



State of Palestine
Palestinian Central Bureau of Statistics

Press Report
Preliminary Estimates of Quarterly National Accounts
(First Quarter 2014)

June, 2014

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

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Important Notes

- Statistics presented at constant prices, using 2010 as the base year.
- Data related to the 1st quarter of 2014 are preliminary estimates based on the available short-term indicators, taking into consideration that the final version of the Quarterly National Accounts will be issued after finalizing the necessary indicators.
- Unemployment rate in Palestine was 26.2 percent for the 1st quarter 2014, while it was 25.2 percent during the 4th quarter 2013 and 23.9 percent during the 1st quarter 2013. Taking into consideration the unemployment rate was 23.4 percent in 2013, 23.0 percent in 2012, 20.9 percent in 2011, 23.7 percent in 2010, 24.5 percent in 2009, and 26.6 percent for 2008.
- The unemployment rate in West Bank for the 1st quarter 2014 was 18.2 percent, compared to 18.2 percent during the 4th quarter 2013 and 20.3 percent during the 1st quarter 2013. In the Gaza Strip, unemployment rate was 40.8 percent for the 1st quarter 2014, compared to 38.5 percent during the 4th quarter 2013 and 31.0 percent during the 1st quarter 2013
- Data related to Government (education, health, public administration and defense) were valued using Accrual Bases based on the recommendations of the System of National Accounts. Wages and salaries were obtained from the monthly report of the Ministry of Finance to estimate government activities.
- Expenditure data for the public budget was revised based on updated classification of the GFSM 2001.

Main Results

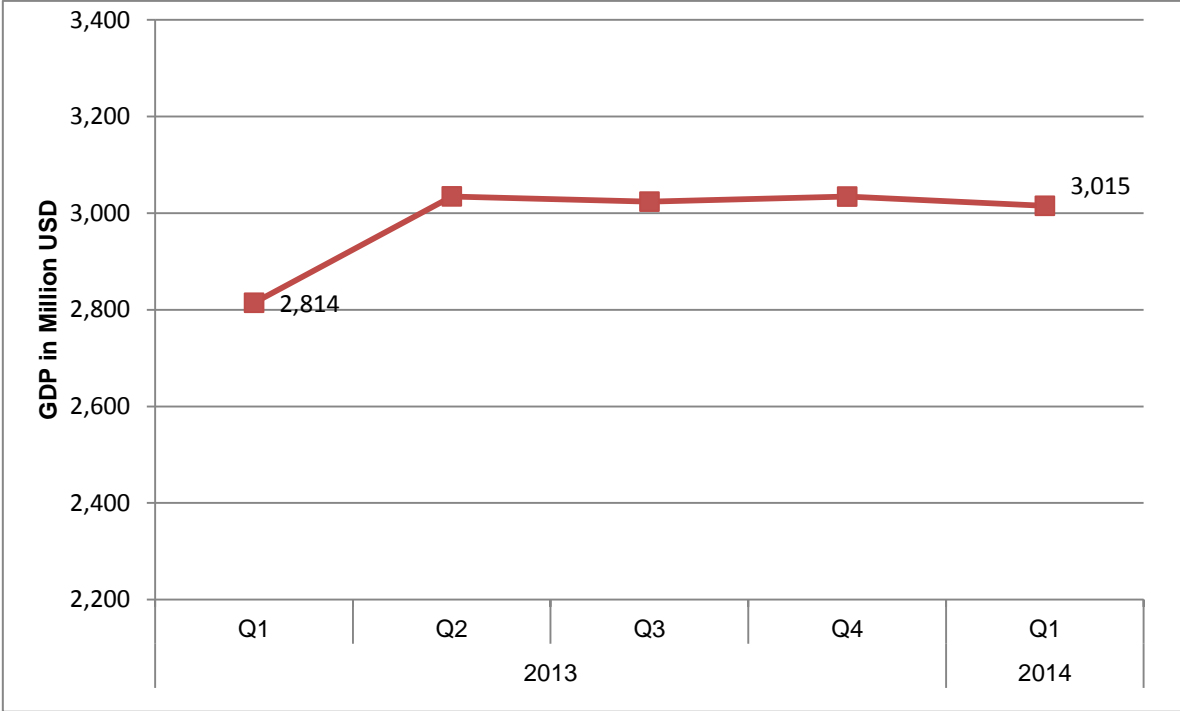
Decline in GDP at constant prices in Palestine* during the 1st quarter 2014

Preliminary estimates at constant prices showed a decrease of 0.6 percent in GDP in Palestine* during the 1st quarter 2014 compared to the 4th quarter 2013, and the base year is 2010. GDP for the 1st quarter 2014 at constant prices was USD 2,315 million for West Bank* and USD 700 million for Gaza Strip.

