

CHAPTER XIII

TRANSPORTATION

THE REAL output of the transportation sector rose by 10.9 per cent in 1961, which was 1 per cent higher than the rate of growth in the previous year. Output continued to expand more rapidly than employment, for this sector is capital-intensive and a considerable part of its output originates in investments made in recent years. The number of gainfully employed went up by 2,000 in 1961, i.e. by 4.5 per cent, or the same rate as in the preceding years. On the other hand, the capital stock increased by an average of 8 per cent annually from 1955 to 1961. In 1961 this sector registered a larger absolute increase in investment than any other, while the rate of growth amounted to 50 per cent as compared with 21 per cent in industry, which ranked second in this respect. The amount invested in transportation came to IL. 222 million at 1960 prices, which represented 19 per cent of the total domestic investment, or 1 per cent more than that in industry.

The transportation branch reporting the most conspicuous growth in real output in 1961 was again civil aviation, which advanced nearly 50 per cent. The 30 per cent expansion of air passenger traffic to and from Israel and El Al's success in boosting its share of the passenger trade from 48 per cent in 1960 to 53 per cent in 1961 accounted for this increase. El Al was able to improve its record following the introduction of jet aircraft at the beginning of the year. In a way, this was a repetition of the development in 1958, when output rose nearly 70 per cent following the introduction into service of the Britannia airliners, at the time the most modern aircraft flying the Israel routes.

The real output of the shipping branch rose by 17.1 per cent as compared with 20 per cent in 1960, in spite of the faster growth of the merchant fleet. This lower rate of increase is partly explained by the fact that in 1961 more bulk carriers were added than in 1960; and while their capacity, as measured in deadweight tonnage, exceeds that of general cargo ships, their output is lower, as rates for bulk cargoes are less than those for general cargo.

The real output of the truck transport branch rose at the same rate as in 1960—10.6 per cent. The growth factor here has been the expansion of output in other sectors of the economy, primarily that of construction in 1961. The 5.2 per cent increase in the real output of bus services was largely due to the growth of the population.

In the railway branch, real output remained unchanged in 1961, as compared with a gain of 2.3 per cent in 1960 and 6.3 per cent in 1959. This was

TABLE XIII-1

*Changes in Real Output and Prices in the Transportation Sector,
1956-61*

Branch	Per cent increase or decrease (-) as against previous year					
	1956	1957	1958	1959	1960	1961
<i>Real output</i>						
Shipping	33.2	12.8	9.0	8.9	20.1	17.1
Aviation	-0.3	7.8	68.1	30.9	24.1	48.4
Railways	27.5	29.0	-6.5	6.3	2.3	-0.1
Buses	-2.1	13.7	14.9	9.7	6.0	5.2
Other road vehicles (mainly trucks)	6.8	6.5	7.7	4.0	10.5	10.6
Ports	1.2	9.7	0.7	22.9	8.0	0.2
<i>All branches^a</i>	6.5	9.5	12.3	9.6	10.8	10.9
<i>Prices^b</i>						
Shipping	8.6	4.9	-5.1	-7.1	4.7	8.5
Aviation	3.3	10.9	4.2	2.4	7.8	1.8
Railways	7.1	8.1	4.3	—	5.1	0.9
Buses	12.4	5.7	—	—	12.3	14.3
Other road vehicles (mainly trucks)	4.5	2.3	0.2	—	1.7	7.0
Ports	—	—	—	—	10.0	—
<i>All branches^a</i>	5.8	3.6	-1.2	-1.0	6.9	7.6

^a Weighted according to the Central Bureau of Statistics estimate of added value in each branch.

^b Including foreign travel tax.

largely due to the non-growth of cargo passing through Haifa Port and the lower export of citrus, which is hauled overland chiefly by rail.

The output of the ports underwent no change in 1961, whereas it had gone up 8 per cent in 1960 and 23 per cent in 1959. The volume of imports increased by 120,000 tons (6 per cent), but there was a parallel decline, in absolute terms, in the export of citrus and cement.

