stocks of Portfolio Investments	19.9	1,028.0	
<i>of which: Equity securities</i>		296.0	:
<i>of which: Debt securities</i>		732.0	:
Stocks of Other Investments:	64.6	3,330.0	:
<i>of which: Trade credits</i>		7.0	:
<i>of which: Loans</i>		94.0	:
<i>of which: Currency and deposits</i>		3,229.0	:
<i>of which: Other Assets</i>		0.0	:
Stocks of Reserves Assets	12.9	664.0	
Total Liabilities**	100	2,625.0	**
Stocks of Foreign Direct Investment	55.7	1,463.0	
Stocks of Portfolio Investments	25.8	676.0	
<i>of which: Equity securities</i>		676.0	:
<i>of which: Debt securities</i>		0.0	:
Stocks of Other Investments:	18.5	486.0	:
<i>of which: Trade credits</i>		0.0	:
<i>of which: Loans</i>		43.0	:
<i>of which: Currency and deposits</i>		443.0	:
<i>of which: Other Liabilities</i>		0.0	:

* Assets is the investments abroad of Resident enterprises in Palestine.

*

** Liabilities is the foreign investments in Resident enterprises in Palestine

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Table 2: Percentage Distribution of Foreign Direct Investments (FDI*) in Resident Enterprises in Palestine by Economic Activity at the end of year 2012

Economic Activity	() value (in million USD)	%	
Financial Intermediation	807.3	55.2	
Services & Transport, storage & communications & internal trade	506.4	34.6	
Industry	120.4	8.2	
Constructions	28.9	2.0	
Total	1,463.0	100	

* Includes other capital of FDI

* تشمل راس المال الأخر للإستثمار الأجنبي المباشر

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Table 3: Percentage Distribution of Foreign Direct Investments (FDI*) in Resident Enterprises in Palestine by Country at the end of year 2012

Country	() value (in million USD)	%	
Jordan	1,176.4	80.4	
Qatar	132.5	9.1	
Egypt	55.3	3.8	
United State of America	39.7	2.7	
United Arab Emirates	14.6	1.0	
Other Countries	44.5	3.0	
Total	1,463.0	100	

* Includes other capital of FDI

* تشمل راس المال الأخر للإستثمار الأجنبي المباشر

جدول 4: التوزيع النسبي لاستثمارات الحافظة الأجنبية في المؤسسات المقيمة في فلسطين حسب النشاط الاقتصادي، في نهاية عام 2012

Table 4: Percentage Distribution of Foreign Portfolio Investments in Resident Enterprises in Palestine by Economic Activity at the end of year 2012

Economic Activity	القيمة (بالمليون دولار) value (in million USD)	%	النشاط الاقتصادي
Services & Transport, storage & communications	375.2	55.5	الخدمات والنقل والتخزين والاتصالات
Financial Intermediation	272.3	40.3	الوساطة المالية
Industry	25.3	3.7	الصناعة
Constructions	3.2	0.5	الإنشاءات
Total	676.0	100	المجموع

جدول 5: التوزيع النسبي لاستثمارات الحافظة الأجنبية في المؤسسات المقيمة في فلسطين حسب الدولة، في نهاية عام 2012

Table 5: Percentage Distribution of Foreign Portfolio Investments in Resident Enterprises in Palestine by Country at the end of year 2012

Country	القيمة (بالمليون دولار) value (in million USD)	%	الدولة
Jordan	307.2	45.4	الأردن
Kuwait	118.9	17.6	الكويت
Saudi Arabia	51.3	7.6	السعودية
Qatar	42.4	6.3	قطر
United Arab Emirates	38.5	5.7	الإمارات العربية المتحدة
United State of America	34.2	5.1	الولايات المتحدة الأمريكية
Great Britain	21.7	3.2	بريطانيا
Other Countries	61.8	9.1	دول أخرى
Total	676.0	100	المجموع



