



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

**Survey of the Perceptions of the Owners / Managers of
Active Industrial Enterprises Regarding the Economic
Situation
Second Quarter 2011**

News Release on the Survey Results

July, 2011

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TABLES ARE PRINTED IN THE ARABIC ORDER (FROM RIGHT TO LEFT)

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News Release
Main Findings of the Survey of the Perceptions of the Owners/ managers of the
Active Industrial Enterprises Regarding the Economic Situation,
Second Quarter 2011

1. Performance of industrial enterprises in the Second Quarter 2011

1-1 Overall performance

According to 33.5% of the owners/ managers of the industrial enterprises (34.4% for the West Bank and 29.7% for Gaza Strip) the overall performance of their enterprises during the second quarter 2011 has improved from what it was during the first quarter 2011.

1-2 Financial conditions

On the other hand, the results showed that 27.5% of the owners/ managers of industrial enterprises (26.6% in the West Bank and 28.4% in Gaza Strip) believe that the financial situation improved during the second quarter 2011 compared with the first quarter 2011.

1-3 Borrowing and financing

Survey results show weak borrowing by the active industrial enterprises from operating banks in the Palestinian Territory during the second quarter 2011; 94.8% of the owners of industrial enterprises stated that they refrained from borrowing from the operating banks, while 4.6% of them did apply for bank loans only one time. While the percentage of enterprises that borrowed more than one time was 0.6%.

2. Challenges

2-1 Changes in sales level

The expectations of 48.2% of the owners/ managers of the active industrial enterprises in the Palestinian Territory revealed that the main reason for the decline in sales level is due to the decrease in the purchasing power of the consumers in the second quarter 2011; (44.6% in the West Bank, 66.7% in Gaza Strip).

2-2 Exports hindrance

The owners of the active industrial enterprises during the second quarter 2011 indicated a number of difficulties that hinder exports. About 77.3% of the owners of the exporting enterprises in the West Bank indicated that closing entries is considered to have the largest negative impact on export activities, while 46.6% believed that the decline in consumer's purchasing power; is an additional obstacle.

2-3 Local and external competition

In the Palestinian Territory, 93.1% of the owners of the active industrial enterprises (92.0% for the West Bank and 98.6% for Gaza Strip) indicated that the main product of their enterprises faced local or foreign competition.

According to 59.5% of the owners of the active industrial enterprises in the Palestinian Territory, the main product faced local competition. On the other hand, 11.7% of the owners of the industrial enterprises indicated that their main product faced foreign competition, whereas 28.8% of the owners of the industrial enterprises indicated that their main product faced both types of competition.

3. Expectations for the Third Quarter 2011

The expectations of the owners/ managers of the active industrial enterprises in the third quarter 2011, show that 37.1% expected improvement in their situation in general. The expectations in the Palestinian Territory concerning production situation indicate that 36.9% foresee increase during third quarter 2011 (37.8% in the West Bank and 32.4% in Gaza Strip). The results show that 37.1% of the owners/ managers of the industrial enterprises in the Palestinian Territory expected increase of sales in the third quarter (38.1% for the West Bank and 32.4% for Gaza Strip).

4. Level of satisfaction with services provided:

Regarding level of services provided by private and governmental enterprises during the second quarter 2011, results indicated that there is variation in the level of satisfaction by the owners/ managers of industrial enterprises by type of service provided. The results were as follows:

4.1 Infrastructure and facilities

Regarding services under this category, 77.9% of the owners/ managers of industrial enterprises in the West Bank were satisfied for services related to the supply of electricity while 21.8% are not satisfied. On the other hand only 13.5% of the owners/ managers of industrial enterprises in Gaza Strip were satisfied for services related to the supply of electricity while 86.8% are not satisfied. Regarding water supply services, about 67.3 % of the owners and managers of industrial enterprises in the West Bank indicated satisfaction on the services provided, whereas the percentage in Gaza Strip was 36.5%.

