



2012

2013 /



2006

.2013 - 1434 ©

:

. - .2012

.2013

:

. - **1647** : .

(970/972) 2 298 2700 :

(970/972) 2 298 2710 :

1800300300 :

diwan@pcbs.gov.ps :

<http://www.pcbs.gov.ps> :

•

•

•

-

.

.

•

•

2012

2012

2011

2012

2013

2012

15	-1
20	-2
24	-3
26	-4
27	-5
29	-6
31	-7
33	-8
34	-9

17	(2012-2004)		:1
18	(2012 2011)		:2
20	(2012-2004)	15	:3
22	(2012 2011)		:4
25			:5
		(2012 2011)	
26		(2011 2010)	:6
27	-2004)		:7
			(2012
30		2011	:8
30		2011	:9
34	2012		:10

16	(2012-2004)	:1
17	(2012-2004)	:2
19	2012	:3
21	(2012-2004)	:4
21	(2012-2004)	:5
22	(2012-2004)	:6
23	2012	:7
24	(2012-2004)	:8
26	(2011 2010)	:9
26	(2011 2010)	:10
28	(2012-2004)	:11
28	(2012-2004)	:12
29	(2012-2004)	:13
31	(2012-2004)	:14
32	(2012-2004)	:15
32	2011	:16
32	2012	:17
33	(2012-2004)	:18
35	(2012-2004)	:19
36	(2012-2004)	:20

2012	%1.9	2011	1	%5.9	2012
				2011	
			2012	2011	
			%2.7		
			2012		
			%6.5	%13.2	
%8.4	2012		%5.9		
		2011			
	()		%5.6	%6.6	
		2012			
136.40	%2.78	2012			
) 2011		132.71	2012		
		(2004	2011	%43.0	%43.6
		2012		2012	
				2011	%2.5
				858	
			2011	837	2012
		2011			
%25.8		2011	%23.0		
%38.8		%17.8	2011	%20.9	2012
%12.9					
%21.1	%7.8		2012		
			%1.4		
					2011

¹ بيانات الناتج المحلي باستثناء ذلك الجزء من محافظة القدس الذي ضمته اسرائيل عنوة بعيد احتلالها للضفة الغربية عام 1967.

2012

:PCBS

2,814.8

2012

.2000

%11.4

.2011

2012

2012

%16.5

1,649.6

%16.6

%13.8

.2011

2012

%1.4 2012

2.1

2011

%6.2

%4.8

775.5

.2011

814.8

2012

:¹

-1

%5.9 2012

2011-2007

.2011

%12.2

2011

.2012

%5.9

%5.6

%6.6

2012

%17

2011

2011

2012

1

.2012

%26.0

6.8

%26.0

2012

1.8

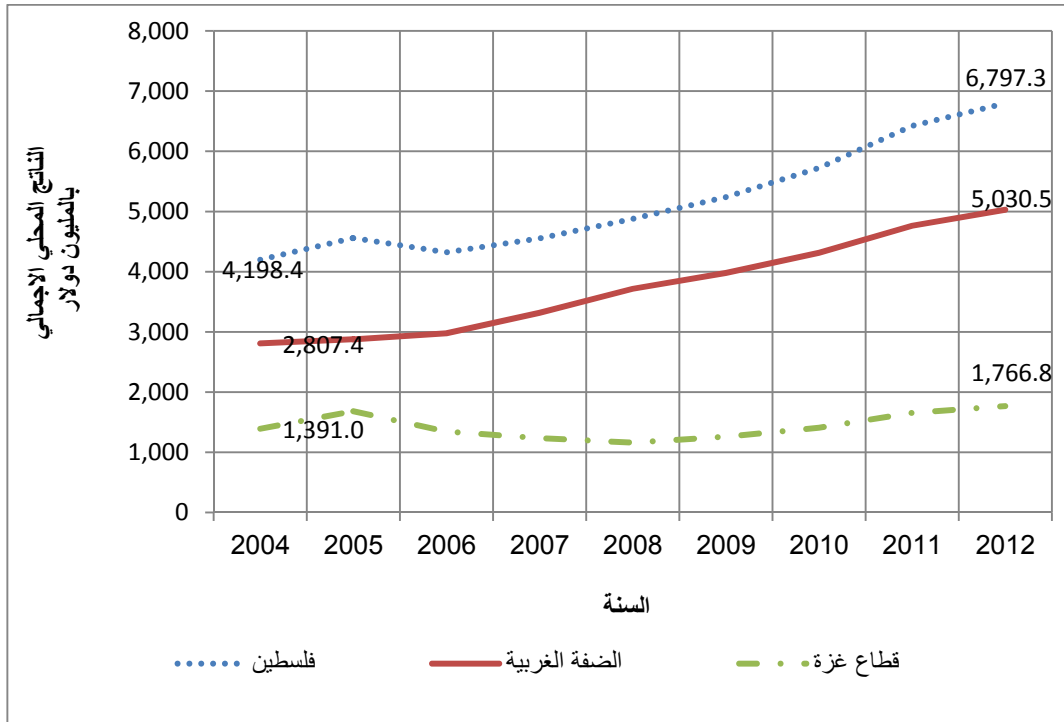
.2004

%33.1

()

(2012-2004)

:1



%2.7

1,679.3

2012

.2011

1

2007

2012

2012

(2012-2004)

:1

2012	2011	2010	2009	2008	2007	2006	2005	2004	
6,797.3	6,421.4	5,724.5	5,239.3	4,878.3	4,554.1	4,322.3	4,559.5	4,198.4	الناتج المحلي الإجمالي (بالمليون دولار)
4,048	3,927	3,813	3,702	3,597	3,495	3,389	3,287	3,188	عدد السكان* (بالآلاف)
1,679.3	1,635.2	1,502.1	1,415.2	1,356.3	1,303.2	1,275.4	1,387.2	1,317.0	نصيب الفرد من الناتج المحلي الإجمالي (دولار)
2.7	8.9	6.1	4.3	4.1	2.2	-8.1	5.3	-	نسبة التغير في نصيب الفرد
2,093.3	2,037.6	1,896.1	1,796.3	1,723.6	1,580.5	1,459.8	1,451.1	1,457.1	نصيب الفرد من الناتج المحلي الإجمالي في الضفة الغربية (دولار)
2.7	7.5	5.6	4.2	9.1	8.3	0.6	-0.4	-	نسبة التغير في نصيب الفرد (الضفة الغربية)
1,074.5	1,042.8	917.9	847.2	806.5	886.2	996.5	1,290.1	1,103.1	نصيب الفرد من الناتج المحلي الإجمالي في قطاع غزة (دولار)
3.0	13.6	8.3	5.0	-9.0	-11.1	-22.8	17.0	-	نسبة التغير في نصيب الفرد (قطاع غزة)

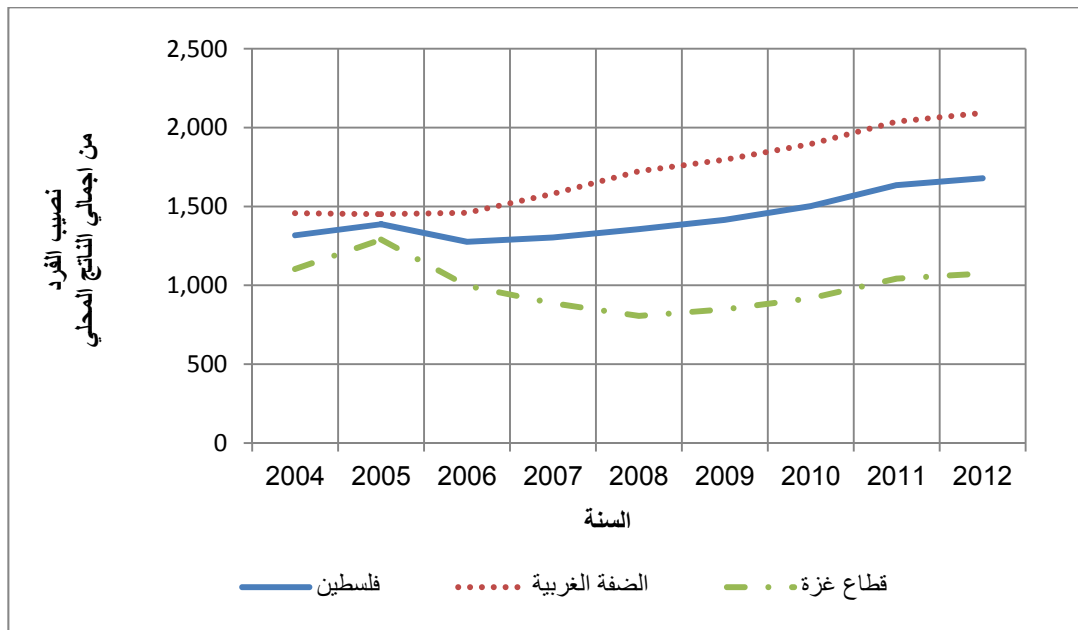
.1967

* -

في 2012
في 1,074.5
في 2012
في 2,093.3
في 1,9
في 2011

(2012-2004)

:2



2012

%6.5

%13.2 2012

. %5.9

(2012 2011)

:2

()

النشاط الاقتصادي	فلسطين			القيمة المضافة 2012	القيمة المضافة 2011	()
	نسبة التغير في القطاع غزة	نسبة التغير في الضفة الغربية	نسبة التغير			
	-32.8	-1.2	-12.6			
1.9	5.4	4.8	810.5	773.5		
24.7	-4.2	6.5	955.1	896.8		
-6.4	8.5	5.0	950.8	905.1		
42.4	-1.6	3.2	125.1	121.2		
11.4	3.4	4.2	218.4	209.5		
7.1	5.9	5.9	466.9	440.9		
14.6	12.5	13.2	1,365.6	1,206.2	()	
2.9	-1.2	0.7	809.1	803.5		

2012

%12.5

%42.4

. %14.6

%24.7

.(%1)

(%33)

أما بالنسبة الأنشطة الاقتصادية في الناتج المحلي الإجمالي، فقد

. %14.0

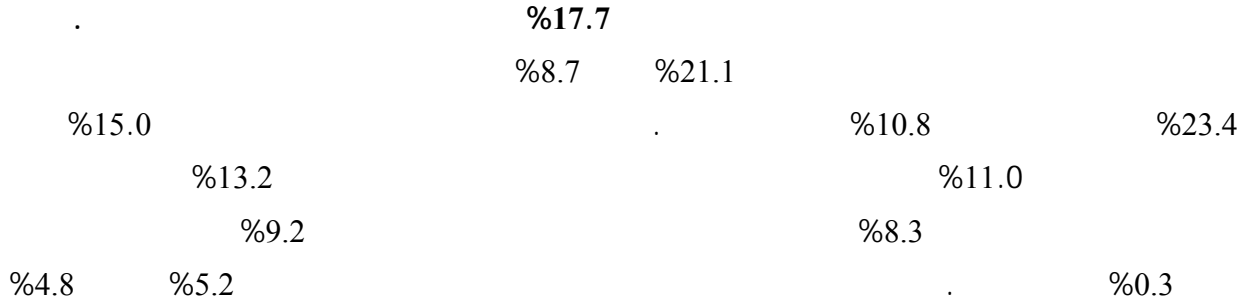
بنسبة %14.1

%20.1، يلي ذلك

%11.9

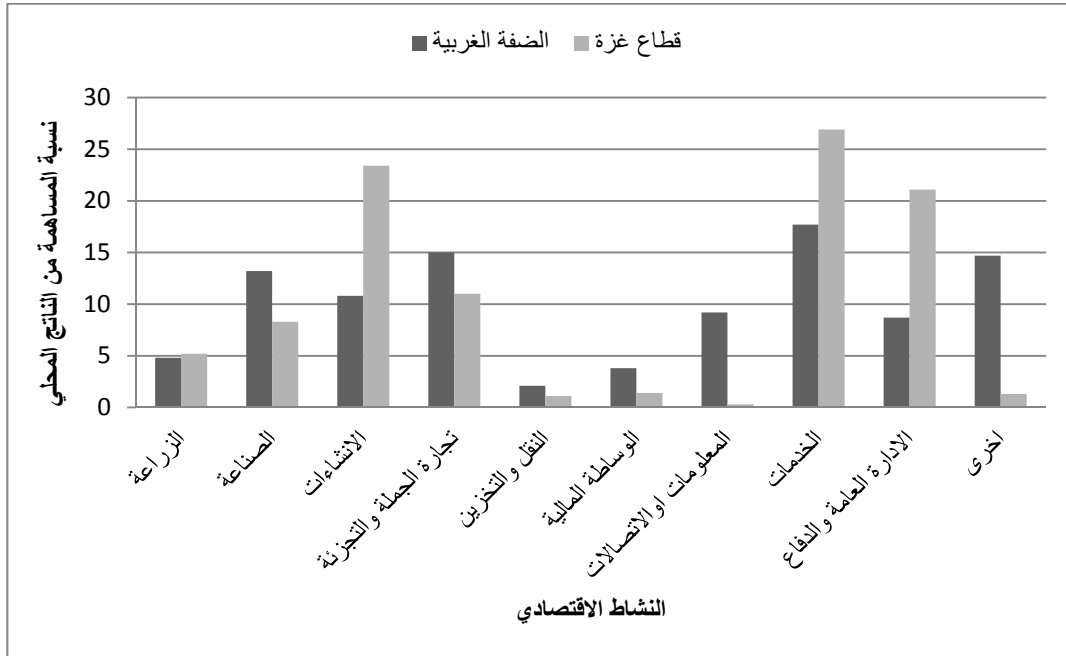
. %4.9

وتباينت الأنشطة الاقتصادية بين الضفة الغربية وقطاع غزة خلال العام 2012، فبالرغم من أن



2012

:3



2012	%43.0	%43.6	2012	1,059	%5.2	2011
2012			2011			1,114
	%40.1	2012	%45.5			
	2011	%38.4		2012		
			2011			

جدول 3: بعض مؤشرات سوق العمل للأفراد 15 سنة فأكثر في فلسطين، (2012-2004)

2012	2011	2010	2009	2008	2007	2006	2005	2004	
1,114	1,059	976	951	908	882	834	789	752	حجم القوى العاملة (بالآلاف)
43.6	43.0	41.1	41.6	41.2	41.7	41.0	40.4	40.1	نسبة المشاركة في القوى العاملة
858	837	744	718	667	690	636	603	551	عدد العاملين (بالآلاف)
2.5	12.5	3.6	7.6	-3.3	8.5	5.5	9.4	-	نسبة التغير في أعداد العاملين
92.9	91.7	91.7	91.3	87.0	81.9	81.5	77.0	73.8	معدل الأجر اليومي الاسمي (شيكل)
68.1	69.1	71.1	73.4	71.9	74.4	75.4	74.0	73.8	معدل الأجر اليومي الحقيقي*
23.0	20.9	23.7	24.5	26.6	21.7	23.7	23.5	26.8	معدل البطالة
8,879.5	8,711.7	8,875.2	8,519.2	8,560.8	7,239.9	7,437.3	8,332.3	8,293.1	الإنتاجية** (بالدولار/ عامل)

