



**Palestinian National Authority
Palestinian Central Bureau of Statistics**

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

Report on the Survey Results

April 2012

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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 2012

1-1 Overall performance

According to 13.9% of owners/ managers of industrial enterprises (15.0% in the West Bank and 5.9% in the Gaza Strip) the overall performance of their enterprises had improved during the first quarter 2012 compared with the fourth quarter 2011.

1-2 Financial conditions

13.1% of owners/ managers of industrial enterprises (14.4% in the West Bank and 3.9% in the Gaza Strip) believe that the financial situation improved during the first quarter 2012 compared with the fourth quarter 2011.

1-3 Borrowing and financing

Survey results show weak borrowing by active industrial enterprises from banks operating in the Palestinian Territory during the first quarter 2012: 97.8% of owners of industrial enterprises stated that they refrained from borrowing from banks, while 1.2% of them had applied for a bank loan on one occasion and 1.0% had borrowed on more than one occasion.

2. Challenges

2-1 Changes in the level of sales

39.6% of owners/ managers of active industrial enterprises in the Palestinian Territory (50.5% in the West Bank and 14.3% in the Gaza Strip) 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 2012.

2-2 Obstacles to exports

The owners/ managers of active industrial enterprises in the West Bank during the first quarter 2012 indicated a number of difficulties that hinder their ability to export goods. 83.2% of owners/ managers of export enterprises in the West Bank indicated that the closure of entry points had the greatest negative impact on export activities, while 60.2% believed that the Traveling problems imposed on entering foreign markets was an additional obstacle.

2-3 Local and external competition

In the Palestinian Territory, 96.1% of owners/ managers of active industrial enterprises (96.1% in the West Bank and 96.1% in the Gaza Strip) indicated that the main product manufactured by their enterprises faced competition of some kind.

According to 54.4% of owners/ managers of active industrial enterprises, their main item of production faced local competition while 9.1% of owners cited foreign competition. In addition, 36.5% of owners/ managers of industrial enterprises stated that their main product faced both local and foreign competition.

3. Expectations for the Second Quarter 2012

In regard to the expectations of owners/ managers of active industrial enterprises for the second quarter 2012, 47.4% (48.1% in the West Bank and 43.1% in the Gaza Strip) expect an improvement in their situation in general, where 47.4% (48.1% in the West Bank and 43.1% in the Gaza Strip) anticipate increased production; 47.7% (48.3% in the West Bank and 43.1% in the Gaza Strip) anticipate an increase in sales in the first quarter.

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 2012 according to the type of service provided. The results were as follows:

4.1 Infrastructure and facilities

73.5% of owners/ managers of industrial enterprises in the Palestinian Territory were satisfied with services related to the water supply (75.0% in the West Bank and 62.7% in the Gaza Strip). Around 61.8% of owners/ managers of industrial enterprises in the Palestinian Territory indicated satisfaction with Electricity supply services (70.3% in the West Bank and 2.0% in the Gaza Strip).

4.2 The judicial system and conflict resolution

The results showed that 82.2% of owners/ managers of industrial enterprises in the Palestinian Territory are satisfied with the fairness of the police on issues related to their enterprises (88.1% in the West Bank and 41.2% in the Gaza Strip), while 72.0% of owners/managers were satisfied with the effectiveness of the Palestinian courts (77.2% in the West Bank and 35.3% in the Gaza Strip).

4.3 Facilities

In relation to facilities provided by government institutions to obtain required permits and licenses, 57.4% of owners/ managers of industrial enterprises in the Palestinian Territory were satisfied with the facilities provided (61.7% in the West Bank and 27.5% in the Gaza Strip). In addition, 27.5% of owners/managers were satisfied with the information provided to enterprises in the Palestinian Territory (28.9% in the West Bank and 17.6% in the Gaza Strip). Regarding the promotion of policies to assist the development of institutions, 27.3% of owners/ managers of industrial enterprises in the Palestinian Territory were satisfied (28.9% in the West Bank and 15.7% in the Gaza Strip).