State of Palestine

Palestinian Central Bureau of Statistics

Palestinian Monetary Authority

Foreign Investment Survey of Resident Enterprises in Palestine, 2012 Preliminary Results

November, 2013

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

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

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Suggested Citation:

Palestinian Central Bureau of Statistics, Palestinian Monetary Authority, 2013. *Foreign Investments Survey of Resident Enterprises in Palestine, 2012: Preliminary Results. Ramallah – Palestine.*

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Reference ID:2018

Acknowledgement

The Palestinian Central Bureau of Statistics (PCBS) and the Palestinian Monetary Authority (PMA) extend their deep appreciations to all owners and managers of enterprises who contributed to the successful collection of the survey data, PCBS and PMA are also grateful to the Palestinian Exchange (PEX) for their contribution to this survey, and to all staff who worked on the survey for their dedication in performing their duties.

The Foreign Investment Survey 2012 has been planned and conducted by a technical team from PCBS and PMA with joint funding from State of Palestine and the Core Funding Group (CFG) for the year 2013 represented by the Representative Office of Norway to State of Palestine and the Swiss Development and Cooperation Agency (SDC).

Moreover, PCBS very much appreciates the distinctive efforts of the Core Funding Group (CFG) for their valuable contribution to funding this survey.

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Introduction

The Foreign Investment Survey is considered to be the best tool for collecting data about the International Investment Position (IIP), which collects details about the flow and stocks of foreign investments using special forms. The IIP is an account which records the total balance of foreign financial assets and liabilities of the economy. Changes in IIP are categorized in two levels: the first differentiates between assets and liabilities and the difference represents the net IIP. The second level focuses on the division of assets and liabilities on a functional basis that is fully consistent with the basic elements of financial accounting in the balance of payments, in addition to changes between stocks at the beginning and end of the period. This may include changes in prices, currency exchange rates, or a quantitative change resulting from sudden profit or loss as a result of natural disasters or war. The Foreign Investment Survey was conducted in accordance with recent international recommendations (Balance of Payments Manual 1993 issued by the International Monetary Fund), while taking into account the unique circumstances of Palestine.

The Palestinian Central Bureau of Statistics and Palestinian Monetary Authority are pleased to issue the Third version of the Foreign Investment Survey report for 2012 on Resident Enterprises in Palestine.

The first chapter of the report details the main results of the survey. The second chapter describes the methodology used in the implementation of this survey and the measures implemented to ensure the quality control of data. The third chapter covers the concepts and definitions used in the report. The report is also comprises detailed tables of the most important results of the survey on a national level.

The results of the Foreign Investment Survey constitute the basic pillar for the compilation of the Palestinian International Investment Position (IIP) and for statistics on gross external debit for Palestine. PCBS hope that the results of the survey will provide statistical evidence about foreign investments in terms of type, economic activity, and country of investment, and will meet the needs of both the public and private sector for such statistical data.