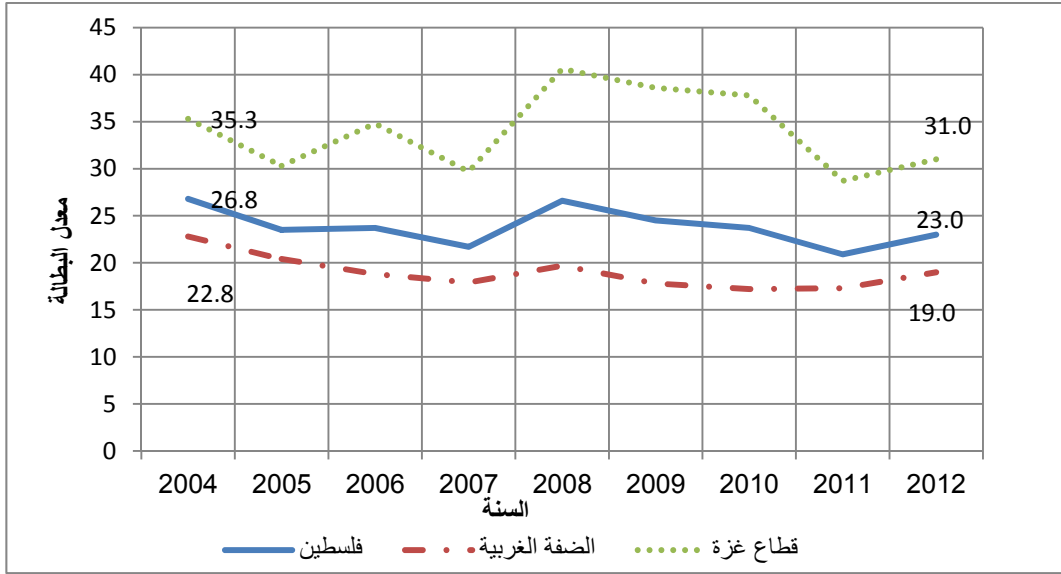
*

**

/ =

		%2.5		2012		2011
	.2011	837	2012	858		2011
%12.5		2011		2012		
		2012				
		.2011	%20.9	2012	%23.0	
2011	%28.7		2012	%31.0		
			%17.3	%19.0		

(2012-2004) :4



2012

92.9

5

.2011

%1.4

%1.3

2011

2012

.25.9

2004

%7.7

2004

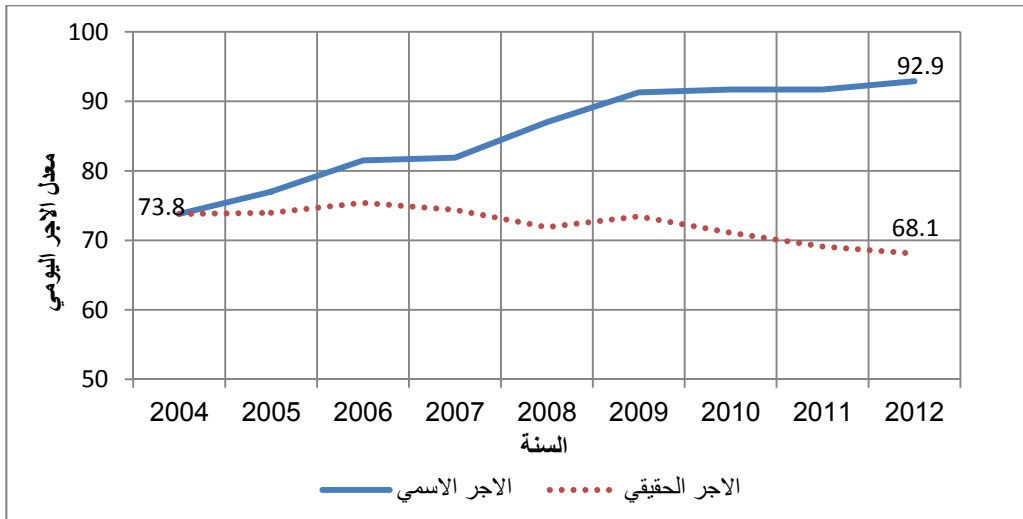
%1.4

2011

2012

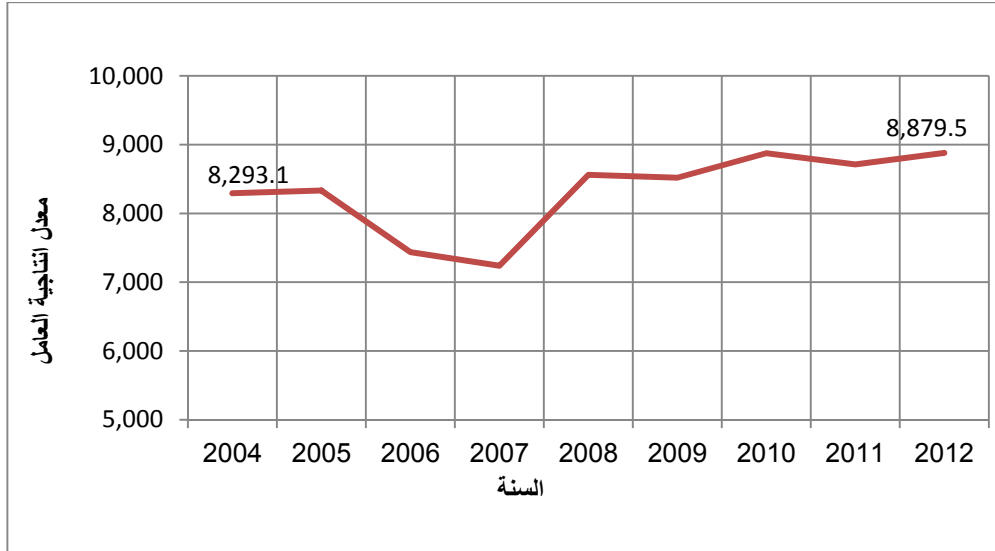
(2012-2004)

:5



2011 .2011 %1.9 2012
 2007 2005 2011-2004
 .(6) 8,879.5 2012

(2012-2004) :6



2012

%3.4 %17.4 2011 %8.4
 2012 ()
 .%36.6
 %1.0 %1.1

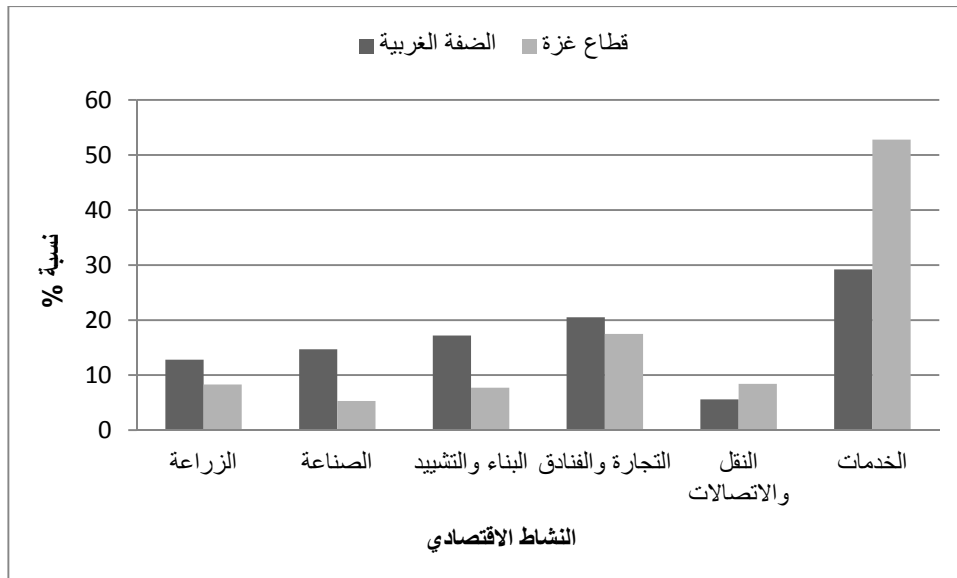
(2012-2011) :4

نسبة التغير في قطاع غزة	نسبة التغير في الضفة الغربية	فلسطين			النشاط الاقتصادي
		نسبة التغير	عدد العاملين 2012	عدد العاملين 2011	
-8.5	1.2	-1.1	98,300	99,400	الزراعة والحراة وصيد الأسماك
1.5	3.9	3.5	102,200	98,700	التعدين والمحاجر والصناعة التحويلية
36.6	1.8	6.1	123,300	116,200	البناء والتشييد
-0.2	-1.3	-1.0	168,400	170,100	التجارة والمطاعم والفنادق
17.4	3.4	8.4	55,500	51,200	النقل والتخزين والاتصالات
4.7	1.5	2.9	310,500	301,800	الخدمات والفروع الأخرى
5.2	1.4	2.5	858,200	837,400	المجموع

2012 **2012**
%3.9 **%36.6** **.%3.4** **2012**
.%17.4
2009
2010-2008 **2012** **2011**
2012 **%36.6** **2011** **%150**

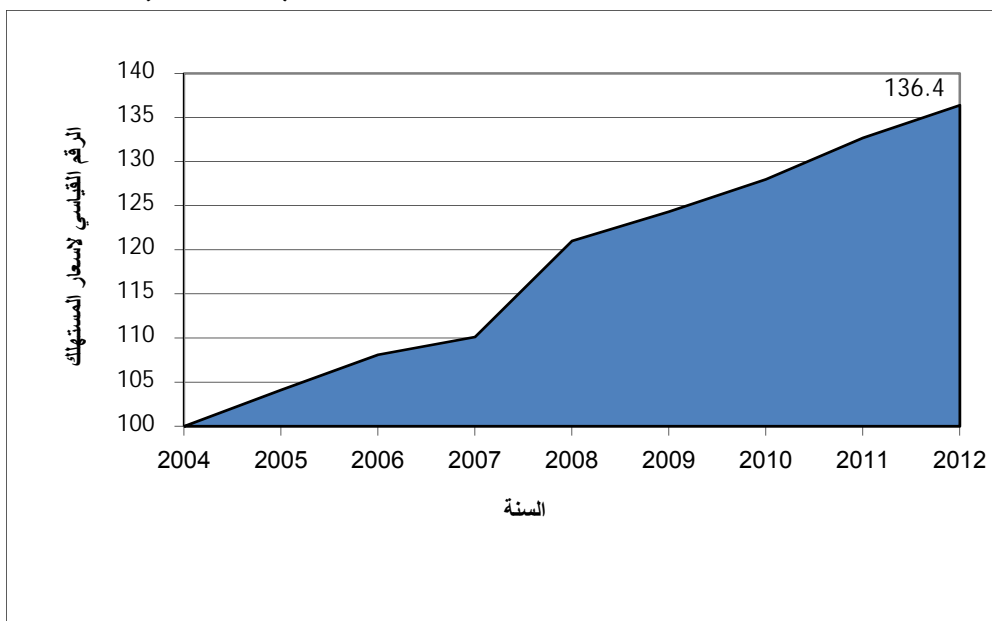
2012 **.2011**
2012 **%36.2**
.%14.4 **%19.6**
7
%14.7 **%52.8** **%29.2**
%7.7 **%17.2** **%5.3**

2012 **:7**



%2.78	2012	()	
		(2004) 2011	132.71
				136.40
		2012		.(%2.88) 2011
%5.47		%7.82		
	%1.30		%2.20	
				%.2.12

(2012-2004) :8



	2012		
%4.08		%3.23	J1
J1		%.0.48	
	%2.97		
	%11.35		%1.98
		%.2.45	%3.76
	%2.47		
%2.91		%4.21	%10.65
%2.98			%.5.76
%6.37		%2.76	
	%0.58		
			%.0.02

5

%37.6

%7.0

%10.4

%9.9

:5

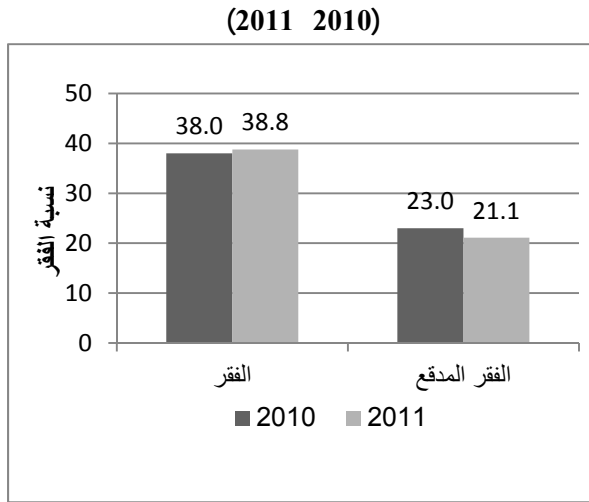
(2012 2011)

المجموعات الرئيسية	الرقم القياسي 2011	الرقم القياسي 2012	نسبة التغير	الوزن النسبي*
المواد الغذائية والمشروبات المرطبة	148.10	151.25	2.12	37.64
المشروبات الكحولية والتبغ	161.24	173.85	7.82	4.66
الأقمشة والملابس والأحذية	114.18	115.66	1.30	6.96
المسكن ومستلزماته	130.98	136.10	3.91	10.38
الأثاث والمفروشات والسلع المنزلية	115.27	116.76	1.29	6.31
الخدمات الطبية	116.30	119.86	3.06	4.45
النقل والمواصلات	126.47	129.26	2.20	9.86
الاتصالات	107.33	107.61	0.26	3.79
السلع والخدمات الترفيهية والثقافية	104.24	105.54	1.24	4.84
خدمات التعليم	112.81	118.97	5.47	3.56
خدمات المطاعم والمقاهي والفنادق	144.94	150.59	3.90	2.18
سلع وخدمات متنوعة	124.88	131.21	5.06	5.37
الرقم القياسي العام لأسعار المستهلك	132.71	136.40	2.78	100.00

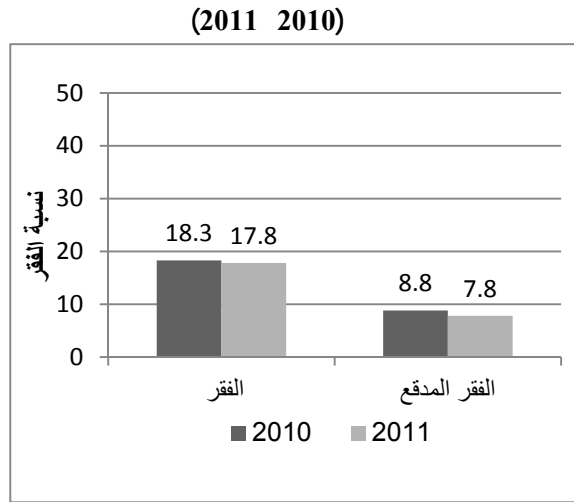
2004

*

:10



:9



%25.8

2011

%38.8

%12.9

%17.8

%21.1

%7.8

%18.1

2011

(%22.2

%11.9)

.(%21.2

%10.7)

%16.8

2010

()

(2011 2010)

:6

المؤشر	فلسطين		الضفة الغربية		قطاع غزة	
	2010	2011	2010	2011	2010	2011
فجوة الفقر	6.4	6.0	4.1	3.9	10.3	9.3
شدة الفقر*	2.4	2.1	1.4	1.4	3.9	3.2

*

² لا تتوفر بيانات حول معدلات الفقر عن العام 2012، وسيتم استخدام بيانات العام 2011 في هذا الجزء من التقرير.