5. Obstacles to the expansion of production of industrial enterprises

The owners/ managers of active industrial enterprises during the first quarter 2012 indicated a number of obstacles that hinder the expansion of production. About 89.3% of owners/ managers of exporting enterprises in the Palestinian Territory (88.1% in the West Bank and 98.0% in the Gaza Strip) cited the difficult political situation as having the greatest negative impact on the expansion of production, while 88.6% (89.2% in the West Bank and 84.3% in the Gaza Strip) believed that the low level of income per capita of Palestinians is an additional obstacle.

6. Difficulties finding qualified employees

11.9% of owners/ managers of active industrial enterprises in the Palestinian Territory (11.9% in the West Bank and 11.8% in the Gaza Strip) revealed that they had difficulty finding employees qualified in the academic specialization appropriate to the nature of their company in the first quarter 2012. Also, 23.8% of owners/ managers of active industrial enterprises in the Palestinian Territory (24.4% in the West Bank and 19.6% in the Gaza Strip) revealed that they have difficulty finding suitable trained employees for the company.

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Table 1: Percentage of the Active Industrial Enterprises Witnessed Improvement in their Situation During the First Quarter 2012 Compared to the Fourth Quarter 2011 for the Main Indicators by Region

Indicator	Region		
	Gaza Strip	West Bank	Palestinian Territory
Enterprise's performance in general	5.9	15.0	13.9
Production situation	3.9	14.4	13.1
Employees' productivity	5.9	14.2	13.1
Obtaining needed raw materials and inputs	3.9	11.1	10.2
Regularity of work	2.0	9.4	8.5
Transporting finished goods to market	3.9	8.3	7.8
Financial situations	3.9	14.4	13.1
Banks' credits & facilities	0.0	1.9	1.7
Value of sales	3.9	14.7	13.4

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Table 2: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Opinions of Main Indicators During the First Quarter 2012 Compared to the Fourth Quarter 2011 in the Palestinian Territory

Indicator	Total	Not Applicable	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.0	27.0	59.1	13.9	
Production situation	100	0.0	27.0	59.9	13.1	
Employees' productivity	100	0.0	24.4	62.5	13.1	
Obtaining needed raw materials and inputs	100	0.0	20.5	69.3	10.2	
Regularity of work	100	0.0	21.7	69.8	8.5	
Transporting finished goods to market	100	10.7	20.9	60.6	7.8	
Financial situations	100	0.0	32.8	54.1	13.1	
Banks' credits & facilities	100	58.2	7.0	33.1	1.7	
Value of sales	100	0.0	33.8	52.8	13.4	

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 2012

Reason	Gaza Strip	West Bank	Palestinian Territory	
Difficulties in exporting finished goods	9.5	5.2	6.5	
Decline in consumer's purchasing power	14.3	50.5	39.6	
Obstacles related to Marketing of Products	-	2.1	1.4	()
Competing products	21.4	8.2	12.2	
Reasons Related Seasonally	4.8	18.6	14.4	
Military check points/Israeli actions/ closures	-	1.0	0.7	/ /
Lack of capital needed for the development of the institution	-	1.0	0.7	
Higher fees and taxes	-	-	-	
The instability of government systems (political instability)	-	2.1	1.4	()
Lack of trained workers	-	-	-	
Other	50.0	11.3	23.1	
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 2012 by Region

Existence of competing products	Gaza Strip	West Bank	Palestinian Territory	
There is competition	96.1	96.1	96.1	
There is no competition	3.9	3.9	3.9	
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 2012 by Region

Type of Competition	Gaza Strip	West Bank	Palestinian Territory	
Local	36.7	56.9	54.4	
Foreign	6.1	9.5	9.1	
Both	57.2	33.6	36.5	
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 2012 Compared to the First Quarter 2012 by Region