4.2 The judicial system and conflict resolution

The results showed that 76.6% of the owners and managers of industrial enterprises in the Palestinian Territory are satisfied with the fairness of the police on issues related to their enterprises; while 58.6% of owners/managers were satisfied on the effectiveness of the Palestinian courts (61.6% in the West Bank, 44.6% in Gaza Strip).

4.3 Facilities

Regarding facilities provided by government institutions to obtain the necessary permits and licenses, the results indicated that 62.8% of the owners/ managers of industrial enterprises in the West Bank were satisfied to facilities provided, on the other hand only 16.4% in Gaza Strip were satisfied to facilities provided.

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

Indicator	Region			
	West Bank	Gaza Strip	Palestinian Territory	
Enterprise's performance in general	34.4	29.7	33.5	
Production situation	32.1	28.4	31.4	
Employees' productivity	26.1	27.0	26.3	
Obtaining needed raw materials and inputs	12.9	24.7	14.9	
Regularity of work	16.6	24.3	18.0	
Transporting finished goods to market	13.8	29.7	16.6	
Financial situations	26.6	28.4	27.5	
Banks' credits & facilities	3.7	1.4	3.3	
Value of sales	30.1	28.4	29.8	

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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 Second Quarter 2011 Compared to the First Quarter 2011 in the Palestinian Territory

Indicator	Total	Not Applicable	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	:	22.5	44.0	33.5	
Production situation	100	:	22.5	46.1	31.4	
Employees' productivity	100	:	14.7	59.0	26.3	
Obtaining needed raw materials and inputs	100	:	14.7	70.4	14.9	
Regularity of work	100	:	10.8	71.2	18.0	
Transporting finished goods to market	100	8.5	13.3	61.6	16.6	
Financial situations	100	:	28.1	44.4	27.5	
Banks' credits & facilities	100	67.6	3.3	25.8	3.3	
Value of sales	100	:	26.2	44.0	29.8	

(:)Not Applicable

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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 Second Quarter 2011

Reason	Gaza Strip	West Bank	Palestinian Territory	
Difficulties in exporting finished goods	-	8.7	7.3	
Decline in consumer's purchasing power	66.7	44.6	48.2	
Obstacles related to Marketing of Products	-	3.3	2.7	()
Competing products	33.3	19.6	21.8	
Reasons Related Seasonally	-	5.4	4.5	
Military check points/Israeli actions/ closures	-	1.1	0.9	/ /
Lack of capital needed for the development of the institution	-	5.4	4.5	
Higher fees and taxes	-	5.4	4.5	
The instability of government systems (political instability)	-	4.3	3.6	()
Lack of trained workers	-	-	-	
Other	-	2.2	2.0	
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 Second Quarter 2011 by Region

Existence of competing products	Gaza Strip	West Bank	Palestinian Territory	
There is competition	98.6	92.0	93.1	
There is no competition	1.4	8.0	6.9	
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 Second Quarter 2011 by Region

Type of Competition	Gaza Strip	West Bank	Palestinian Territory	
Local	61.1	59.2	59.5	
Foreign	2.8	13.7	11.7	
Both	36.1	27.1	28.8	
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 Third Quarter 2011 Compared to the Second Quarter 2011 by Region

Indicator	Gaza Strip	West Bank	Palestinian Territory	
Enterprise's performance in general	32.4	38.1	37.1	
Production situation	32.4	37.8	36.9	
Volume of sales	32.4	38.1	37.1	
Employees' productivity	29.7	31.2	31.0	
Obtaining needed raw materials and inputs	29.7	17.8	19.9	
Regularity of work	29.7	21.2	22.7	
Transporting finished goods to market	31.1	20.7	22.5	
Financial situations	31.1	30.1	30.3	
Banks' credits & facilities	1.4	4.3	3.8	

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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 Third Quarter 2011 Compared to the Second Quarter 2011 in the Palestinian Territory

