

Palestinian Central Bureau of Statistics (PCBS)

Performance of the Palestinian Economy, 2012

Gross Domestic Product (GDP)¹ in Palestine witnessed remarkable growth of 5.9% during 2012. The GDP per capita increased by 2.7%. Services activity recorded highest growth rate in 2012 of 13.2%, followed by construction with 6.5%, and information and communication with 5.9%. Growth in the Gaza Strip totaled 6.6% compared with 5.6% in the West Bank. The services sector contributed the highest percentage of Gross Domestic Product (GDP) in both the West Bank and the Gaza Strip.

The participation rate in the labor force increased to 43.6% in 2012 compared with 43.0% in 2011. This growth in participation is attributed to the significant increase in the size of the labor force due to workers entering the labor market. In 2012, the number of employees grew by 2.5% compared with 2011 to total 858 thousand employees compared to 837 thousand employees in 2011. The unemployment rate in Palestine increased to 23.0% in 2012 compared with 20.9% in 2011.

Although the nominal daily wage increased in Palestine in 2012, the real daily wage fell by 1.4% compared with 2011, demonstrating the low purchasing power, i.e. any increase in nominal pay was less than inflation in Palestine during that period. The productivity rate in Palestine increased by 1.9% in 2012 compared with 2011.

Most economic activities in Palestine witnessed a rise in the number of employees by different percentages, with disparities between the West Bank and the Gaza Strip. Transport, storage and communications recorded the highest rate of growth in the number of employees of 8.4% in 2012 compared with 2011, and services, building and construction also recorded increased numbers of employees in 2012.

The consumer price index in Palestine rose by 2.78% during 2012 to 136.40 compared with 132.71 in 2011 (base year 2004). The growth in the consumer price index during 2012 was mainly attributed to the increase of prices in all major groups.

Despite the slight rise in poverty rates in Palestine, 25.8% of individuals were in poverty in 2011 compared with 25.7% in 2010, according to real patterns of consumption. The poverty rate in Palestine was inconsistent and stood at 17.8% in the West Bank in 2011 compared with 38.8% in the Gaza Strip.

¹ The data exclude those parts of Jerusalem annexed by Israel in 1967.

The current account deficit in Palestine increased during 2012 to USD 2,814.8 million, the highest since 2000. This deficit is attributed to the steady rise in the value of imports of goods and services to Palestine, while Palestinian exports remained static: this increased the trade balance deficit by 11.4% compared with 2011. Compensations of employees from abroad fell during 2012 by 16.5%: current transfers and remittances decreased by 16.6% to USD 1,649.6 million compared to USD 1,976.9 million in 2011.

The Palestinian budget deficit increased by 13.8% in 2012 compared to 2011. This was due to an increase in government expenses at a higher rate than the increase in government revenues; total revenues increased by 1.4% during 2012 to USD 2.1 billion but government expenses increased by 6.2% over the same period. External financial support to cover the deficit in the Palestinian budget decreased by 4.8%: total external support was USD 775.5 million during 2012 compared with USD 814.8 million in 2011.