Transportation prices went up 7.6 per cent in 1961 as compared with 6.9 per cent in 1960. The largest increase was in bus fares, which rose 14.3 per cent after having gone up 12.3 per cent in 1960. The increase in truck haulage charges was the highest since 1956, and was due to higher input prices on the one hand, and the greater demand for haulage services (resulting primarily from the expansion of building activity), on the other.

The increase in shipping prices reflected the start of a recovery from the

prolonged slump which has affected this branch in recent years, and it occurred in the transport of dry cargo, both over regular routes and in tramp shipping.

1. SHIPPING

(a) *The merchant fleet*

The Israel merchant fleet was augmented in 1961 by 17 freighters and tankers, with a total deadweight tonnage of 212,000, and one passenger liner with berths for 600 travelers. Two obsolete vessels were disposed of during the year—a tanker of 10,500 deadweight tonnage, and a Liberty freighter with a 10,700-ton capacity. At the end of 1961 the fleet numbered 68 ships (passenger, cargo, and tankers), with a total deadweight tonnage of 662,000, which was an increase of 44 per cent over 1960.

TABLE XIII-2

The Israel Merchant Fleet, by Type of Ship, Gross Registered Tonnage, and Deadweight Tonnage, 1960-61

(End of period)

Type of ship	Number of ships		Gross registered tonnage		Deadweight tonnage	
	1960	1961	1960	1961	1960	1961
Passenger and mixed ^a	5	6	42,755	50,566	20,435	30,435
Cargo	40	54	199,305	306,429	285,769	427,081
Tankers	7	8	99,748	133,156	155,309	204,809
<i>Total</i>	52	68	341,808	490,151	461,513	662,325

^a Cargo and passenger.

SOURCE: Ministry of Transport and Communications, Shipping and Ports Division.

In 1961 Israel received the last of the 49 ships ordered within the framework of the German Reparations Agreement; these ships have a total capacity of 455,000 deadweight tons and represent an investment of \$122 million. It was the Reparations which from 1954 onward gave a fillip to the rapid modernization and expansion of the Israel fleet. When the first orders for ships within the framework of the Reparations Agreement were placed in 1953, the local merchant marine numbered 31 vessels, with a total deadweight tonnage of 170,000 and an average age of 21 years. As the ships financed through Reparations funds and from other sources were put into operation, not only was the fleet expanded, but its average age was reduced and its speed increased. The average age was 4.7 years in 1961 as compared with 5.5 in 1960, while the average speed rose from 12.5 knots in 1955 to nearly 15 in 1960 and 1961.

Even before the last of the Reparations orders had been submitted, Israel shipping companies placed orders in Japan, France, Italy, Holland, and Belgium, with the object of enlarging the fleet to one million tons by 1965. By mid-1964 orders will have been placed for 31 freighters, bulk carriers, refrigerated ships, and passenger liners, with a total deadweight tonnage of 286,000 and costing \$74 million. The ships which have been ordered so far and are due to be delivered by then will augment the fleet to 100 units, with a gross tonnage of 948,000.

The rapid development of the merchant marine has caused difficulties as regards manpower. The number of foreign seamen was doubled in 1961, to 500 (most of them deck and engineer officers), out of a total complement of 3,040. In order to overcome this shortage, which is likely to grow more acute in the coming years, the maritime manpower training program has been expanded.