Ola Awad
President of PCBS

Jihad Al-Wazir, Ph.D
Governor of PMA

November, 2013

Chapter One

Main Findings

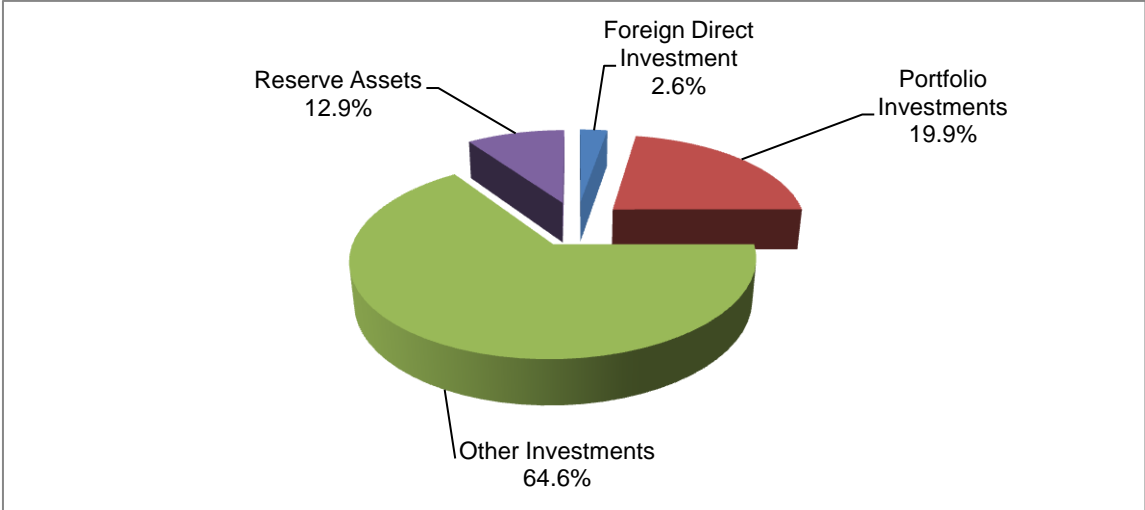
The Foreign Investment Survey of resident enterprises in Palestine 2012 has concluded important results for researchers, academics, and decision makers. The results indicated that external investments by resident enterprises in Palestine were greater than investment by non-residents in resident enterprises in Palestine at the end of 2012.

The main findings of the survey are as follows:

The total stock of resident enterprises in Palestine investments abroad (assets) amounted to USD 5,155.0 million at the end of 2012 while total foreign investment stock in resident enterprises in Palestine (liabilities) amounted to USD 2,625.0 million at the end of the same year.

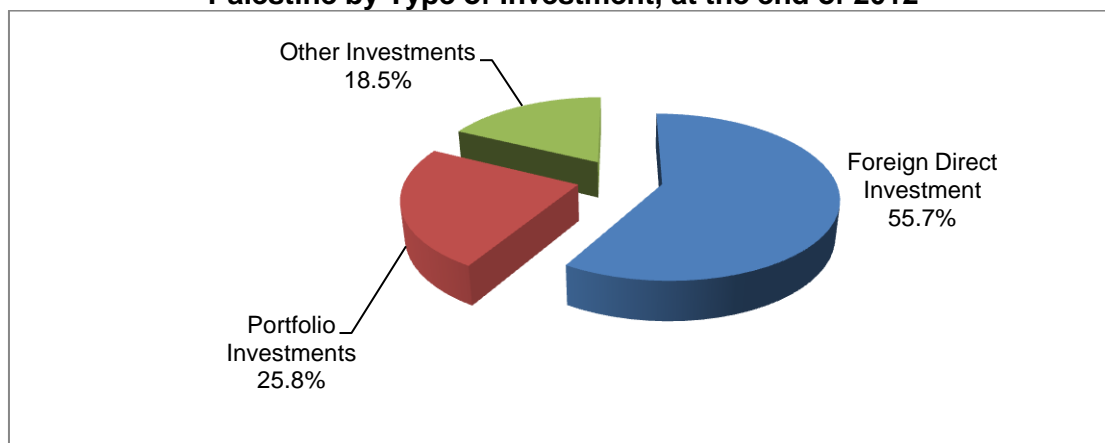
With regard to the distribution of assets, foreign direct investment (FDI) abroad amounted to USD 133.0 million at the end of 2012, while portfolio investments abroad amounted to USD 1,028.0 million. Other investments abroad amounted to USD 3,330.0 million. The stock of reserve assets for the PMA amounted to USD 664.0 million at the end of 2012.

Percentage Distribution of External Assets Stocks of Resident Enterprises in Palestine by Type of Investment, at the end of 2012



With regard to the distribution of liabilities, foreign direct investment (FDI) amounted to USD 1463.0 million at the end of 2012, while portfolio investments were USD 676.0 million. Other investments totaled USD 486.0 million.