1

%28.3

2,814.8

2012

.2000

2011

.2012 %16.6

(2012-2004)

:7

()

*2012	2011	2010	2009	2008	2007	2006	2005	2004	
-2,814.8	-2,192.6	-690.9	-712.5	764.4	-417.3	-912.9	-1152.2	-1,516.0	صافي الحساب الجاري
1,051.2	1,258.9	1,077.4	831.1	746.2	598.5	579.2	486.7	421.4	تعويضات العاملين المقبوضة من الخارج
1,649.6	1,976.9	2,476.5	2,502.0	3,572.8	2,505.5	1,623.0	1,299.4	895.3	التحويلات الجارية المقبوضة
1,898.6	1,802.6	1,496.8	1,210.6	1,164.5	1,016.0	710.3	717.1	641.1	الصادرات من السلع والخدمات
7,165.1	6,532.1	5,461.7	5,066.8	4,739.2	4,567.3	3,805.7	3,618.4	3,337.8	الواردات من السلع والخدمات

*

1,051.2

%16.5

2012

11

.2011

1,258.9

2011

1,258.9

2004

2012

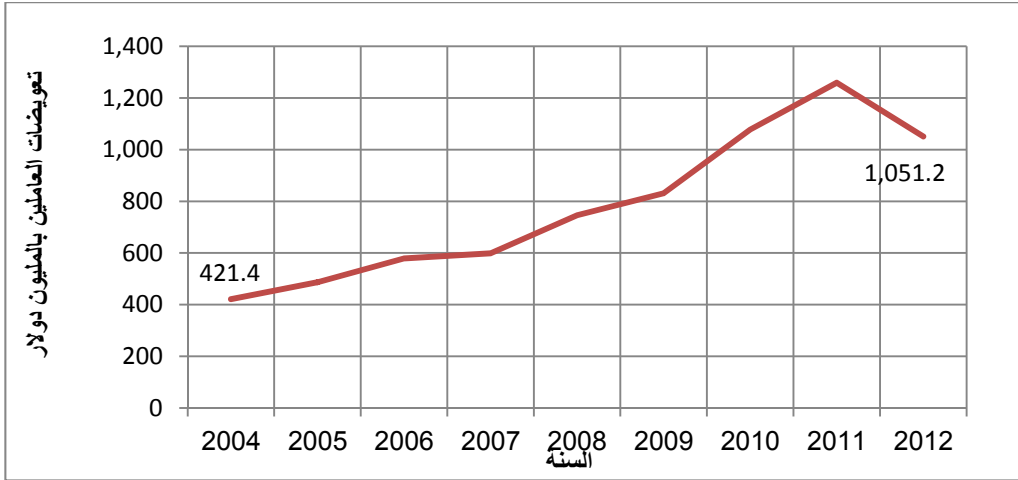
2004

%198.7

%89.5

.2011

%16.5

(2012-2004) :11

1,649.6 %16.6 2012

.2011

1,976.9

2012

297.9

%44.4

2012-2004

.2011

536.2

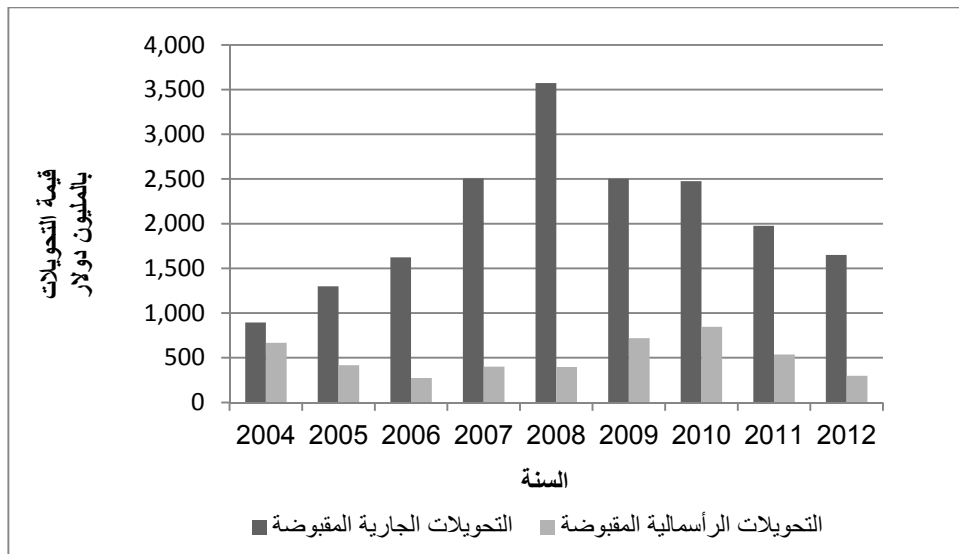
2006

2008

2010

397.5

.12

(2012-2004) :12

-6

ارتفع مليون دولار، () 5.3% 2012 ليصل إلى 1,898.6
 7,165.1 %9.7

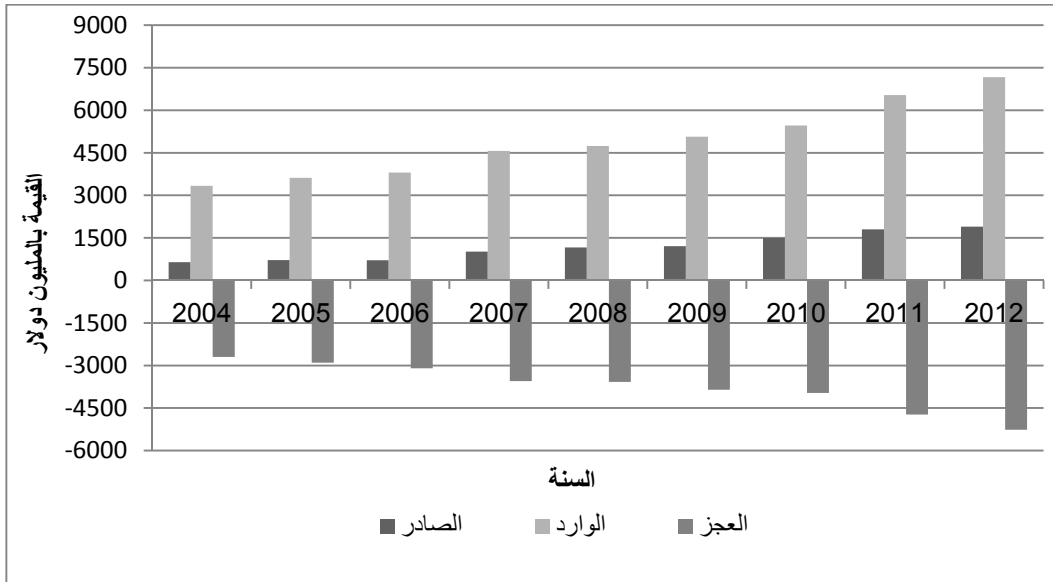
1 5,266.5 2011 %11.4
 13 .%73.5

2012-2004

.%9.0

*(2012-2004)

:13



2012 *

2011

%85.9

%69.6

4,738)

.8

(2011

%21.6		%4.7	%4.9	%12.0	()
%43.5	2011				
9			1,241		
%4.5	%7.8			%12.6	
				%3.6	

2011 :8

		()	
النسبة المئوية*	فلسطين	السلعة	
12.0	507,499	()	
4.9	208,235	()	
4.7	196,672		
2.7	116,031		
1.6	68,305		
1.5	64,314		
1.1	46,153		
1.1	45,586		
1.1	44,610	()	
1.0	41,942	()	
31.7	1,339,347	المجموع	

*

2011 :9

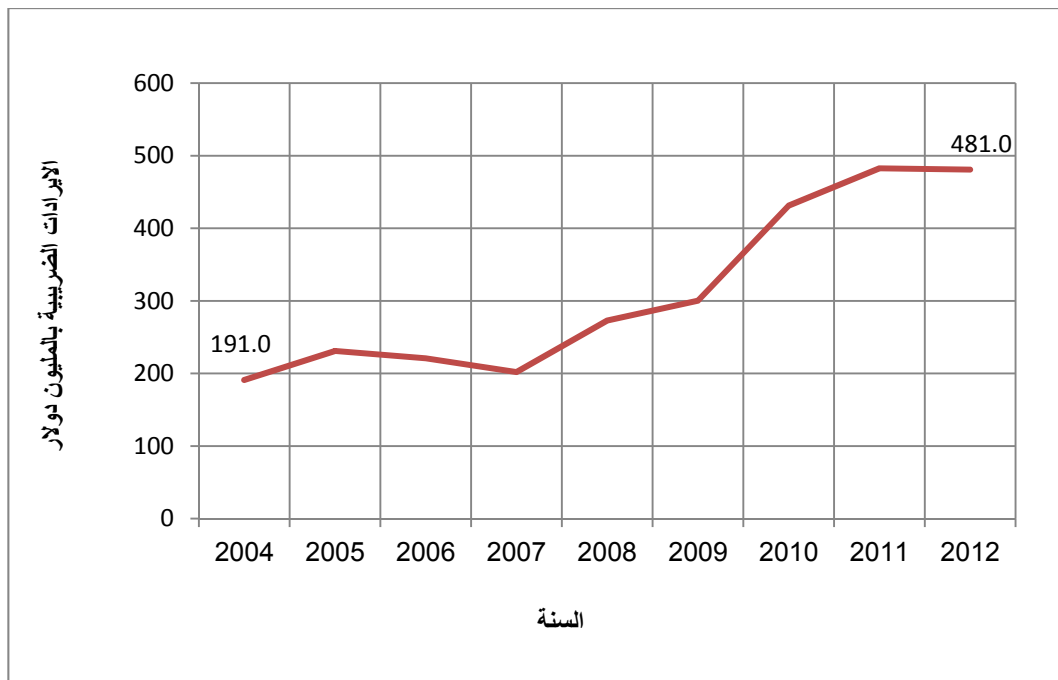
		()	
النسبة المئوية*	فلسطين	السلعة	
12.6	90,252		
7.8	56,223	()	
4.5	32,713		
3.6	25,986		
3.1	22,403	()	
3.1	22,380		
2.3	16,618		
2.3	16,449	(VIRGIN) ()	
2.2	15,911		
2.0	13,793		
43.5	312,727	المجموع	

*

2011	%1.4	2012		
	()		2.1
481.0	2012	%23.2		
	14	.2011	%0.3	
				2007
	.2012	2011		

(2012-2004)

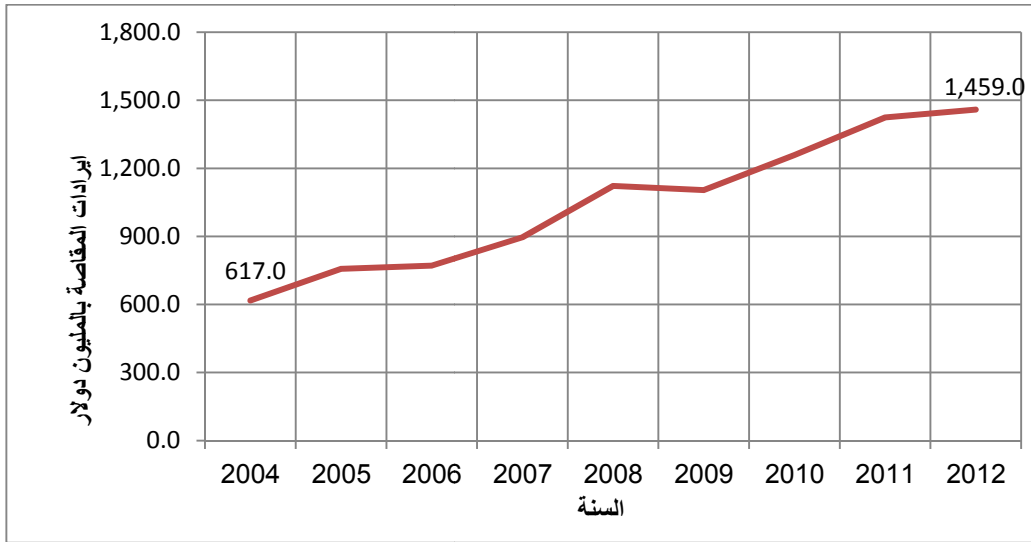
:14



¹ المالية العامة لا تشمل بيانات الحكومة المحلية (المجالس والبلديات)، البيانات من خلال وزارة المالية.