TABLE XIII-3
Ships on Order at End of 1961

<i>Year of delivery</i>	<i>No. of ships</i>	<i>Gross tonnage (deadweight tons)</i>	<i>Total investment (\$ thousand)</i>
<i>By year of delivery</i>			
1962	6	46,000	6,800
1963	19	193,000	58,200
1964 (first half)	6	47,000	8,600
<i>By type of ship</i>			
Cargo	26	164,500	40,500
Bulk carriers	3	93,500	12,600
Passenger	2	28,000	20,500
<i>Total</i>	31	286,000	73,600

(b) *Cargo traffic*

The volume of dry cargo to and from Israel underwent no change in 1961 as compared with 1960. The share of Israel-flag ships in the transport of the country's imports and exports began to rise in 1959, and in 1961 it continued to climb, at an even more rapid pace than in 1960. Although there was a decline in the volume of export, owing to smaller shipments of cement and citrus, the share of Israel ships in the transport of the country's exports rose from 25 per cent in 1960 to 31 per cent in 1961. There was a smaller growth

in respect of imports—from 41 to 43 per cent. The increased share of the Israel flag was due to the larger volume of local merchant shipping plying the home routes.

TABLE XIII-4
Maritime Freight Traffic^a to and from Israel, by Flag, 1957-61
(thousands of metric tons)

Year	Imports		Exports		Total	
	All flags	Percentage share of Israel flag	All flags	Percentage share of Israel flag	All flags	Percentage share of Israel flag
1957	1,540	34	862	25	2,402	30
1958	1,648	30	773	26	2,421	29
1959	1,882	39	1,092	22	2,974	33
1960	2,035	41	1,179	25	3,214	35
1961	2,155	43	1,064	31	3,219	39

^a Dry cargo only.

SOURCE: Shipping companies and Central Bureau of Statistics.

The growth in the transport of export cargo encompassed all of the country's dry cargo except citrus. As for this item, which makes up a third of the total volume of export, the share of Israel ships during the 1960/61 citrus season remained at the same level as in the two preceding seasons. In the 1960/61 season there was a sharp drop in citrus exports, and in spite of the constant enlargement of the local merchant marine, its share in the haulage of this commodity remained at 21 per cent during the past three seasons. This can be attributed to the conference agreements covering the transport of citrus, to which Israel shipping companies are also party. The desire to increase the local shipping industry's share as the fleet has expanded has run up against two main obstacles: on the one hand, the opposition of ship-owners in those countries which are Israel's main citrus customers, namely, Great Britain, Scandinavia, West Germany, and the Netherlands, which are traditional seafaring nations and possess large merchant marines; and on the other hand, the difficulty of concentrating a large number of Israel bottoms during the winter months, which constitute the citrus season—some 120 days in all in which to effect most of the shipments.

(c) *Passenger traffic*

Passenger traffic to and from Israel by sea increased in 1961 at a higher rate than in any of the preceding five years. The number of passengers reached 138,000 as against 98,000 the year before, i.e. an increase of 41 per cent. The

increment was greatest on the short routes—the Mediterranean, to France and Italy, where a 50 per cent gain was recorded. Traffic on the longer routes (North America) was 8 per cent higher, while that on the Turkish line went up 11 per cent.

The number of passengers carried by Israel ships on all routes rose by 6 per cent in 1961 as against 15 per cent in 1960. A 9 per cent increase took place on the Mediterranean lines, while on the North American there was a decline of 8 per cent. This slower rate of growth of passenger traffic on Israel vessels accentuated the downward trend in their proportion of such business which began in 1960. From 1957 to 1959 their share amounted to 71–74 per cent of the total on all routes; on the Mediterranean routes it reached 73 to 76 per cent, while on the North American line it came to 100 per cent. In 1960 the

TABLE XIII-5

Passenger Traffic^a to and from Israel, by Flag and Shipping Lines, 1957–61

Year	Mediterranean lines ^b		North American line		Turkey and miscellaneous		All lines	
	All flags	Share of Israel flag (%)	All flags	Share of Israel flag (%)	All flags	Share of Israel flag (%)	All flags	Share of Israel flag (%)
1957	51,750	76	7,750	100	4,250	—	63,750	74
1958	61,840	72	11,000	100	4,270	—	77,110	72
1959	61,620	73	9,660	100	6,000	—	77,280	71
1960	77,020	67	15,170	72	5,490	—	97,680	64
1961	115,560	49	16,355	61	6,070	—	137,985	48

^a Excluding immigrants.

^b Mainly to France and Italy.