Indicator	Total	Don't Know	Worse	/ About the Same/ Unchanged	Better	
Enterprise's performance in general	100	2.8	25.3	34.8	37.1	
Production situation	100	2.6	25.0	35.5	36.9	
Volume of sales	100	3.1	26.7	33.1	37.1	
Employees productivity	100	2.4	16.2	50.4	31.0	
Obtaining needed raw materials and inputs	100	4.7	14.9	60.5	19.9	
Regularity of work	100	11.6	16.3	49.4	22.7	
Transporting finished goods to market	100	11.4	13.7	52.4	22.5	
Financial situations	100	10.2	24.5	35.0	30.3	
Banks credits & facilities	100	66.7	3.5	26.0	3.8	

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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 Second Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Infrastructure and facilities							
Electricity supply	Palestinian Territory	100	0.2	33.2	66.6		
	West bank	100	0.3	21.8	77.9		
	Gaza strip	100	0.0	86.5	13.5		
Water supply	Palestinian Territory	100	0.9	37.2	61.9		
	West bank	100	0.6	32.1	67.3		
	Gaza strip	100	2.7	60.8	36.5		
The quality of roads	Palestinian Territory	100	0.7	40.0	59.3		
	West bank	100	0.6	36.1	63.3		
	Gaza strip	100	1.4	58.1	40.5		
Transport and Communications	Palestinian Territory	100	3.1	27.5	69.4		
	West bank	100	2.9	24.1	73.0		
	Gaza strip	100	4.1	43.2	52.7		
Access to industrial areas	Palestinian Territory	100	25.8	21.5	52.7		
	West bank	100	18.1	20.6	61.3		
	Gaza strip	100	62.1	25.7	12.2		
The judicial system and conflict resolution							
Fairness of the police	Palestinian Territory	100	10.4	13.0	76.6		
	West bank	100	5.4	11.5	83.1		
	Gaza strip	100	33.8	20.3	45.9		
Effectiveness of the courts	Palestinian Territory	100	15.9	25.5	58.6		
	West bank	100	12.3	26.1	61.6		
	Gaza strip	100	32.4	23.0	44.6		

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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 Second Quarter 2011 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	30.4	14.9	54.7		
	West bank	100	21.2	16.0	62.8		
	Gaza strip	100	74.0	9.6	16.4		
Providing information to enterprises	Palestinian Territory	100	53.0	23.5	23.5		
	West bank	100	47.8	24.4	27.8		
	Gaza strip	100	78.1	19.2	2.7		
Promotion of policies that serve the development of institutions	Palestinian Territory	100	57.1	24.2	18.7		
	West bank	100	52.7	25.2	22.1		
	Gaza strip	100	78.1	19.2	2.7		
Laws and regulations							
Tax rate	Palestinian Territory	100	6.8	49.9	43.3		
	West bank	100	6.3	45.3	48.4		
	Gaza strip	100	9.5	71.6	18.9		
Tax administration	Palestinian Territory	100	9.3	41.1	49.6		
	West bank	100	9.1	34.7	56.2		
	Gaza strip	100	9.5	71.6	18.9		
Licenses and permits	Palestinian Territory	100	9.7	28.4	61.9		
	West bank	100	8.3	21.5	70.2		
	Gaza strip	100	16.2	60.8	23.0		

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 Second Quarter 2011 by Region

Kind of Service	Region	المجموع Total	Don't Know	Not-satisfied	satisfied		
Labor laws	Palestinian Territory	100	12.1	23.7	64.2		
	West bank	100	9.8	17.2	73.0		
	Gaza strip	100	22.9	54.1	23.0		
Services							
Telecommunications	Palestinian Territory	100	7.1	8.5	84.4		
	West bank	100	4.0	6.0	90.0		
	Gaza strip	100	21.6	20.3	58.1		
Internet Service	Palestinian Territory	100	43.2	12.8	44.0		
	West bank	100	36.4	12.9	50.7		
	Gaza strip	100	75.6	12.2	12.2		
Access to governmental consulting and training	Palestinian Territory	100	61.7	27.0	11.3		
	West bank	100	57.0	29.2	13.8		
	Gaza strip	100	83.8	16.2	0.0		
Access to information (industrial technology, markets, global conventions, financial grants, etc)	Palestinian Territory	100	59.8	23.4	16.8		،) (..... ، ،
	West bank	100	54.7	24.9	20.4		
	Gaza strip	100	83.8	16.2	0.0		