Percentage Distribution of Foreign Liabilities Stocks in Resident Enterprises in Palestine by Type of Investment, at the end of 2012



The results show that 55.2% of foreign direct investment (FDI) in resident enterprises in Palestine is concentrated in banks sector, while investment from Jordan contributed by 80.4% of total stock of FDI in resident enterprises in Palestine .

And the results also show that 55.5% of total portfolio investments in resident enterprises in Palestine is concentrated in services transport storage and communications activities, while investments from Jordan contributed by 45.4% of the total stock of Portfolio investments in resident enterprises in Palestine .

Chapter Two

Methodology and Data Quality

This chapter details the objectives of the survey, the questionnaire for the economic surveys series, the frame, sample and implementation stage, and the accuracy of the data with relation to non-statistical errors at all stages of the survey that include data collection and data entry.

2.1 Survey Objectives

The Foreign Investment Survey of resident enterprises in Palestine for 2012 aims to provide indicators about:

1. Stocks of foreign direct investment in resident enterprises in Palestine and its distribution by economic activity and country.
2. Stocks of portfolio investment in resident enterprises in Palestine and its distribution by economic activity and country.
3. Stocks of direct investments abroad.
4. Stocks of portfolio investments abroad.
5. Stocks of other foreign investments in resident enterprises in Palestine and abroad by resident enterprises in Palestine .
6. Stocks of reserve assets (for the Palestinian Monetary Authority).

2.2 Questionnaire

The design of the questionnaire took into consideration integration with the economic surveys series implemented by the PCBS, while taking into account the specific targets of this survey. The survey questionnaire ensured the inclusion of the most important economic variables related to investment activities with the rest of the world and to meet the needs for the preparation of national accounts, balance of payments (BOP), and international investment position (IIP).

2.3 Coverage and Sampling

2.3.1 Coverage

The sampling frame population included profit enterprises that perform any economic activity in Palestine, particularly enterprises with investment from abroad or which have overseas investments.

2.3.2 Sampling frame Design

The sampling frame for the Foreign Investment Survey 2012 comprised two groups: the first group included non-financial enterprises and financial enterprises other than banks and located in the West Bank and Gaza Strip: PCBS carried out the collection of relevant data pertaining to these enterprises. The second group included banks in the West Bank and Gaza Strip and the Palestine Monetary Authority conducted data collection from the banks. The total sample size of the enterprises under the responsibility of PCBS in the West Bank and Gaza Strip was 94 enterprises (18 banks, 76 enterprises other than banks).

2.3.3 The Implementation Stage

This phase included field work operations, data processing, and tabulation:

- Field work operations: The number of field workers was related to the number of enterprises in each governorate. Six field workers were recruited and trained for data collection. These field workers held interviews with the manager or accountant of the

enterprise to fill in the questionnaires. In addition, field visits were conducted by the survey's management team to ensure data collection was conducted according to the applicable standards.

- Data processing and tabulation, which included:
 - Developing a data entry program and training of data entry clerks.
 - Organizing data entry processes.
 - Post-data entry editing.
 - Tabulation.

2.4 Accuracy of the Data

2.4.1 Statistical Errors

These data are not affected by statistical errors, since the frame of the survey included all enterprises.

2.4.2 Non-Statistical Errors

These types of error could appear in one or in all of the survey stages that include data collection and data entry:

Response rate values:

- Non-response rate: 0%.
- Response rate: 100%.
- Over-coverage rate: 0%.

Response errors: This type of error relates to respondents, field workers, and data entry personnel. To avoid mistakes and reduce their impact, a series of measures were implemented to enhance the accuracy of the data through the process of data collection from the field and data processing.

2.5 Comparability

It is difficult to make comparisons of survey data over a time period since there is a lack of time series data. The survey provides data comparability with other countries that publish statistics based on the Balance of Payments Manual- Fifth edition issued by the International Monetary Fund (IMF). The survey was conducted according to the recommendations and standards of this manual.