2012 %2.5
 .2012 %70.3 1,459.0

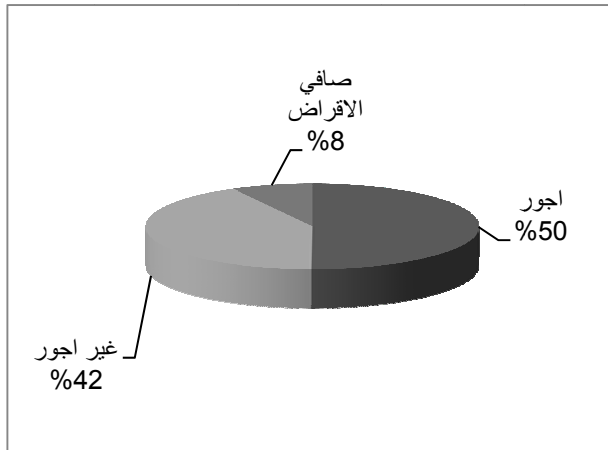
(2012-2004) :15



3,530.7 2012 %6.2
 1,769.4
 17 16 %50.1 2012
 2011 %4 2012

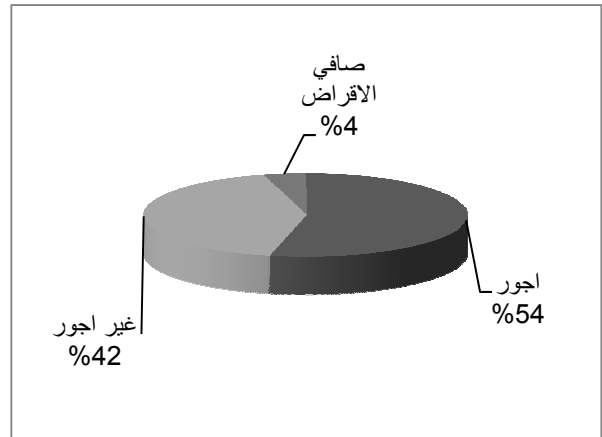
:17

2012

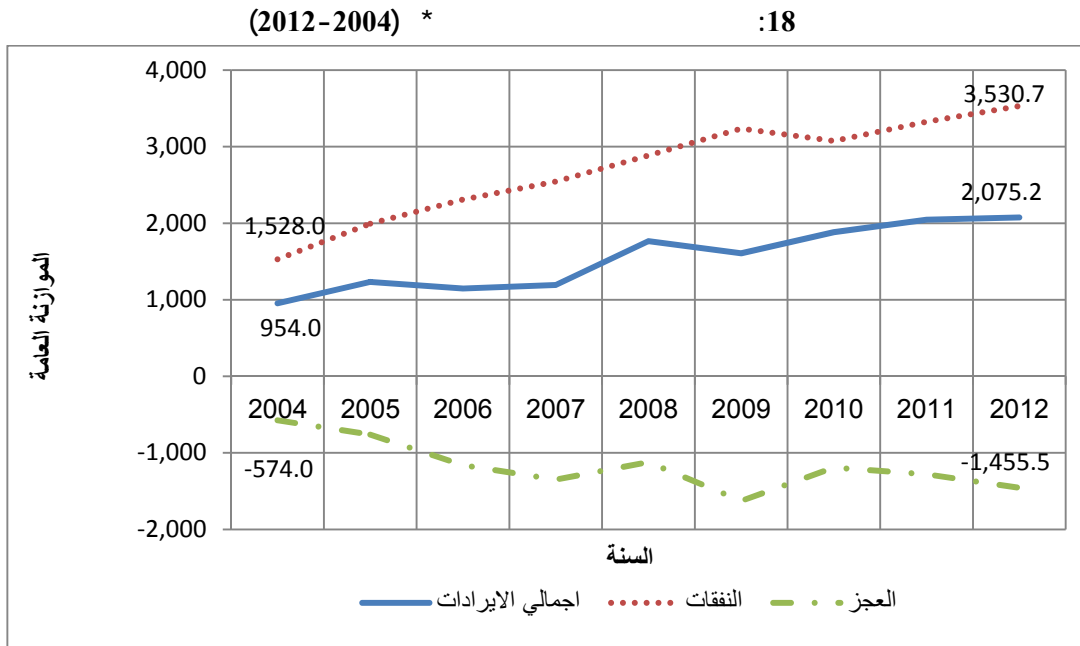


:16

2011



2011 2012 %13.8
 .%1.4 2012 %6.2
 %4.8
 .2011 814.8 775.5



*

-8

%6.9 2012

7,241.6

2012 %6.5

.2011

2011

.2012

113.8 %2.2

.2011

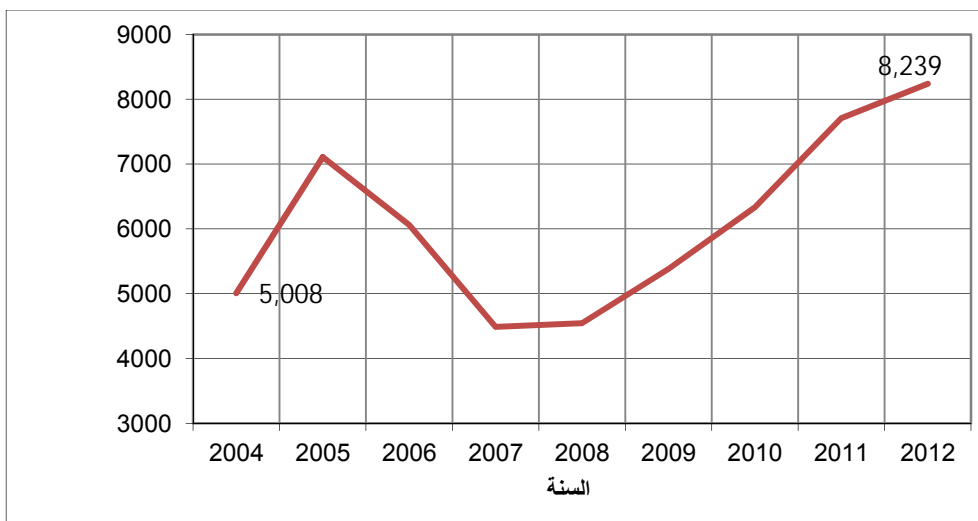
10

.2012

2012						:10
المؤشر	الزراعة	الصناعة	التجارة	الخدمات	النقل	الإشاعات
نسبة المساهمة من الناتج المحلي الإجمالي (%)	4.9	11.9	14.0	20.1	1.8	14.1
القيمة المضافة (بالمليون دولار)	332.6	810.5	950.8	1,365.6	125.1	955.1
معدل الإنتاجية (بالدولار/عامل)	3,650.9	8,781.1	6,114.4	4,518.8	4,811.5	12,751.6
عدد العاملين* (بالآلاف)	91	92	156	302	26	75
معدل الأجر اليومي الاسمي (شيكل)**	59.4	76.6	69.1	96.1	92.3	124.5
*						.1967
**			11			
	2012	2012	2012	2012	2012	2012
	%20.1	%11.9	%14.0	%20.1	%1.8	%14.1
	2012	2012	2012	2012	2012	2012
	%4.2	%4.2	%4.2	%4.2	%4.2	%4.2
	96.1	96.1	96.1	96.1	96.1	96.1
	2012	2012	2012	2012	2012	2012
	%7.2	%7.2	%7.2	%7.2	%7.2	%7.2
	2011	2011	2011	2011	2011	2011
	%4.8	%4.8	%4.8	%4.8	%4.8	%4.8
	2012	2012	2012	2012	2012	2012
	%11.9	%11.9	%11.9	%11.9	%11.9	%11.9
	2012	2012	2012	2012	2012	2012
	%4.9	%4.9	%4.9	%4.9	%4.9	%4.9
	2012	2012	2012	2012	2012	2012
	%16.0	%16.0	%16.0	%16.0	%16.0	%16.0
	2012	2012	2012	2012	2012	2012
	%12.6	%12.6	%12.6	%12.6	%12.6	%12.6
	2012	2012	2012	2012	2012	2012
	%2.0	%2.0	%2.0	%2.0	%2.0	%2.0
	2011	2011	2011	2011	2011	2011
	3,650.9	3,650.9	3,650.9	3,650.9	3,650.9	3,650.9
	2011	2011	2011	2011	2011	2011
	59.4	59.4	59.4	59.4	59.4	59.4
	2012	2012	2012	2012	2012	2012
	92.9	92.9	92.9	92.9	92.9	92.9
	2012	2012	2012	2012	2012	2012
	92.9	92.9	92.9	92.9	92.9	92.9

فيها 156 ألف .
 2012 950.8 %14.0
 2011 69.1 %0.9
 2012 6,114.4
 2012 955.1 %14.1
 2011 75 %6.5
 2012 124.5
 12,751.6
 2012 2011 بنسبة %6.9
 2012 19 %59.3
 2007 2012 2009 2008 2012-2004
 8,239

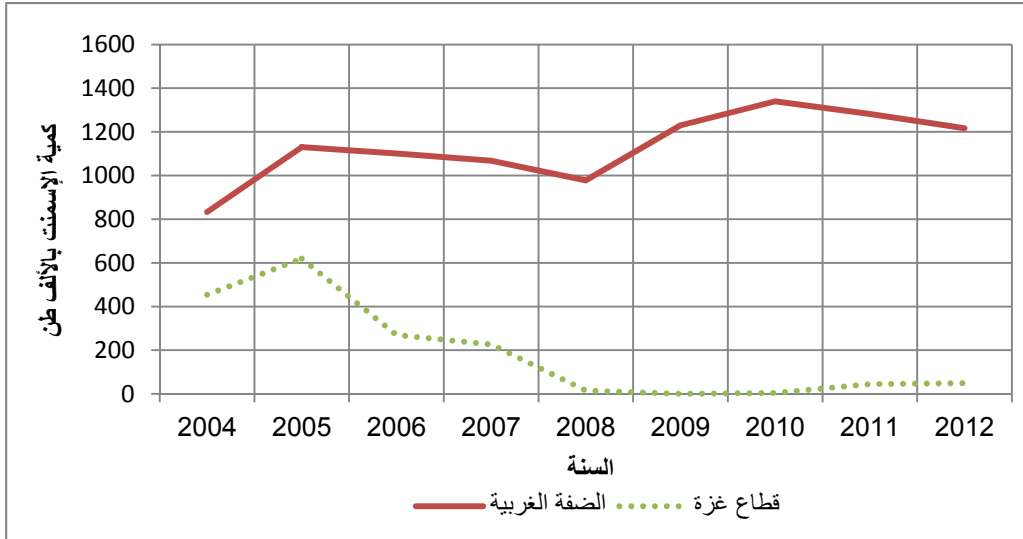
(2012-2004) :19



1,265.5 %4.6 2012
 .2011 1,326.3 2012
 2008 2006
 (20) 2009

(2012-2004)

:20



(2012-2004)**:11**

2012	2011	2010	2009	2008	2007	2006	2005	2004	
3.85	3.58	3.73	3.97	3.54	4.10	4.46	4.49	4.48	المتوسط السنوي



State of Palestine
Palestinian Central Bureau of Statistics

Performance of the Palestinian
Economy, 2012

May 2013

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

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

© May 2013.

All Rights Reserved

Suggested Citation:

Palestinian Central Bureau of Statistics, 2013. *Performance of the Palestinian Economy, 2012.* Ramallah – Palestine.

All correspondence should be directed to:
Palestinian Central Bureau of Statistics
P.O. Box 1647, Ramallah, Palestine.

Tel: (970/972) 2 298 2700
Fax: (970/972) 2 298 2710
Toll Free: 1800300300
E-Mail: diwan@pcbs.gov.ps
Website: <http://www.pcbs.gov.ps>

Work Team

- **Report Preparation**
Mohannad Hamayel
Mohammad Qalalwa
- **Dissemination Standards**
Hanan Janajreh
- **Preliminary Review**
Mohamed Nasr, Ph.D Dean of College of Business and Economics, Birzeit
University
Saleh Al Kafri, Ph.D
Ibrahim Tarshah
- **Final Review**
Mahmoud Jaradat
- **Overall Supervision**
Ola Awad President of PCBS

Preface

The Palestinian Central Bureau of Statistics (PCBS) has gone to considerable lengths to consolidate major economic indicators such as GDP, labor market, prices, poverty, balance of payments, government sector and building licenses into one report that reflects the performance of the Palestinian economy. The report will serve the operational needs of businesses and organizations for statistical information on economic trends and the varied content of the report will facilitate measurement, comparison and further economic analysis.

PCBS is pleased to release the third issue of the report on the performance of the Palestinian economy in Palestine for 2012. The report highlights the main economic indicators of 2012 and conducts a comparison with 2011 to reflect the variations in economic conditions in Palestine.

PCBS hopes that the findings of this report will provide a comprehensive picture of the characteristics and performance of the Palestinian economy to assist researchers and decision makers in the analysis, planning and development of the Palestinian economy in the future.

May, 2013

**Ola Awad
President of PCBS**

Table of Contents

Subject	Page
List of Tables	
List of Figures	
Summary	
Economic Performance in 2012	
1. Gross Domestic Product (GDP)	[15]
2. The Labor Market	[19]
3. Prices and Purchasing Power	[24]
4. Poverty	[26]
5. Balance of Payments	[27]
6. Foreign Trade	[30]
7. Public Finance	[32]
8. Banking Sector	[34]
9. Economic Activities	[35]

List of Tables

Table		Page
Table 1:	GDP in Palestine at constant prices 2004-2012	[16]
Table 2:	Percentage change in value added of economic activities by region 2011, 2012	[17]
Table 3:	Selected labor market indicators for individuals aged 15 years and above in Palestine 2004-2012	[19]
Table 4:	Percentage change in number of employees by economic activity in Palestine 2011 -2012	[22]
Table 5:	Consumer Price Index and relative weight by major groups of consumer prices in Palestine 2011-2012	[25]
Table 6:	Poverty gap and severity by region 2010-2011	[27]
Table 7:	Main indicators in structure of current account in Palestine 2004-2012	[28]
Table 8:	Top ten registered goods imported from abroad to Palestine 2011	[31]
Table 9:	Top ten registered goods exported from Palestine to abroad 2011	[31]
Table 10:	Main economic activities by major characteristics in Palestine 2012	[35]

List of Figures

Figure	Page
Figure 1: GDP in Palestine at constant prices 2004-2012	[16]
Figure 2: GDP per capita in USD by region 2004-2012	[17]
Figure 3: Contribution of economic activities to Gross Domestic Product in Palestine, 2012	[18]
Figure 4: Unemployment rate in Palestine 2004-2012	[20]
Figure 5: Average nominal and real daily wage in NIS in Palestine 2004-2012	[21]
Figure 6: Productivity rate of employees in Palestine 2004-2012	[21]
Figure 7: Percentage distribution of employees in Palestine by economic activity, 2012	[23]
Figure 8: Consumer Price Index (CPI) in Palestine 2004-2012	[24]
Figure 9: Poverty and deep poverty in Gaza Strip 2010-2011	[26]
Figure 10: Poverty and deep poverty in West Bank 2010-2011	[26]
Figure 11: Compensation of employees in Palestine 2004-2012	[28]
Figure 12: Current and capital foreign transfers in Palestine 2004-2012	[29]
Figure 13: Trade balance of goods and services in Palestine 2004-2012	[30]
Figure 14: Total tax revenues in Palestine 2004-2012	[32]
Figure 15: Total clearance revenues in Palestine 2004-2012	[33]
Figure 16: Total expenditure and net lending in Palestine 2011	[33]
Figure 17: Total expenditure and net lending in Palestine, 2012	[33]
Figure 18: Deficit in general budget in Palestine 2004-2012	[34]
Figure 19: Issued building licenses in Palestine 2004-2012	[36]
Figure 20: Quantities of cement imported to Palestine 2004-2012	[37]

Summary

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.