SOURCE: Zim Israel Navigation Co.

share of Israel ships in the North American passenger traffic declined to 64 per cent. In 1961 the drop was greater—to 48 per cent on all routes, 49 per cent on the Mediterranean routes, and 61 per cent on the North American line.

The expansion of passenger business which began in 1961, nearly all of it on the Mediterranean lines, stemmed to a considerable extent from the larger number of cheap berths available on ships flying under foreign flags—Turkey, Greece, and France. The Israel vessels which plied the Mediterranean routes in 1961 were modern and of a higher standard than most of the competing ships, and consequently their fares were higher. Because of the supply position and the fares charged by Israel shipping, foreign companies captured 87 per cent of the additional traffic on the Mediterranean lines—where the increase in passengers came to 38,500—while the local shipping industry accounted for

only 13 per cent. One of the factors which enabled the foreign ships to achieve such a large growth was the delay in introducing the new Israel passenger liner Moledet into service. Among the considerations leading to the construction of this ship was the need to meet the price competition of foreign companies, by offering inexpensive berths; and the date of its operation was set for May 1961, at the beginning of the passenger tourist season. But a strike in the shipyards caused a delay in delivery, and it started sailing only in August, at the height of the season. Fares for the Moledet range between those generally charged for Israel ships and those of foreign vessels. The operation of this ship during all of 1962 is likely to raise the proportion of the Israel flag in the Mediterranean traffic.

The changes which took place in operations on the North American passenger line in 1961 paralleled those on the Mediterranean routes. Until 1960 this line was plied by a single Israel ship, but in April and May, at the start of the 1960 passenger season, two additional ships began to make the run, one flying the Greek flag and the other the U.S. flag. As a result of this competition, the number of passengers carried on Israel ships dropped from 11,000 to 10,000, reducing their share of the total from 72 per cent in 1960 to 61 per cent in 1961.

In order to increase the Israel shipping industry's competitiveness on the North American route, an order was placed in 1961 for a 23,000-ton transatlantic passenger liner capable of making 21 knots and costing \$15 million. This vessel, which is expected to begin sailing in 1963, is larger, faster, and more modern than those now in service on these routes and no doubt will bolster the local industry's position.

At the end of 1961 Zim began to operate a passenger service between the Red Sea port of Eilat and various East African ports, using a chartered vessel. Israel's links with the African states in the economic and cultural fields have created an Afro-Israeli passenger traffic over this route. The lack of direct air flights between Israel and East Africa is helping to fill the ship, as there is a big differential between the fare for a direct sailing and that for an indirect flight.

In 1961 competition in the world passenger market between shipping and aviation grew sharper. With the introduction of a growing number of jet aircraft, the piston and turbo-jet planes are being forced out of the regular passenger trade; this has led to an increase in chartered passenger flights and organized group trips in the older-type planes, as the airlines are able to offer such service at rates much lower than either regular flight rates or those for passenger liners. In the face of this growing competition of the airlines, the shipping companies have taken similar steps. In order to meet the lower fares of chartered and group flights, they are now offering reduced rates for group tours (the chartering of an entire ship is a rare occurrence) to a much greater extent than formerly.

The impact of the competition between shipping and aviation has been felt

in the Israel passenger market as well, for between 1957 and 1960 the relative share of shipping in this traffic declined on an average of 2.5 per cent annually. In 1961 there was a turn for the better and the proportion went up to 32 per cent, as against 30 per cent in 1960. The main factor in the reversal of this long-run trend was the 50 per cent growth of passenger business on the Mediterranean routes, which are relatively short and hence less likely to suffer from the competition of the airlines than the longer routes. In view of the likelihood of standing up to competition more successfully on the short lines and the possibility of offering services aboard ship that are beyond the capacity of aircraft, an order has been placed for a ferry boat to carry both passengers and vehicles on the Haifa-Brindisi run.