Indicator	Gaza Strip	West Bank	Palestinian Territory	
Enterprise's performance in general	43.1	48.1	47.4	
Production situation	43.1	48.1	47.4	
Volume of sales	43.1	48.3	47.7	
Employees' productivity	43.1	44.4	44.3	
Obtaining needed raw materials and inputs	43.1	30.8	32.4	
Regularity of work	43.1	35.3	36.3	
Transporting finished goods to market	43.1	30.3	31.9	
Financial situations	43.1	42.8	42.8	
Banks' credits & facilities	7.8	6.4	6.6	

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

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	0.3	15.3	37.0	47.4	
Production situation	100	0.2	16.4	36.0	47.4	
Volume of sales	100	0.5	17.3	34.5	47.7	
Employees productivity	100	0.5	13.6	41.6	44.3	
Obtaining needed raw materials and inputs	100	3.4	13.6	50.6	32.4	
Regularity of work	100	5.5	13.4	44.8	36.3	
Transporting finished goods to market	100	15.1	10.7	42.3	31.9	
Financial situations	100	6.1	17.0	34.1	42.8	
Banks credits & facilities	100	62.5	3.9	27.0	6.6	

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 2012 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Infrastructure and facilities							
Electricity supply	Palestinian Territory	100	0.0	38.2	61.8		
	West bank	100	0.0	29.7	70.3		
	Gaza strip	100	0.0	98.0	2.0		
Water supply	Palestinian Territory	100	1.0	25.5	73.5		
	West bank	100	0.3	24.7	75.0		
	Gaza strip	100	5.9	31.4	62.7		
The quality of roads	Palestinian Territory	100	1.7	43.1	55.2		
	West bank	100	1.7	38.3	60.0		
	Gaza strip	100	1.9	76.5	21.6		
Transport and Communications	Palestinian Territory	100	1.9	37.0	61.1		
	West bank	100	2.2	31.1	66.7		
	Gaza strip	100	0.0	78.4	21.6		
Access to industrial areas	Palestinian Territory	100	15.6	33.3	51.1		
	West bank	100	16.7	31.1	52.2		
	Gaza strip	100	7.9	49.0	43.1		
The judicial system and conflict resolution							
Fairness of the police	Palestinian Territory	100	7.3	10.5	82.2		
	West bank	100	3.8	8.1	88.1		
	Gaza strip	100	31.3	27.5	41.2		
Effectiveness of the courts	Palestinian Territory	100	9.0	19.0	72.0		
	West bank	100	5.3	17.5	77.2		
	Gaza strip	100	35.3	29.4	35.3		

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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 2012 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Facilities							
To obtain the necessary permits and licenses	Palestinian Territory	100	19.2	23.4	57.4		
	West bank	100	17.7	20.6	61.7		
	Gaza strip	100	29.4	43.1	27.5		
Providing information to enterprises	Palestinian Territory	100	33.6	38.9	27.5		
	West bank	100	35.0	36.1	28.9		
	Gaza strip	100	23.6	58.8	17.6		
Promotion of policies that serve the development of institutions	Palestinian Territory	100	36.9	35.8	27.3		
	West bank	100	38.3	32.8	28.9		
	Gaza strip	100	27.4	56.9	15.7		
Laws and regulations							
Tax rate	Palestinian Territory	100	4.8	43.6	51.6		
	West bank	100	3.8	40.6	55.6		
	Gaza strip	100	11.8	64.7	23.5		
Tax administration	Palestinian Territory	100	5.3	32.4	62.3		
	West bank	100	4.1	27.8	68.1		
	Gaza strip	100	13.7	64.7	21.6		
Licenses and permits	Palestinian Territory	100	6.5	26.8	66.7		
	West bank	100	5.3	22.5	72.2		
	Gaza strip	100	15.6	56.9	27.5		