Economic Performance in 2012

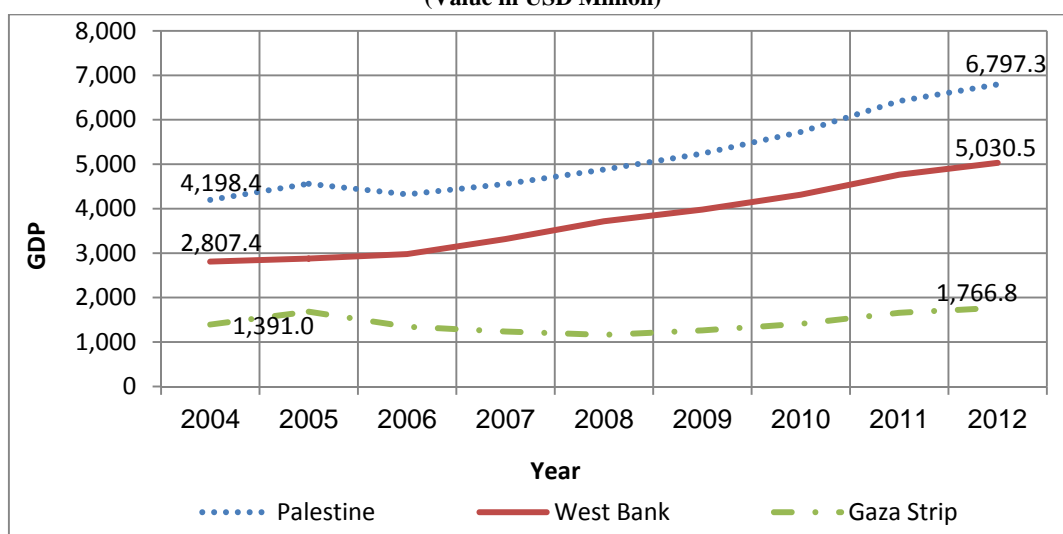
1 – Gross Domestic Product (GDP):

The Gross Domestic Product (GDP) in Palestine increased by 5.9% during 2012. The Palestinian economy underwent significant volatility over past years, especially during the period of the Second Intifada, but began to recover again during 2007-2011 and growth increased by 5.9% in 2012 compared with 12.2% in 2011.

The growth in Palestine during 2012 can be attributed to growth in the Gaza Strip, which was 6.6% compared with 5.6% in the West Bank. This growth in the Gaza Strip during 2011-2012 is due to a combination of factors, including support from overseas aid, the easing of Israeli-imposed restrictions on the entry of some raw materials and building materials into the Gaza Strip and increased trade through underground tunnels with Egypt.

Despite a surge in growth rates during the past two years, the Gaza Strip's contribution to GDP fell to less than 26.0% of Palestinian GDP in 2012. As is clear from Figure 1, GDP in the Gaza Strip totaled about USD 1.8 billion in 2012, representing 26.0% of total Palestinian GDP of USD 6.8 billion. This is lower than the rate of 33.1% in 2004, which means that the growth rate during the whole period was higher in the West Bank than in the Gaza Strip.

Figure 1: GDP in Palestine at constant prices 2004-2012¹
(Value in USD Million)



The GDP per capita increased by 2.7% in 2012 compared with 2011 to USD 1,679.3. The GDP per capita is considered to be one of the important indicators to measure individual standards of living as it takes into account changes in population size during the comparison period. It is clear from Table 1, GDP per capita has continued to rise steadily since 2007 due to high growth in GDP at a higher rate than population growth during this period. The GDP per capita increased by 2.7% in 2012 compared with 8.9% in 2011.

Table 1: GDP in Palestine at constant prices 2004-2012

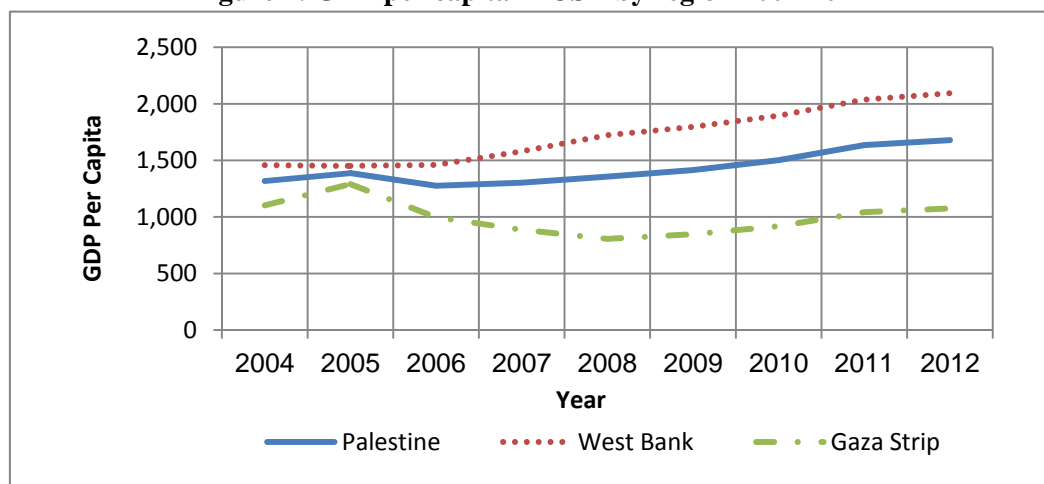
	2004	2005	2006	2007	2008	2009	2010	2011	2012
GDP (Million USD)	4,198.4	4,559.5	4,322.3	4,554.1	4,878.3	5,239.3	5,724.5	6,421.4	6,797.3
Population (Thousands) ²	3,188	3,287	3,389	3,495	3,597	3,702	3,813	3,927	4,048
GDP Per Capita (USD)	1,317.0	1,387.2	1,275.4	1,303.2	1,356.3	1,415.2	1,502.1	1,635.2	1,679.3
% Change of Per Capita	-	5.3	-8.1	2.2	4.1	4.3	6.1	8.9	2.7
GDP Per Capita in West Bank (USD)	1,457.1	1,451.1	1,459.8	1,580.5	1,723.6	1,796.3	1,896.1	2,037.6	2,093.3
Percentage Change Per Capita (West Bank)	-	-0.4	0.6	8.3	9.1	4.2	5.6	7.5	2.7
GDP Per Capita in Gaza Strip (USD)	1,103.1	1,290.1	996.5	886.2	806.5	847.2	917.9	1,042.8	1,074.5
Percentage Change Per Capita (Gaza Strip)	-	17.0	-22.8	-11.1	-9.0	5.0	8.3	13.6	3.0

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

2 The number of population in Palestine excluding those parts of Jerusalem annexed by Israel in 1967.

Despite high growth rate in the Gaza Strip during the last four years, GDP per capita has remained lower than that in the West Bank. As shown in Table 1, the GDP per capita in the Gaza Strip totaled USD 1,074.5 in 2012 compared with USD 2,093.3 in the West Bank. This means that GDP per capita in the West Bank equals 1.9 times that of the Gaza Strip and is due to high growth rates in the West Bank during recent years compared with the Gaza Strip.

Figure 2: GDP per capita in USD by region 2004-2012



Palestine witnessed growth in most economic activities during 2012, except in the agriculture, forestry and fishing sector; growth is concentrated in the main economic activities that make relatively higher contributions to GDP. The services sector recorded the highest growth rate in 2012 of 13.2%, followed by construction with 6.5%, and information and communications with 5.9%.

Table 2: Percentage change in value added of economic activities by region 2011, 2012
(Value in USD Millions)

Economic activity	Palestine			% change	
	Value added 2011	Value added 2012	% change	West Bank	Gaza Strip
Agriculture, Forestry and Fishing	380.6	332.6	-12.6	-1.2	-32.8
Mining, Manufacturing, Electricity & Water	773.5	810.5	4.8	5.4	1.9
Construction	896.8	955.1	6.5	-4.2	24.7
Wholesale and Retail Trade	905.1	950.8	5.0	8.5	-6.4
Transport, Storage and Communications	121.2	125.1	3.2	-1.6	42.4
Financial and Insurance Activities	209.5	218.4	4.2	3.4	11.4
Information and Communication	440.9	466.9	5.9	5.9	7.1
Services*	1,206.2	1,365.6	13.2	12.5	14.6
Public Administration and Defense	803.5	809.1	0.7	-1.2	2.9

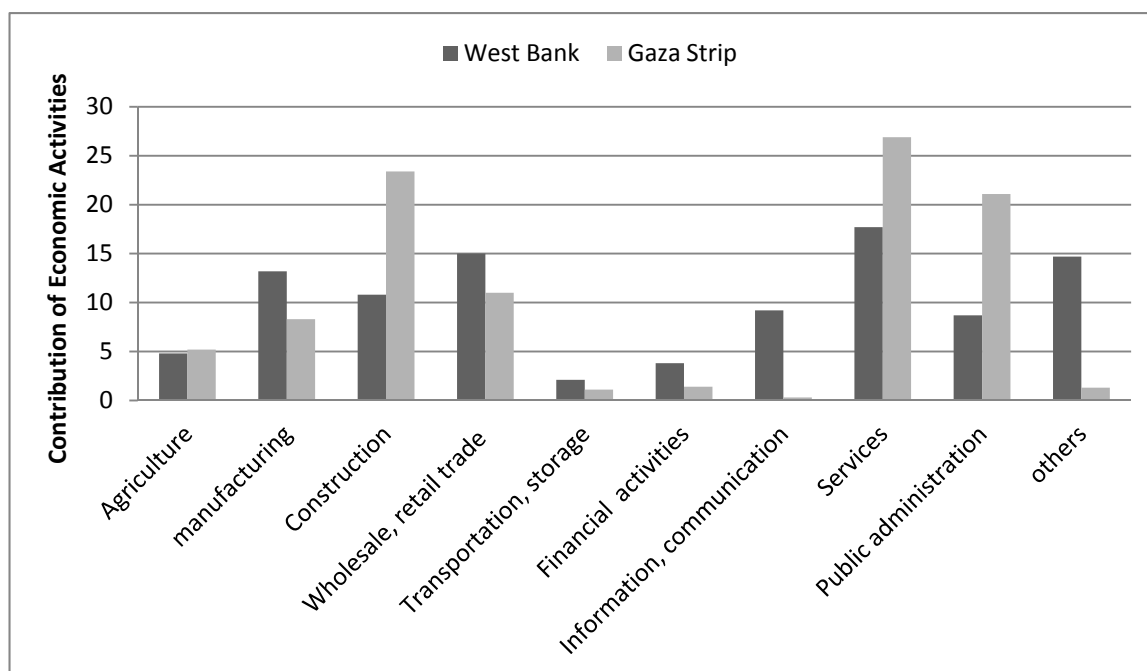
*Includes Households with Employed Persons

Despite growth in most economic activities in Palestine during 2012, the growth rate varied between the West Bank and the Gaza Strip. The services sector increased by 12.5% in the West Bank, followed by wholesale and retail trade activity and information activities. In the Gaza Strip, transport and storage activities increased by 42.4%, followed by construction activity with 24.7% and the services sector. Agriculture, forestry and fishing fell by 33% in the Gaza Strip compared with decreased by 1% in the West Bank

The services sector in Palestine made the highest contribution to GDP with 20.1%. This was followed by construction (14.1%), wholesale and retail trade activity (14.0%), mining and manufacturing and public administration and defense both contributed 11.9%, while the agriculture, forestry and fishing sector contributed 4.9%.

The structure of economic activities differed between the West Bank and Gaza Strip in 2012. Although the services sector represented the largest share of GDP in both the West Bank and Gaza Strip, it contributed 26.9% of Gaza Strip GDP compared to 17.7% of West Bank GDP. Public administration and defense contributed 21.1% in the Gaza Strip compared to 8.7% in West Bank, while the construction sector represented 23.4% in the Gaza Strip compared to 10.8% in West Bank. The mining and manufacturing sector contributed 13.2% of West Bank GDP compared to 8.3% in the Gaza Strip and the information and communications sector contributed 9.2% of GDP in the West Bank compared with 0.3% in the Gaza Strip. The contribution of agriculture to Gaza Strip GDP was 5.2% compared to 4.8% in the West Bank.

Figure 3: Contribution of Economic Activities in Gross Domestic Product in Palestine, 2012



2–The Labor Market

Labor is considered as one of the most important factors of production in the Palestinian economy in the face of limited natural resources and Israeli control over land, water and restrictions on the movement of people, goods and capital. Table 3 refers to selected key indicators of the Palestinian labor market during the period 2004-2012.

Table 3: Selected indicators of the labor market for individuals aged 15 years and above in Palestine 2004-2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Labor force in thousands	752	789	834	882	908	951	976	1,059	1,114
Participation rate	40.1	40.4	41.0	41.7	41.2	41.6	41.1	43.0	43.6
Employed in thousands	551	603	636	690	667	718	744	837	858
% change in number of workers	-	9.4	5.5	8.5	-3.3	7.6	3.6	12.5	2.5
Nominal average daily wage (NIS)	73.8	77.0	81.5	81.9	87.0	91.3	91.7	91.7	92.9
Real average daily wage*(NIS)	73.8	74.0	75.4	74.4	71.9	73.4	71.1	69.1	68.1
Unemployment rate	26.8	23.5	23.7	21.7	26.6	24.5	23.7	20.9	23.0
Productivity** (Dollar/Worker)	8,293.1	8,332.3	7,437.3	7,239.9	8,560.8	8,519.2	8,875.2	8,711.7	8,879.5

* The daily nominal wage was linked to CPI to monitor the purchasing power of employees at constant prices (base year 2004).

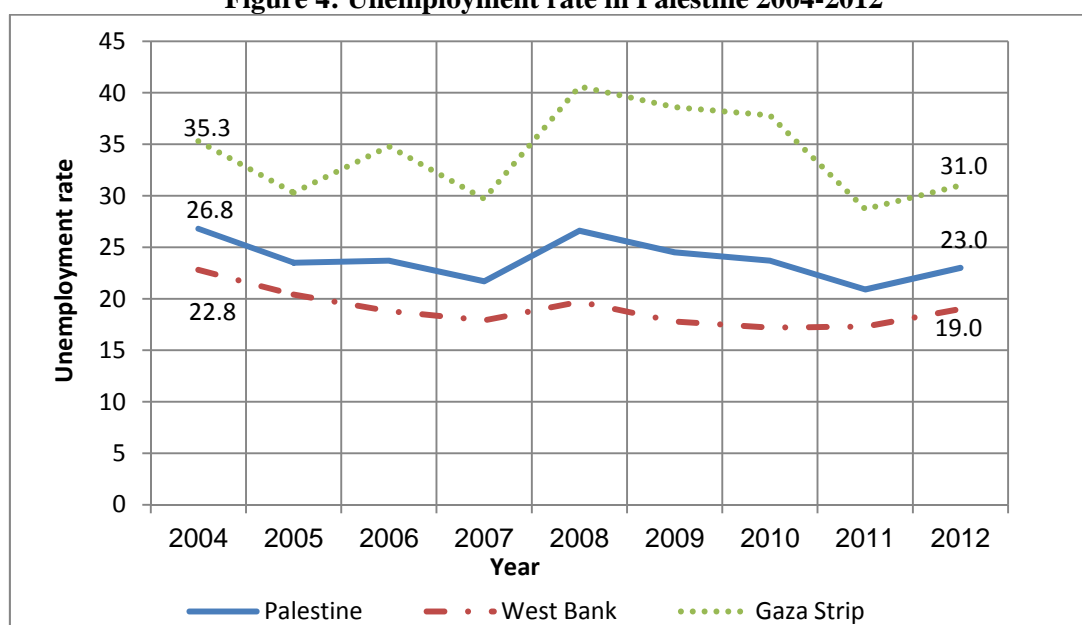
** Productivity = value add / number of employees

The labor force participation rate increased in 2012 to 43.6% compared with 43.0% in 2011. This increase is due to growth in the numbers entering the labor market in 2012, totaling 1,114 thousand employees compared to 1,059 thousand employees entering the labor market during 2011. Table 3 shows that the labor force increased by 5.2% in 2012. Despite this increase, the participation rate remained low in comparison with neighboring countries. Also, the labor force participation rate in the West Bank was 45.5 % in 2012 compared to 40.1% in the Gaza Strip.