2.6 Data Quality Control

2.6.1 Field work

- A specialized field work team with a background in economics was selected and trained theoretically and practically on the questionnaire used for the survey.
- Field work visits were made by both field work and project management staff to monitor and follow up the data collection process and progress of work. On average, two visits were made per field worker. All of completed questionnaires were reviewed and corrected if necessary and comments and notes were directed to the team accordingly.
- Different levels of supervision and monitoring were implemented according to the following hierarchy:
 - Field workers
 - Field worker supervisors
 - Field work coordinators (Each with supervisory responsibilities).

- The project managers received a weekly progress report about completeness and response rates.
- A refresher meeting was held and followed up by telephone during data collection to reiterate the main points of the training and to answer questions by field workers about issues faced in the field.

2.6.2 Data Quality

To ensure the quality and consistency of data, a set of measures was introduced to enhance the accuracy of data as follows:

- Preparation of a data entry program prior to data collection to guarantee the preparedness of an appropriate data entry program.
- A set of validation rules were applied to the program to check the consistency of data.
- The efficiency of the program was checked through pre-testing by entering some questionnaires, including incorrect information, to check that the incorrect information was identified.
- Well-trained data personnel were selected and trained for main data entry.
- Weekly data files were received by project managers to check accuracy and consistency and correction notes were provided for data entry supervisors.

2.7 Notes on Data

1. Differences in the results of certain indicators can be noted due to approximation.
2. The implementation of the Foreign Investment Survey for resident enterprises in Palestine2012 for non-financial and financial enterprises (excluding banks) was conducted by the Central Bureau of Statistics (PCBS).
3. The implementation of the foreign investment survey for resident enterprises in Palestine2012 for financial enterprises (banks) was conducted by the Palestine Monetary Authority (PMA).

- **Exchange rates:**

The exchange rates of stocks to USD were based on those valid at the end of the base year 2012:

- NIS / USD = 0.26
- JD / USD = 1.41

Chapter Three

Concepts and Definitions

This chapter defines the concepts used in the preparation of the survey tools on which data collection and processing were based. These concepts and their definitions are based on international recommendations in the fields of economic statistics and national accounts, while taking into consideration the particular aspects of Palestine.

Residency:

Residency is defined from an economic perspective rather than a legal one. The fundamental criterion to determine the residency of an entity is its center of economic interest, known as the location of housing, or of production or other sites, within the economic territory of a country. The entity initiates large scale activities and economic transactions for a limited or unlimited period, but usually a long period of time. In practice, an individual is resident if he/she remains in a country for a period of at least one year, excluding embassies (apart from local staff who are considered residents in the country where they live, patients being treated abroad, and students who are studying abroad even if their stay exceeds one year).

A company is considered resident in an economy when it has been operating in that economy for one year and more, has a building or office, and has independent accounting records are not included in the financial statements of the parent company, if any.

Enterprise (project):

Any economic entity legally capable of acquiring assets, assuming liabilities, exercising economic activities, and conducting transactions with other parties resulting in profits and losses. The entity prepares a balance sheet of its assets and liabilities at the end of the year, including performed economic activity or group of economic activities (establishments).

External Assets:

The stocks invested abroad by residents in Palestine (individuals or enterprises).

Foreign Liabilities:

The stocks of non-residents(individuals or enterprises) invested in enterprises located in Palestine.

Direct Investment Enterprises:

An incorporated or unincorporated enterprise in which a foreign investor owns 10 percent or more of the ordinary shares or voting power for an incorporated enterprise, or the equivalent for an unincorporated enterprise.

Direct Investor:

The investor owns 10% or more of the capital of the company.

Portfolio Investor:

The investor owns less than 10% of the capital of the company or investments in bonds.

Other Foreign Investments:

Other investments include all stocks of external assets and foreign liabilities not classified under any of the other three broad categories. The most important of these are trade credits, currency and deposits, loans and other assets and liabilities.

Reserve Assets:

Assets that must be controllable by the Monetary Authority. They must be accessible to the Monetary Authority at relatively short notice for balance of payments purposes and be denominated in a convertible currency.