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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 2012 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Labor laws	Palestinian Territory	100	5.3	25.8	68.9		
	West bank	100	4.2	21.4	74.4		
	Gaza strip	100	13.7	56.9	29.4		
Services							
Telecommunications	Palestinian Territory	100	4.1	9.5	86.4		
	West bank	100	3.9	7.2	88.9		
	Gaza strip	100	5.9	25.5	68.6		
Internet Service	Palestinian Territory	100	27.5	14.8	57.7		
	West bank	100	27.3	14.4	58.3		
	Gaza strip	100	29.5	17.6	52.9		
Access to governmental consulting and training	Palestinian Territory	100	42.1	39.2	18.7		
	West bank	100	44.2	36.9	18.9		
	Gaza strip	100	27.5	54.9	17.6		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestinian Territory	100	39.6	37.0	23.4		
	West bank	100	41.1	35.8	23.1)
	Gaza strip	100	29.4	45.1	25.5		(.....)

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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 2012 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
No loan request	96.1	98.1	97.8	
Once	3.9	0.8	1.2	
2 or more	0.0	1.1	1.0	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 2012 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
The loan was accepted	100.0	57.1	66.7	
The loan was rejected	0.0	42.9	33.3	
No answer yet	0.0	0.0	0.0	
Total	100	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 2012 by Region

Reason for Refusal	Gaza Strip	West Bank	Palestinian Territory	
Insufficient guarantees on the quality and quantity	0.0	66.7	66.7	
Not to accept the feasibility study and action plan presented to the financial institution	0.0	33.3	33.3	
I don't know	0.0	0.0	0.0	
Total	0.0	100	100	

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Table 12: 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 2012

Problems	المجموع	Don't Know	No difficulty	There's a difficulty	
	Total				
Commitment to international market requirements	100	0.0	84.1	15.9	
Price competition in the export market	100	0.0	69.0	31.0	
Compliance to quantity demanded and delivery time	100	0.0	76.1	23.9	
Marketing ability	100	1.7	67.3	31.0	
Regular delivery of raw materials	100	3.6	56.6	39.8	
Regular achievement of export	100	1.8	50.4	47.8	
Palestinian export regulation and licensing	100	0.9	63.7	35.4	
Information access to the foreign market	100	0.9	59.3	39.8	
Traveling problems imposed on entering foreign markets	100	0.9	38.9	60.2	
Customer payment guarantee	100	0.0	41.6	58.4	
Closing entries	100	0.0	16.8	83.2	

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Table 13: Percentage of Active Industrial Enterprises According to Mechanism of Finding Customers in the Export Market in the West Bank during the First Quarter 2012

(Percentage)

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Approaching Customers	West Bank	
Market research	56.6	
Information gathered from chamber of Commerce industrial union etc...	20.4	
Participate in international exhibitions and organized business missions	38.9	
Self-organized visits to the export market	52.2	
Personal relationships and contacts	94.7	
Through internet	29.2	
Customer self initiative	67.3	

Table 14: 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 2012 by Region

The Obstacle	Region	المجموع Total	No Effect	No	Yes		
Low Confidence in the Palestinian Economy	Palestinian Territory	100	9.7	29.7	60.6		
	West bank	100	10.3	29.7	60.0		
	Gaza strip	100	5.9	29.4	64.7		
Confinement of Palestinian trade with Israel	Palestinian Territory	100	11.0	24.3	64.7		
	West bank	100	10.8	23.1	66.1		
	Gaza strip	100	11.8	33.3	54.9		
The small size of the Palestinian market	Palestinian Territory	100	4.8	10.0	85.2		
	West bank	100	5.3	8.3	86.4		
	Gaza strip	100	1.9	21.6	76.5		
Low level of income per capita Palestinian	Palestinian Territory	100	5.1	6.3	88.6		
	West bank	100	5.2	5.6	89.2		
	Gaza strip	100	3.9	11.8	84.3		
Inadequate investment laws	Palestinian Territory	100	16.3	34.1	49.6		
	West bank	100	16.6	35.3	48.1		
	Gaza strip	100	13.7	25.5	60.8		
Weakness of the Palestinian infrastructure	Palestinian Territory	100	11.5	22.1	66.4		
	West bank	100	11.7	23.3	65.0		
	Gaza strip	100	9.8	13.7	76.5		
The lack of industrial zones	Palestinian Territory	100	14.9	35.0	50.1		
	West bank	100	15.3	35.3	49.4		
	Gaza strip	100	11.8	33.3	54.9		