In 2012, the number of employees increased by 2.5% compared with 2011: the number of employees in Palestine totaled 858 thousand in 2012 compared to 837 thousand in 2011. There was a significant rise in the number of employees of 12.5% in 2011 compared to 2010.

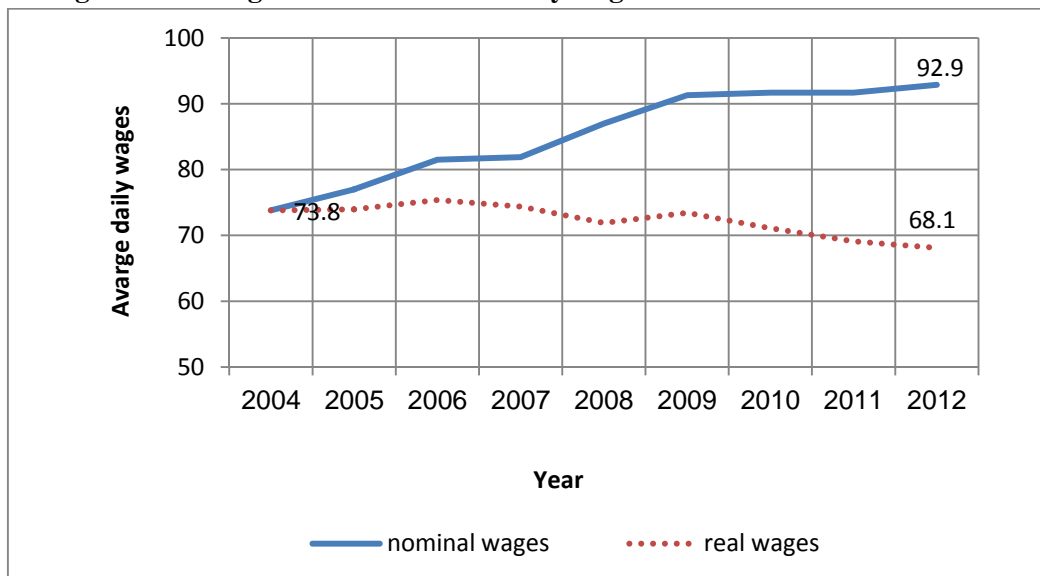
The unemployment rate in Palestine increased to 23.0% in 2012 compared with 20.9% in 2011. This is related to an increase in the unemployment rate in the Gaza Strip to 31.0 % in 2012 compared with 28.7% in 2011; the unemployment rate in the West Bank also increased to 19.0% compared to 17.3% previously.

Figure 4: Unemployment rate in Palestine 2004-2012



Although the nominal daily wage increased in Palestine in 2012, the real daily wage fell by 1.4% compared with 2011. As shown in Figure 5, the nominal daily wage was NIS 92.9 in 2012, about 25.9% higher than the nominal wage in 2004. However, when wages are linked to inflation in prices in Palestine, the real wage in 2012 was lower than in 2011 by 1.4% and 7.7% lower than in 2004 due to reduced purchasing power. In other words, the increase in the nominal wage per worker was less than price inflation in Palestine during that period.

Figure 5: Average nominal and real daily wage in NIS in Palestine 2004-2012



During 2012 productivity in Palestine increased by 1.9% compared with 2011. Worker productivity fluctuated during 2004-2011 and decreased continuously after 2005 to reach its lowest level in 2007. It then started to recover and achieved a peak of USD 8,879.5 per worker in 2012 (Figure 6). Productivity is measured by the worker's share of the value added, i.e. by dividing the GDP (the sum of the value added) by the number of employees in the economy or in the sector. Worker productivity is an important indicator to measure the efficiency and effectiveness of work in achieving a certain level of production process outputs. There are many factors that play an important role in determining the level of worker productivity, including the quality of the inputs of production, technology, education, training and the work environment represented in the laws and regulations of the labor market and other domains.

Figure 6: Productivity rate of employees in Palestine 2004-2012 (Value in USD/ worker)



The number of employees increased in most economic activities in Palestine at varying rates and there were differences between the West Bank and the Gaza Strip. Transport, storage and communications recorded the highest rate of growth in the number of employees during 2012 of 8.4% compared with 2011, and the services, building and construction sectors also recorded growth in the number of employees in 2012.

Table 4: Percentage change in number of employees by economic activity in Palestine 2011-2012

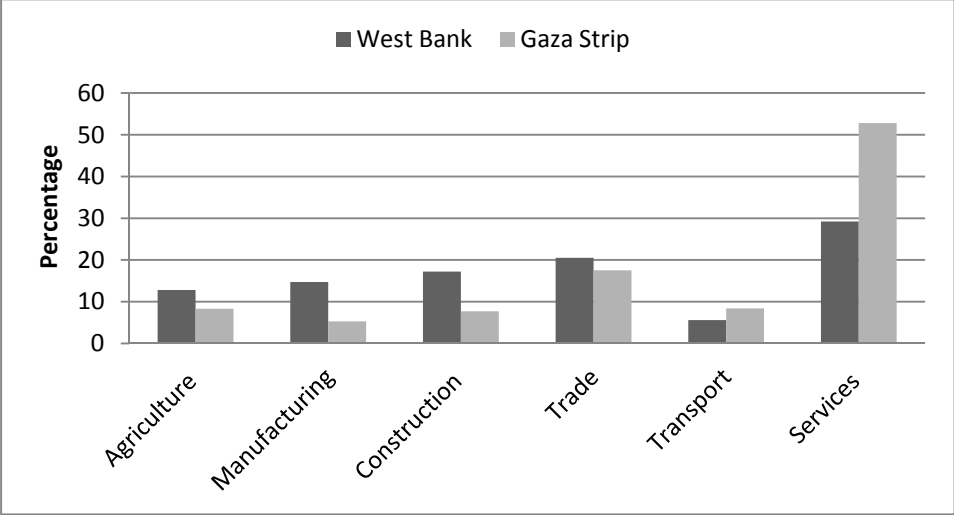
Economic activity	Palestine			% change	
	# of workers 2011	# of workers 2012	% change	West Bank	Gaza Strip
Agriculture and fishing	99,400	98,300	-1.1	1.2	-8.5
Mining, manufacturing, electr. and water	98,700	102,200	3.5	3.9	1.5
Construction	116,200	123,300	6.1	1.8	36.6
Trade, restaurants and hotels	170,100	168,400	-1.0	-1.3	-0.2
Transport, storage and communications	51,200	55,500	8.4	3.4	17.4
Services and others	301,800	310,500	2.9	1.5	4.7
Total	837,400	858,200	2.5	1.4	5.2

In the West Bank, mining and manufacturing recorded the highest rate of growth during 2012 of 3.9%, followed by transport, storage and communications with 3.4%. The Gaza Strip witnessed growth of 36.6% in the construction sector during 2012, followed by growth of 17.4% in transport, storage and communications. The remaining economic activities in the West Bank and Gaza Strip also recorded increases in the numbers of employees, but at lower rates. The sharp increase in the number of employees in the construction sector in the Gaza Strip is related to the strict blockade on border crossings that prevented all economic transactions to and from the Gaza Strip. No cement was imported into Gaza in 2009 and building activity almost stopped during that year. The blockade on Gaza continued in 2011- 2012, but was less severe than in 2008-2010 in terms of opening crossings, leading to an increase in construction activities and the number of employees rising in 2012 to a level close to that prior to the blockade.

During 2012, employees in Palestine were largely concentrated in the services sector (36.2%), followed by employees in trade, restaurants and hotels (19.6%) and construction (14.4%). These figures varied significantly between the West Bank and Gaza Strip. As shown in Figure 7, the percentage of employees in the services sector in the West Bank was 29.2% compared with 52.8% in the Gaza Strip; the percentage of employees in industry was 14.7% in the West Bank and 5.3% in the Gaza Strip and the percentage of

employees in construction was 17.2% in the West Bank compared with 7.7% in the Gaza Strip.

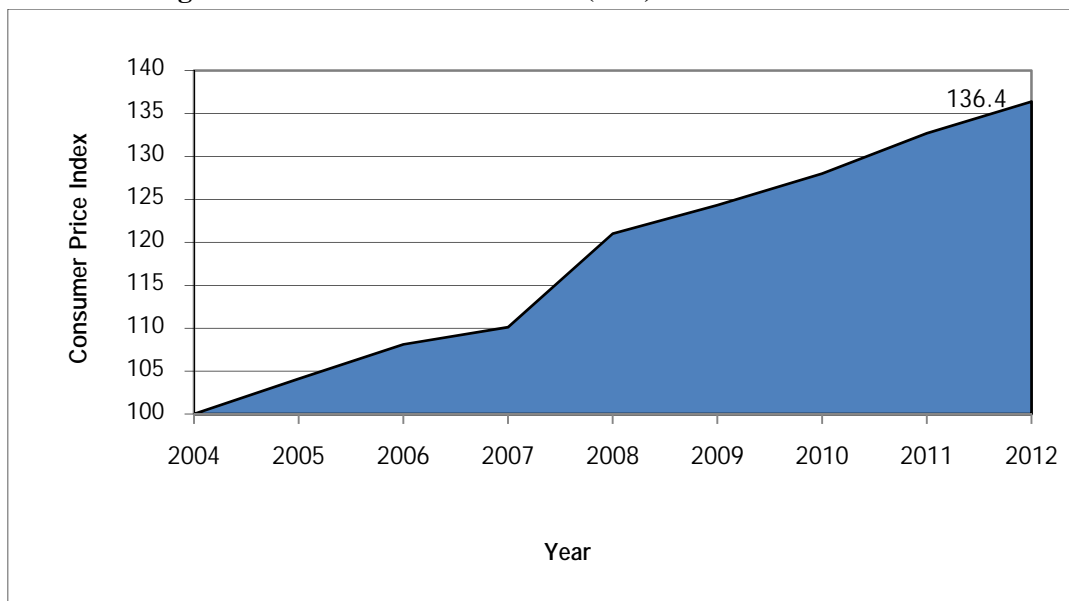
Figure 7: Percentage distribution of Employees in Palestine by economic activity, 2012



3-Prices and Purchasing Power:

The consumer price index (CPI) increased in Palestine during 2012 by 2.78% to 136.40 compared to 132.71 during 2011 (base year 2004). The high cost of living in 2012 is mainly due to increases in prices of all major groups. A range of alcoholic beverages and tobacco increased in price by 7.82%, followed by educational services which increased by 5.47%, a range of transport and communications by 2.20%, a range of fabrics, clothing and footwear by 1.30%, and foodstuffs increased by 2.12%.

Figure 8: Consumer's Price Index (CPI) in Palestine 2004-2012



Changes in consumer prices varied by area in Palestine in 2012 compared to previous year: prices in Jerusalem J1 increased by 3.23%, in the West Bank by 4.08%, while the cost of living index in the Gaza Strip increased marginally by 0.48%. The rise in consumer prices in Jerusalem J1 was mainly caused by inflation in food items and soft drinks by 2.97%, in textiles, clothing and footwear by 1.98%, in alcoholic beverages and tobacco by 11.35%, in transport and communications by 3.76%, and in the prices of housing and related items by 2.45%. In the West Bank, the rise in the cost of living was mainly due to rises in prices of food and soft beverages of 2.47%, in alcoholic beverages and tobacco by 10.65%, in housing and related items by 4.21%, in transport and communications by 2.91%, and in educational services by 5.76%. In the Gaza Strip, the prices of housing and related items increased by 2.98%, the prices of furniture, household wares and goods fell by 2.76%, while educational services increased by 6.37%, food and soft beverages by 0.58% and the prices of alcoholic beverages and tobacco fell by 0.02%.

The relative weight of groups that make up the consumer price index can vary. As shown in Table 5, food items and soft drinks have higher relative weight in the consumer basket in Palestine as they make up 37.6%, followed by housing with 10.4%, transportation with approximately 9.9%, and clothing with 7.0%; educational services and services of restaurants, cafes and hotels occupy a low proportion of the consumer basket.

Table 5: Consumer Price Index and relative weight of consumer prices by major group in Palestine 2011-2012

Main groups	Consumer Price Index			Relative Weight*
	2011	2012	% change	
Food products & beverages	148.10	151.25	2.12	37.64
Alcohol beverages and tobacco	161.24	173.85	7.82	4.66
Textiles, clothing and footwear	114.18	115.66	1.30	6.96
Housing	130.98	136.10	3.91	10.38
Furniture, household goods	115.27	116.76	1.29	6.31
Medical care	116.30	119.86	3.06	4.45
Transportation	126.47	129.26	2.20	9.86
Communications	107.33	107.61	0.26	3.79
Recreational, cultural goods & services	104.24	105.54	1.24	4.84
Education	112.81	118.97	5.47	3.56
Restaurants and cafes	144.94	150.59	3.90	2.18
Miscellaneous goods and service	124.88	131.21	5.06	5.37
Overall Consumer Price Index	132.71	136.40	2.78	100.00

*According to relative weight of major groups of consumer prices for 2004.

4 - Poverty

Around 25.8% of persons in Palestine lived in poverty during 2011 (17.8% in the West Bank and 38.8% in the Gaza Strip)

Poverty is considered to be an important indicator that reflects the performance of the economy.

Slightly more than one in four individuals (25.8%) were living below the poverty line in 2011, (17.8% in the West Bank and 38.8% in the Gaza Strip). This is similar to the 2010 rate of nearly 25.7%. About 12.9% of individuals were living below the deep poverty line in 2011 (7.8% in the West Bank and 21.1% in the Gaza Strip).