TABLE XIII-6

Sea and Air Passenger Traffic to and from Israel, 1957-61*

Year	Sea		Air		Total
	No. of passengers	Per cent of total traffic	No. of passengers	Per cent of total traffic	
1957	63,750	40	95,260	60	159,010
1958	77,110	37	133,700	63	210,810
1959	77,280	32	167,700	68	244,980
1960	97,680	30	225,400	70	323,080
1961	137,985	32	291,800	68	429,785

* Excluding immigrants.

SOURCE: Shipping companies and airlines.

(c) *The business aspect*

Signs of recovery from the depression which has hit international shipping since 1957 began to appear in 1960 and there was a further revival of business in the following year.

The index of cargo rates¹ continued to climb in 1961, going up 6.8 per cent in respect of tramp shipping and 11.6 per cent for ships on time charter. The number of idle vessels—which in October 1959 reached a peak of 1,300, with a gross registered tonnage of 9.4 million—declined and in January 1961 stood at only 460, with a gross registered tonnage of 3.4 million. There was a further drop during 1961, the number in December being 315, with a gross registered tonnage of 2.5 million.

The signs of recovery have manifested themselves in Israel merchant shipping

¹ Of the U.K. Chamber of Shipping.

in a larger average income per ton of cargo, the increase in 1961 amounting to 10 per cent. No change took place in passenger rates in 1961, while average income per immigrant decreased by 4.7 per cent. The general level of tariffs in the Israel shipping industry increased by 8-9 per cent in 1961. Since income went up 26 per cent, the growth of real output amounted to 17 per cent. Income from the transport of cargo between foreign ports rose from \$ 3.5 million in 1960 to \$ 8.6 million in 1961, bringing its proportion of total income up to 16 per cent, as against 8 per cent the previous year. The growth of income was accompanied by a corresponding increase in foreign currency inputs, because of a rise in the relative share of freight carried over long routes and of bulk cargoes. The operation of ships over long routes necessitates a much larger foreign currency outlay on supplies, repairs, and other expenses than that required for ships calling at home ports more frequently. Consequently, there was no change in the percentage of added value in 1961, which again amounted to 25 per cent. Owing to the larger receipts, however, the amount of added value rose to \$ 13.5 million, or 21 per cent more than in 1960.

TABLE XIII-7

*Receipts, Estimated Added Value in Foreign Currency, Cost per Dollar Saved, and Percentage of Added Value of the Israel Merchant Fleet, 1960-61**

(\$ thousand)

	1960		1961	
Receipts (before taxes)	43,199		54,322	
Foreign currency expenditure				
Direct	29,132		39,642	
Indirect	2,936	32,068	1,184	40,826
Added value in foreign currency	11,131		13,496	
Local currency expenditure (IL. thousand)	27,646		35,139	
Cost per dollar saved (IL.)	2.48		2.60	
Percentage of added value	26		25	

* Israel-owned vessels only.

SOURCE: Bank of Israel calculations based on data supplied by shipping companies.

2. CIVIL AVIATION

(a) *Equipment*

In 1961 implementation was started of the \$36 million investment program in jet aircraft. There were two main factors in the decision to equip El Al with such planes. The first was growing competition from foreign airlines. When the foreign companies began to introduce jet aircraft into their Israel

service in 1960, El Al's share of the passenger business dropped to 48 per cent as against 51 per cent in 1959. The companies providing regular service on the Israel lines are members of the International Air Transport Association (I.A.T.A.), and hence competition between them is limited to publicity and improved standards of service—the operation of more modern flying equipment and better customer treatment. In order to maintain its position in the passenger market and prevent the undermining of its financial position, El Al was forced to follow the example of the foreign companies and operate its own jet planes.

The second factor in the decision to acquire jet aircraft was the anticipated increase in the number of passengers over El Al's regular routes from Israel to Europe and the U.S. and the possibilities for the profitable development of flights to Africa. The materialization of these prospects entails the enlargement of the jet carrying capacity to the proportions required in the years ahead.