Gross Domestic Product Per Capita

GDP per Capita for Palestine* at constant prices was USD 710 during the 1st quarter 2014, it showed a decrease of 1.4 percent compared to the 4th quarter 2013. As for West Bank* at constant prices it was USD 922 during the 1st quarter 2014, it showed a decrease by 0.6 percent during the 1st quarter 2014 compared to the 4th quarter 2013, and for Gaza Strip was USD 403 at constant prices during the 1st quarter 2014, and it showed a decrease of 3.5 percent during the 1st quarter 2014 compared to the 4th quarter 2013.

Quarterly GDP in Palestine* at constant prices for the years 2013-2014



* The data excludes those parts of Jerusalem which were annexed by Israel in 1967.

Concepts and Definitions

Statistical Unit:

The United Nations System of National Accounts, SNA 1993, defines two main types of statistical units:

- Institutional Unit-Enterprise

It 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, that is situated in a single location and in which only a single (non-ancillary) productive activity is carried out or in which the principal productive activity accounts for most of the value added.

Economic Activity:

Referring to a process, that is to say, to the combination of actions carried out by a certain entity that uses labour, capital, goods and services to produce specific products (goods and services).

Output (Production):

the value of the final products of goods and services produced by a certain establishment capable of being provided to other units though they can be self-consumed or for the purposes of self gross fixed capital formation. Production includes two categories: Final products and the so-called under-operating products, which means products that take a long time to produce such as livestock and establishment works. The value of the majority of goods can be estimated at the moment the production process is completed. However, the production of some goods may exceed the accounting period (such as the case of under-operating products). The value of such products is estimated and registered during that accounting period as, for example, the case of establishment works and winter crops.

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 output less the value of intermediate consumption. The net value added is defined as the gross value less the value of fixed capital consumption.

Gross Domestic Product (GDP):

Gross Domestic Product or GDP is intended to be a measure of the value created by the productive activity of resident institutional units 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. There are three approaches to estimate the GDP: Output or Production approach, Expenditure approach, and Income approach.

Deflating:

It is the process of 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 this could be done by choosing suitable base year.

Short-Term Indicators:

All indicators that have a periodicity for less than a year, usually 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.

Financial Intermediation Services Indirectly Measured (FISIM):

It equals the total of property income payable to financial institutions less gross value of payable interests on these institutions excluding property income receivable by investment of money of the same institution.

Final Consumption Groups:

Final Consumption:

It is the consumption of households, government, and non-profit institutions. Therefore, the establishments' consumption is not considered final consumption since products used in the production process are considered as intermediate consumption.

Households Final Consumption:

It is the expenditure on all goods and services excluding expenditure on building and construction, which are considered gross fixed capital formation for the property owners. Renting accommodation is classified as final consumption spent by households.

Government and Non-Profit Institutions Consumption:

Expenditure of the two sectors can be divided into two types: individual and collective. The first includes spending that benefits individuals on medical services, for instance. Collective expenditure has a public nature such as the government's spending on defense and security.

Gross Capital Formation:

Gross capital formation can be divided into three components: gross fixed capital formation, change in inventory, and net acquisitions of valuables. Henceforth, gross capital formation (or investment) can be defined as the total value of the three aforementioned components. It is measured at purchase price.

Gross fixed Capital Formation:

Is the total value of producers acquisitions less disposals of fixed asset during the accounting period plus certain addition to the value of non-produced assets released by the productive activity of institutional units, fixed assets are tangible or intangible assets produced as from process of production that are themselves used repeatedly or continuously in other process of production for more than one year.

Change in the Inventory:

the value of the goods entering the inventory less the value of the goods leaving the inventory. Goods must be valued at current prices, i.e., their prices at the time they enter or leave the inventory in order to avoid calculating unreal earnings of ownership. Change in the inventory also includes "under operating products".

Exports and Imports of Goods and Services:

They include trading goods and services among residents and non-residents and selling, barter, and gifts.