Table 14 (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 2012 by Region

The Obstacle	Region	المجموع Total	No Effect	No	Yes		
The unfairness of tax systems	Palestinian Territory	100	13.1	39.7	47.2		
	West bank	100	13.1	41.1	45.8		
	Gaza strip	100	13.7	29.4	56.9		
Bureaucratic licensing procedures	Palestinian Territory	100	15.6	39.4	45.0		
	West bank	100	15.5	40.6	43.9		
	Gaza strip	100	15.7	31.4	52.9		
Lack of facilities in Palestinian banks	Palestinian Territory	100	28.4	42.6	29.0		
	West bank	100	28.1	46.1	25.8		
	Gaza strip	100	31.4	17.6	51.0		
High cost of Palestinian labor	Palestinian Territory	100	11.4	38.0	50.6		
	West bank	100	12.2	39.7	48.1		
	Gaza strip	100	5.9	25.5	68.6		
Lack of trained Palestinian	Palestinian Territory	100	12.6	39.7	47.7		
	West bank	100	12.3	40.8	46.9		
	Gaza strip	100	15.7	31.4	52.9		
Increase in water prices	Palestinian Territory	100	10.0	46.7	43.3		
	West bank	100	9.5	48.6	41.9		
	Gaza strip	100	13.8	33.3	52.9		
Increase in electricity prices	Palestinian Territory	100	6.1	18.2	75.7		
	West bank	100	6.9	20.0	73.1		
	Gaza strip	100	0.0	5.9	94.1		

Table 14 (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 2012 by Region

The Obstacle	Region	المجموع Total	No Effect	No	Yes		
Increase in fuel prices and fuel	Palestinian Territory	100	5.6	16.3	78.1		
	West bank	100	6.3	18.1	75.6		
	Gaza strip	100	0.0	3.9	96.1		
Difficult to export	Palestinian Territory	100	20.2	23.4	56.4		
	West bank	100	20.3	24.7	55.0		
	Gaza strip	100	19.6	13.7	66.7		
Import difficulties	Palestinian Territory	100	20.4	26.8	52.8		
	West bank	100	20.8	28.1	51.1		
	Gaza strip	100	17.7	17.6	64.7		
Difficult political situation	Palestinian Territory	100	5.6	5.1	89.3		
	West bank	100	6.3	5.6	88.1		
	Gaza strip	100	0.0	2.0	98.0		
Lack of information on opportunities in the Palestinian economy	Palestinian Territory	100	11.7	18.2	70.1		
	West bank	100	11.1	18.3	70.6		
	Gaza strip	100	15.7	17.6	66.7		
Weakness of self-reliance on investment	Palestinian Territory	100	8.5	27.5	64.0		
	West bank	100	7.8	26.9	65.3		
	Gaza strip	100	13.7	31.4	54.9		

Table 15: 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 2012 by Region

Field	Region	المجموع Total	Not Applicable	No	Yes		
Appropriate academic specialization to the nature of the company	Palestinian Territory	100	15.1	73.0	11.9		
	West bank	100	14.5	73.6	11.9		
	Gaza strip	100	19.6	68.6	11.8		
Appropriate training to the nature of the company	Palestinian Territory	100	2.5	73.7	23.8		
	West bank	100	0.9	74.7	24.4		
	Gaza strip	100	13.7	66.7	19.6		
Appropriate experience to the nature of the company	Palestinian Territory	100	3.2	73.2	23.6		
	West bank	100	1.6	74.2	24.2		
	Gaza strip	100	13.7	66.7	19.6		
Appropriate language to the nature of the company	Palestinian Territory	100	21.1	76.2	2.7		
	West bank	100	20.8	76.4	2.8		
	Gaza strip	100	23.5	74.5	2.0		