These considerations led the company to order five jet aircraft, three of them Boeing 707's and two Boeing 720's. The former, intended for long-range flights, have been gradually introduced on El Al's regular routes since April 1961. The latter are intended for medium-range flights and for use wherever the airfields are located in hot climates or have relatively short runways. The first of the Boeing 720's was put into operation at the beginning of 1962, and the other in the second quarter of the year.

Their size and speed give the 720's 50 per cent more carrying capacity (passenger and cargo) than the Bristol Britannia's. The addition of jet aircraft expanded El Al's available passenger and freight space beyond its requirements. It therefore sold its two Constellations at the end of 1961, and chartered two of its four Britannia's to foreign airlines, giving them an option to purchase the planes at the beginning of 1962.

(b) *Passenger traffic*

The transatlantic passenger business¹ of the airlines organized in the I.A.T.A. grew more slowly in 1961 than in 1960—7.8 per cent as against 27.4 per cent. This was partly due to political developments in the world arena in 1961; these occurred simultaneously with the expanded operation of jet aircraft, which boosted the transatlantic passenger capacity by 36 per cent. The increase in the number of available places at a faster rate than the number of travelers caused a 13 per cent decline in the load factor of the airlines operating over these routes—from 63.6 per cent in 1960 to 50.3 per cent in 1961.

Just as passenger traffic over the Atlantic expanded at a slower rate, so too there was a decline, although of smaller dimensions, in the growth of passenger

¹ Passenger traffic between Europe and the U.S. on scheduled flights; excluding special and chartered flights.

TABLE XIII-8
Civil Aviation Services in Israel, 1957-61*

Year	Passenger		Cargo and mail (tons)	
	All aircraft	Share of Israel aircraft	All aircraft	Share of Israel aircraft
1957	95,260	44	1,730	51
1958	133,700	45	2,236	54
1959	161,140	51	2,903	56
1960	225,400	48	5,782	59
1961	291,800	53	5,585	62

* Excluding traffic via Haifa airfield.

SOURCE: El Al and the Department of Civil Aviation, Ministry of Transport and Communications.

traffic to and from Israel. As against an increase of 40 per cent in 1960, the number of passengers rose by 30 per cent in 1961, to 292,000. After its share dropped in 1960, El Al regained ground in 1961, when its proportion of the total traffic went up from 48 to 53 per cent. In 1960 it had to contend with keen competition from some of the foreign airlines which operated jet aircraft while it continued to use its four Britannia's and two Constellations. But its position was strengthened in 1961, even prior to receiving its own jets: Once a decision was reached to order such aircraft, El Al chartered a jet plane of the same model from a Brazilian company. It was employed from January 1, 1961 until El Al's own Boeing 707's were put into regular service, in May and June of that year. Thus El Al was able to provide travelers with jet service on its main line—to New York via Europe. The plane also made it possible to train the air and ground crews in handling such aircraft, thereby facilitating the rapid and cheap integration of the new jets.

(c) *El Al's operations*

The addition of new flying equipment and the growth of passenger traffic enabled El Al to expand its operations in 1961, as was reflected in the number of flights, hours flown, mileage, and available carrying capacity. The increase in the number of flying hours came to 22 per cent in 1961, while available carrying capacity rose at a higher rate, by 62 per cent as against 17 per cent in 1960. The larger increment in capacity was due to the fact that the jets are bigger and faster than the Britannias. The growth of El Al's carrying capacity exceeded its additional passenger business, thus halting the upward trend in the load factor which marked the years 1958 to 1960. In 1961 the rate of exploitation was 57.9 per cent as compared with 62.7 per cent in 1960,

TABLE XIII-9

Operational Data of El Al,^a 1957-61

<i>Year</i>	<i>No. of flights</i>	<i>Hours flown</i>	<i>Miles flown</i>	<i>Average distance flown per passenger (miles)</i>	<i>Index of available carrying capacity^b (1955=100)</i>	<i>Per cent of capacity exploited^c</i>
1957	940	12,185	2,498,249	2,084	104.5	65.4
1958	1,236	13,420	3,541,695	2,421	210.3	57.3
1959	1,562	14,500	4,130,220	2,308	263.4	59.7
1960	1,864	16,260	4,679,500	2,305	307.6	62.7
1961	2,758	19,900	6,375,660	2,337	499.2	57.9

^a All lines, excluding unscheduled flights.