Figure 9: Poverty and deep poverty in Gaza Strip 2010-2011

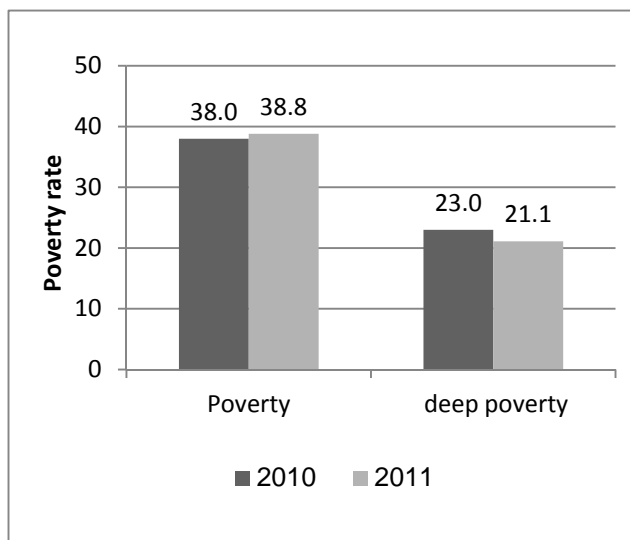
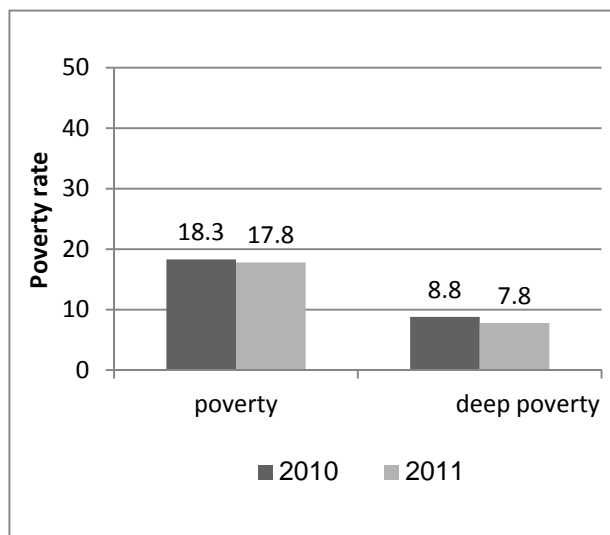


Figure 10: Poverty and deep poverty in the West Bank 2010-2011



Social assistance for households played a part in reducing poverty in Palestinian households by 18.1% in 2011: 11.9% in the West Bank and 22.2% in the Gaza Strip. In 2010, assistance for households reduced poverty in Palestinian households by 16.8%: 10.7% in the West Bank and 21.2% in the Gaza Strip.

Poor households are poorer in the Gaza Strip compared to West Bank

Poor households in the Gaza Strip are poorer than those in the West Bank, as shown in the results of poverty indicators such as poverty rates and the poverty gap. The poverty gap gives the percentage by which the average consumption of the poor is below the poverty line.

Table 6: Poverty gap and severity by region 2009-2010

	Palestine		West Bank		Gaza Strip	
	2010	2011	2011	2010	2010	2011
Poverty gap	6.4	6.0	4.1	3.9	10.3	9.3
Poverty severity	2.4	2.1	1.4	1.4	3.9	3.2

5 - Balance of Payments

The balance of payments is an organized summary record of all economic transactions between residents in Palestine and non-residents and a record of credit and debts as a result of those exchanges and economic transactions. The balance of payments consists of two parts: the current account and capital and financial account. The current account includes four sub-accounts as follows: goods, services, income and current transfers. The capital account includes capital transfers and the acquisition of assets that are non-financial and non-produced or disposal of them.¹ The financial account includes direct investment, indirect investment, and other investments and reserve assets.

The current account deficit in Palestine increased during 2012 to USD 2,814.8 million, the highest deficit since 2000. The deficit was due to a steady rise in the value of imports of goods and services to Palestine compared to the value of Palestinian exports for the year. This reflects on the value of the trade balance deficit, which is one of the most important components of the current account of the balance of payments. In addition, transfers received from foreign countries fell.

¹ Capital transfers include transfers by a change in ownership of fixed assets or transfers of funds associated with conditional or possession of fixed assets, disposition or transfers resulting from a creditor to drop opponents of debtor without receiving any return for it. The acquisition of assets that are non-financial, non-produced or disposed of include intangible assets such as licensed patents and leases and other contracts transferable to others and the like.

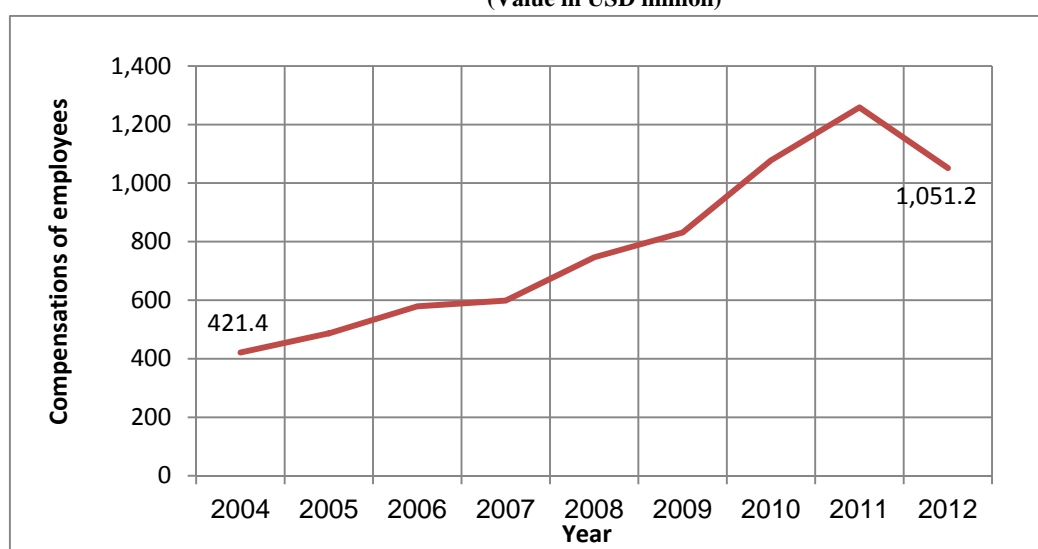
Table 7: Main indicators on the structure of current account in Palestine 2004-2012
(Value in USD million)

	2004	2005	2006	2007	2008	2009	2010	2011	2012*
Current account net	-1,516.0	-1152.2	-912.9	-417.3	764.4	-712.5	-690.9	-2,192.6	-2,814.8
Compensation of employees received from abroad	421.4	486.7	579.2	598.5	746.2	831.1	1,077.4	1,258.9	1,051.2
Receivable current transfers	895.3	1,299.4	1,623.0	2,505.5	3,572.8	2,502.0	2,476.5	1,976.9	1,649.6
Exports of goods and services	641.1	717.1	710.3	1,016.0	1,164.5	1,210.6	1,496.8	1,802.6	1,898.6
Imports of goods and services	3,337.8	3,618.4	3,805.7	4,567.3	4,739.2	5,066.8	5,461.7	6,532.1	7,165.1

* Quarterly preliminary data

Compensation from overseas employees fell by 16.5% in 2012 to 1,051.2 million dollars compared with 1,285.9 million in 2011. As shown in the Figure below, the level of employee compensations received from abroad increased between 2004 and 2011 by 198.7%, but fell by 16.5% in 2012 compared with 2011. Compensations of employees made up 89.5% of total received income, while investment income covered the rest. In spite of the increase in net income, this did not assist in reducing the current account deficit due to the growing deficit in the trade balance of goods and services.

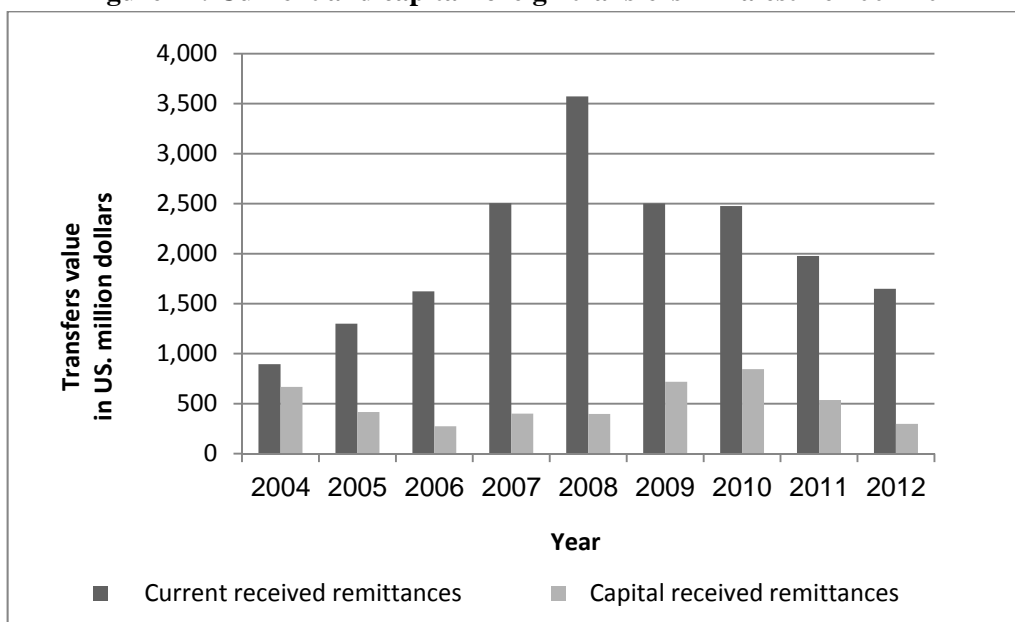
Figure 11: Compensation of employees in Palestine 2004-2012
(Value in USD million)



Current transfers decreased by 16.6% during 2012 to USD 1,649.6 million compared to USD 1,976.9 million in 2011. The Palestinian economy depends heavily on foreign remittances received by the Palestinian state to support the general budget and external transfers to the private sector. Foreign remittances to Palestine decreased in 2012 compared with 2011. This significant drop in current transfers from donor countries resulted in an increase in the debt of the Palestinian National Authority.

Capital transfers decreased by 44.4% to USD 297.9 million in 2012 compared to USD 536.2 million in 2011. Capital transfers fluctuated during 2004-2012, reaching their lowest level during 2006 as a result of the political changes in Palestine during that period that had a negative impact on the economic situation. Despite the sharp rise in the value of current transfers during 2008, capital transfers fell to USD 397.5 million, as shown in Figure 12.

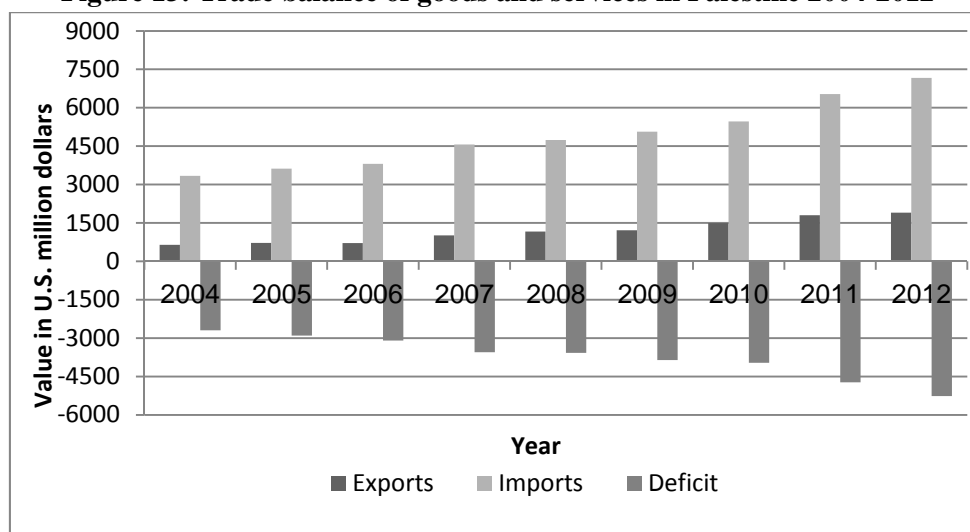
Figure 12: Current and capital foreign transfers in Palestine 2004-2012



6 - Foreign Trade

Total exports of goods and services (in current prices) increased by 5.3% in 2012 to about USD 1,898.6 million, while total imports increased by about 9.7% to USD 7,165.1 million. This resulted in an increase in the trade balance deficit of 11.4% compared with 2011, totaling around USD 5,266.5¹ million, which means that the percentage of the deficit exceeds 73.5% of imports. As shown in Figure 13, Palestine witnessed continuous increases in the trade balance deficit during 2004-2012 as a result of increased imports of goods and services compared to the value of exports. The average annual increase in the trade balance deficit totals about 9.0%.

Figure 13: Trade balance of goods and services in Palestine 2004-2012



Palestinian foreign trade is concentrated with Israel. Registered imports from Israel in 2011 totaled 69.6% of all goods imported into Palestine. Registered exports to Israel made up 85.9% of all goods exported from Palestine. This results from the fact that the Palestinian economy is subject to Israeli control of crossings, in addition to the obstacles and procedures implemented by the Israeli occupation against Palestinian exports.

Palestinian imports and exports are concentrated in a specific set of goods. As shown in Table 8, ten goods (out of 4,738 items imported in 2011) formed about a third of imports to Palestine. Fuel oil (diesel) is top of these items with 12.0%, gasoline (4.9%) and natural gas (4.7%). These three items constitute 21.6% of the import bill. The top ten goods exported from Palestine made up 43.5% of all exported goods (1,241 items). As shown in Table 9, the top exported goods are building blocks, representing 12.6% of total registered exports, followed by remelted scrap (7.8%), marble (4.5%), then sacks and bags of polymer ethylene (3.6%).

¹ Foreign trade data registered and not registered including Jerusalem area (J1).

Table 8: Top ten registered goods imported from abroad to Palestine, 2011
(Value in USD Thousands)

Goods	Palestine	%*
Medium oils and preparations of petroleum or bituminous minerals,	507,499	12.0
Light oils and preparations	208,235	4.9
Natural gas, liquefied	196,672	4.7
Portland cement	116,031	2.7
Marble, travertine and alabaster articles	68,305	1.6
Preparations of a kind used in animal feed	64,314	1.5
Mineral water and aerated waters	46,153	1.1
Steel bars	45,586	1.1
Cigarettes containing tobacco	44,610	1.1
Glazed ceramic flags and paving, hearth or wall tiles	41,942	1.0
Total	1,339,347	31.7

* The percentage for each item is calculated based on the total value of imported goods.