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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 Second Quarter 2011 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
No loan request	98.6	94.0	94.8	2
Once	1.4	5.1	4.6	
2 or more	0.0	0.9	0.6	
Total	100	100	100	

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Table 9: 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 Second Quarter 2011 by Region

Frequency	Gaza Strip	West Bank	Palestinian Territory	
The loan was accepted	100.0	95.2	95.5	
The loan was rejected	-	4.8	4.5	
Total	100	100	100	

(-) No Observations in the Sample

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Table 10: 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 Second Quarter 2011 by Region

Reason for Refusal	Gaza Strip	West Bank	Palestinian Territory	
Insufficient guarantees on the quality and quantity	-	0.0	0.0	
High business risk from the viewpoint of funding enterprise	-	100.0	100.0	
Total	100	100	100	

(-) No Observations in the Sample

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Table 11: Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views about Obstacles Related to Export Activities during the Second Quarter 2011 by Region

Problems	Region	المجموع Total	Don't Know	No difficulty	There's a difficulty		
Commitment to international market requirements	Palestinian Territory	:	:	:	:		
	West bank	100	0.0	87.5	12.5		
	Gaza strip	-	-	-	-		
Price competition in the export market	Palestinian Territory	:	:	:	:		
	West bank	100	0.0	76.1	23.9		
	Gaza strip	-	-	-	-		
Compliance to quantity demanded and delivery time	Palestinian Territory	:	:	:	:		
	West bank	100	0.0	86.4	13.6		
	Gaza strip	-	-	-	-		
Marketing ability	Palestinian Territory	:	:	:	:		
	West bank	100	2.3	81.8	15.9		
	Gaza strip	-	-	-	-		
Regular delivery of raw materials	Palestinian Territory	:	:	:	:		
	West bank	100	1.1	65.9	33.0		
	Gaza strip	-	-	-	-		

(-) No Exports from Gaza Strip

(:) Not shown

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Table 11 (Cont.): Percentage Distribution of Owners/ Managers of the Active Industrial Enterprises According to Their Views About Obstacles Related to Export Activities During the Second Quarter 2011 by Region

Problems	Region	المجموع Total	Don't Know	No difficulty	There's a difficulty		
Regular achievement of export	Palestinian Territory	:	:	:	:		
	West bank	100	4.5	62.5	33.0		
	Gaza strip	-	-	-	-		
Palestinian export regulation and licensing	Palestinian Territory	:	:	:	:		
	West bank	100	3.4	83.0	13.6		
	Gaza strip	-	-	-	-		
Information access to the foreign market	Palestinian Territory	:	:	:	:		
	West bank	100	10.2	62.5	27.3		
	Gaza strip	-	-	-	-		
Traveling problems imposed on entering foreign markets	Palestinian Territory	:	:	:	:		
	West bank	100	4.5	56.9	38.6		
	Gaza strip	-	-	-	-		
Costumer payment guarantee	Palestinian Territory	:	:	:	:		
	West bank	100	1.1	52.3	46.6		
	Gaza strip	-	-	-	-		
Closing entries	Palestinian Territory	:	:	:	:		
	West bank	100	0.0	22.7	77.3		
	Gaza strip	-	-	-	-		

(-) No Exports from Gaza Strip

(:) Not shown

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Table 12: Mechanism of Finding Customers in the Export Market used by Active Industrial Enterprises During the Second Quarter 2011 by Region (Percentage)

Approaching Customers	Gaza Strip	West Bank	Palestinian Territory	
Market research	-	27.3	:	
Information gathered from chamber of Commerce industrial union etc...	-	17.0	:	
Participate in international exhibitions and organized business missions	-	29.5	:	
Self-organized visits to the export market	-	34.1	:	
Personal relationships and contacts	-	94.3	:	
Through internet	-	18.2	:	
Customer self initiative	-	64.8	:	

(-) No Exports from Gaza Strip

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(:) Not shown

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