Table 9: Top ten registered goods exported from Palestine to abroad, 2011
(Value in USD Thousands)

Goods	Palestine	%*
Building stone	90,252	12.6
Ferrous waste and scrap; remelted scrap ingots of iron or steel	56,223	7.8
Marble, travertine and alabaster articles	32,713	4.5
Sacks and bags, incl. cones, of polymers of ethylene	25,986	3.6
Cigarettes, containing tobacco	22,403	3.1
Women's shoes	22,380	3.1
Waste and scrap of copper	16,618	2.3
Virgin olive oil and its derivatives obtained from the fruit	16,449	2.3
Medication	15,911	2.2
Wooden furniture for bedrooms (excl. seats)	13,793	2.0
Total	312,727	43.5

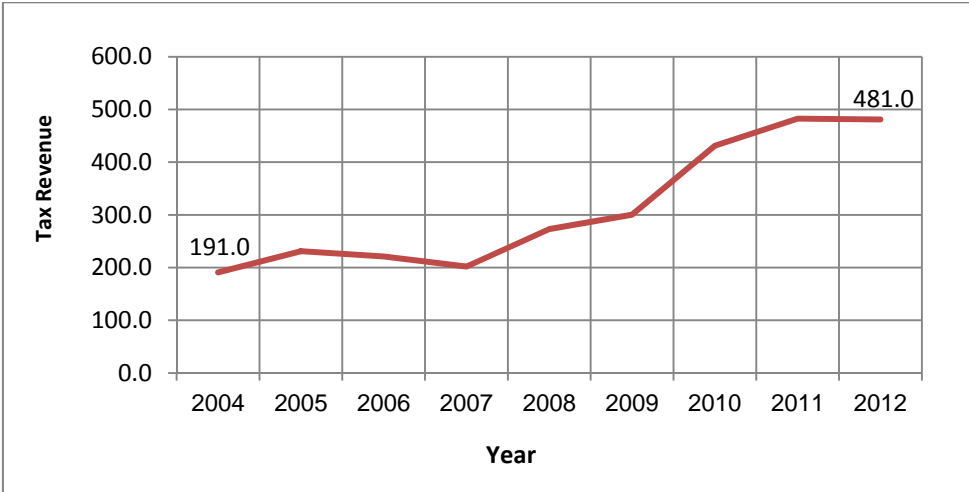
* The percentage for each item is calculated based on the total value of exported goods.

7-Public Finance¹:

Total public revenues increased by 1.4% in 2012 compared with 2011 to about USD 2.1 billion. Domestic revenues (tax and non-tax) accounted for third of total revenues.

Tax revenues accounted for 23.2% of total public revenues in 2012 and totaled USD 481.0 million, a decrease of 0.3% compared to 2011. As shown in Figure 14, the revenues from collected taxes have risen continuously since 2007 thanks to a tax collection drive implemented by the government in the Reform and Development Plan, but remain low in value and reflect the weak tax support base in Palestine.

Figure 14: Total tax revenues in Palestine 2004-2012
(Value in USD Million)

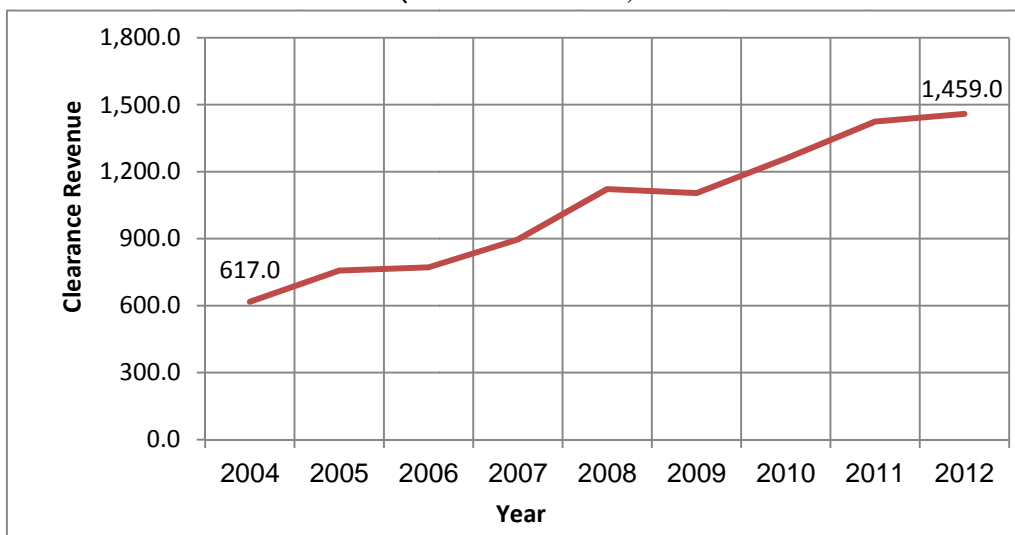


¹ Public financial statements do not include local governments (local councils and municipalities).

Clearance revenues increased by 2.5% during 2012 to USD 1,459.0 million compared to USD 1,424.1 million in 2011: this constituted 70.3% of total revenues in 2012. This could be attributed to greater control over the commitment of traders to submit defrayal bills to the Palestinian state, in addition to the high volume of imports from foreign countries and Israel, but it also reflects the extent of the reliance of Palestine’s general budget on Israel.

Figure 15: Total clearance revenues in Palestine 2004-2012

(Value in USD Million)



Government expenditure increased by 6.2% in 2012 to USD 3,530.7 million compared to USD 3,325.1 million in 2011. Salaries and wages are the major components of government expenditure in Palestine, making up 50.1% of total expenditures. The total salaries and wages bill was USD 1,769.4 million in 2012.

Figure 16: Total expenditure and net lending in Palestine 2011

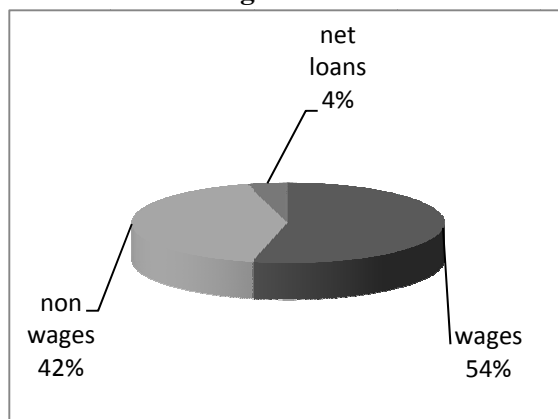
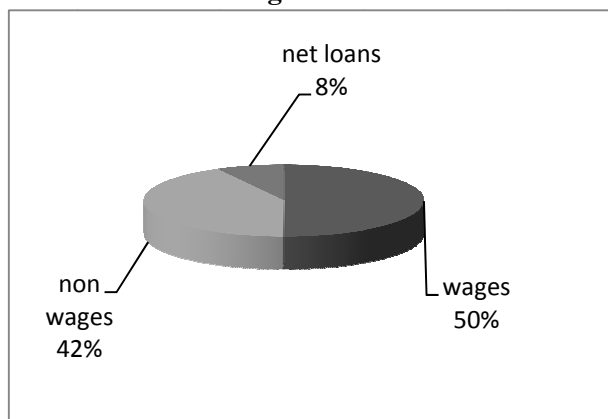
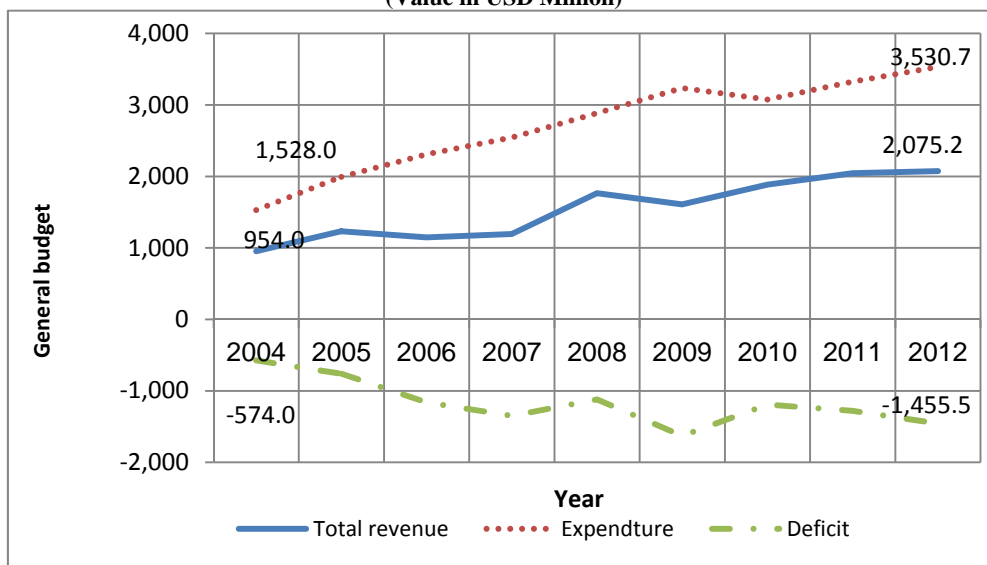


Figure 17: Total expenditure and net lending in Palestine 2012



The Palestinian budget deficit increased by 13.8% in 2012 compared to 2011 to USD 1,455.5 million. This was mainly due to the high level of government expenditure, which was higher than the rise in government revenues, and a decrease of 4.8% in the level of external support to cover the budget deficit the total value of external support was USD 775.5 million compared with USD 814.8 million in 2011.

Figure 18: Deficit in general budget in Palestine 2004-2012
(Value in USD Million)



8 – Banking Sector

The value of public deposits in local banks increased in 2012 by 6.9% and at the end of the year totaled about USD 7,241.6 million compared to USD 6,777.0 million in 2011. According to data from the consolidated balance sheet of banks issued by the Palestinian Monetary Authority, deposits by institutions of the Palestinian Authority constituted 6.5% of all deposits by residents in 2012. There was an increase of 18.3% in the total of credit facilities provided during 2012 compared with 2011, including an increase in banking facilities to finance the purchase of cars and vehicles by 2.2% to USD113.8 million in 2012 compared with USD 111.4 million in 2011.

9 - Economic Activities

The Palestinian economy is structured over a set of economic activities. Table 10 shows the economic indicators for the main activities in the Palestinian economy during 2012.

Table 10: Main economic activities by major characteristics in Palestine 2012

	Agriculture	Manufacturing	Trade	Services	Transport	Construction
Contribution to GDP (%)	4.9	11.9	14.0	20.1	1.8	14.1
Value added (Million)	332.6	810.5	950.8	1,365.6	125.1	955.8
Productivity rate (Dollar/ worker)	3,650.9	8,781.1	6,114.4	4,518.8	4,811.5	12,751.6
Workers (Thousands*)	91	92	156	302	26	75
Average daily wage (NIS)**	59.4	76.6	69.1	96.1	92.3	124.5

* Does not include employees in Israel and settlements or those parts of Jerusalem annexed by Israel in 1967.

** See average exchange rate of US. dollar against the Israeli shekel, Table 11 (Annexe).

The value added for services increased by 13.2% in 2012 compared with 2011, accompanied by an improvement in the number of employees of 4.2%. The services sector tops other sectors and activities in relation to the value added and employment. Its contribution to GDP was 20.1% in 2012 and it had 302 thousand employees. The nominal daily wage of paid employees in the services sector was 96.1 NIS, despite the fact that labor productivity in that activity was USD 4,518.8 in 2012, which is much lower than labor productivity in the Palestinian economy as a whole.

The value added for industry increased by 4.8% in 2012 and the number of employees increased by 7.2% compared with 2011. It contributed 11.9% to GDP in 2012 and had 92 thousand employees. The industrial sector is characterized by high labor productivity of USD 8,781.1 in 2012, although the nominal daily wage of paid employees in industry was 76.6 NIS, which is lower than the nominal daily wage in the economy as a whole.

The value added of the agricultural sector fell by 12.6% in 2012 and the number of employees fell by 2.0% compared with 2011 to 91 thousand employees. The contribution of the agricultural sector to GDP was 4.9% although agricultural land makes up 16.0% of the total land area of Palestine. Laborer productivity in the agricultural sector was USD 3,650.9, which is the lowest of the main economic activities as shown in Table 10. The nominal daily wage in this sector was also the lowest at 59.4 NIS in 2012 compared with the average nominal daily wage of 92.9 NIS.

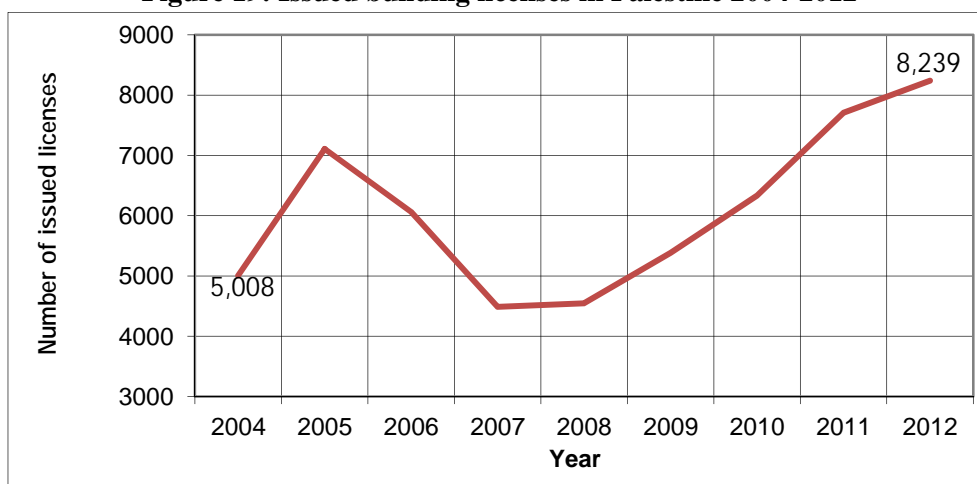
Retail and wholesale trade is one of the vital activities in the Palestinian economy. The number of employees increased by 0.9% in 2012 compared with 2011 to 156 thousand, coinciding with a rise in the value added of this activity of 5.0% in 2012. Retail and

wholesale trade contributed 14.0% to GDP in 2012, but wages and productivity remained low: the nominal daily wage was 69.1 NIS and productivity was USD 6,114.4 per worker, both of which are significantly lower than wages and productivity in the economy as a whole.

In construction activity, the value added increased by 6.5% in 2012 compared with 2011 and the number of employees increased by 7.0% to 75 thousand. The nominal daily wage per worker in construction activity was NIS 124.5, which is the highest nominal daily wage compared with other economic activities. Labor productivity was USD 12,751.6, which is also the highest productivity rate among the main economic activities. Construction activity is considered a key item in the fixed capital formation, which falls within the calculation of GDP and represents a basic element in the study of the structure and evolution of the Palestinian economy.

Building licenses are indicators that refer to the status of construction in Palestine. During 2012, building licenses increased by 6.9% compared with 2011 and these results indicate that the construction of new buildings was significant during 2012. Administrative records from the Ministry of Local Government indicated that about 59.3% of licenses were issued for new buildings. Figure 19 shows the number of building licenses issued in Palestine during 2004-2012; administrative records indicated a rise in the number of licenses issued during 2005, followed by a sharp decline in 2007. Figures began to rise after 2009 and reached their highest point during 2012 with 8,239 licenses.

Figure 19: Issued building licenses in Palestine 2004-2012



The quantities of cement imported fell by 4.6% in 2012 to 1,265.5 thousand tons compared to 1,326.3 tons in 2011. There was a decline in the quantities of cement imported from 2006 to 2008 in the Gaza Strip and data show that no cement entered the Gaza Strip from abroad in 2009 (Figure 20).

Figure 20: Quantities of cement imported into Palestine 2004-2012



Annexes

Table 11: Average exchange rate of USD against the Israeli shekel during 2004-2012

	2004	2005	2006	2007	2008	2009	2010	2011	2012
Annual average	4.48	4.49	4.46	4.10	3.54	3.97	3.73	3.58	3.85