^b Measured according to available seat/miles.

^c Passenger/miles flown as compared with available seat/miles.

SOURCE: El Al.

but this drop was smaller than the average decline of all the other I.A.T.A. airlines making the transatlantic run¹—4.8 per cent as against 13 per cent.

The average daily utilization of El Al's equipment underwent a change in 1961, following the introduction of the jets. In their first year of operation, these aircraft were already employed 8.4 hours daily, on an average, thus greatly increasing, as already stated, the potential carrying capacity. The operation of the jets caused a decrease in the exploitation of the Britannias, from 9.1 to 7.4 hours daily. As in previous years, the daily utilization of the Britannias was higher during the tourist season (9.0 hours) and lower during the off-season (6.2 hours), while in respect of the jets the figures were the same for both the peak and off-seasons. This may be explained by the fact that the jets were operated at a constantly growing rate ever since their delivery, while the Britannias served to regulate the supply of available carrying capacity in accordance with the seasonal variation of passenger traffic.

The operation of the jets and turbo-jets reduced still further the utilization of the Constellations. The downward trend in their daily rate of exploitation, which set in with the arrival of the Britannias, continued in 1961 as well, and at the end of the year they were taken out of service altogether.

The introduction of the jets into service—at the beginning of 1961 with the chartered Boeing, and in the middle of the year with the company's own jets—produced a 35 per cent gain in receipts, from \$24 million in 1960 to \$32.5 million in 1961. However, this was not accompanied by an increase in the percentage of added value, which amounted to 23 per cent in both years. The cost of the dollar saved rose from IL. 2.50 in 1960 to IL. 2.75 in 1961, owing to the larger local currency outlays, mainly on general overheads. The

¹ See footnote on page 247.

TABLE XIII-10

*Receipts, Estimated Added Value in Foreign Currency, and Cost
per Dollar Saved of El Al, 1960-61*
(*\$ thousand*)

	1960		1961 ^a	
Receipts	23,969		32,457	
Foreign currency expenditure				
Direct	17,640		23,754	
Indirect	789	18,429	1,233	24,987
Added value in foreign currency	5,540		7,470	
Local currency expenditure (IL. thousands)	13,920		20,565	
Cost per dollar saved (IL.)	2.51		2.75	
Percentage of added value	23		23	

^a Provisional estimates.

SOURCE: Bank of Israel calculations, based on El Al data.

gain in receipts was made possible with the help of the chartered jet (at the same time it caused a 90 per cent increase in El Al's outlays on charter fees, which were incurred in foreign currency) and by the enlargement of the company's carrying capacity. The latter did not stem from an increase in the utilization of the air fleet as the result of more hours flown; on the contrary, the average daily number of flying hours per plane in the Constellations and Britannias declined in 1961, while the jets had not yet reached their full exploitation as they were being gradually integrated. Consequently, El Al had to bear depreciation, interest, and insurance costs incurred in foreign currency for a fleet which exceeded its requirements. These fixed expenses went up 52 per cent in 1961, which was larger than the rate of growth in receipts. The bigger foreign currency expenditure on these items kept the percentage of added value from rising in the wake of the larger receipts.

(d) *Inland civil aviation*

Two aircraft were added to the air fleet operating primarily within the country—a fifth Dakota for Arkia Airways and a light aircraft for a new company providing an air taxi service.

The number of passengers carried by Arkia grew from 95,000 in 1960 to 105,000 in 1961. Traffic on the Eilat run rose by 10.5 per cent, and on the Upper Galilee route by 12 per cent. The company's carrying capacity was enlarged by 20 per cent; the rate of exploitation therefore dropped from 74 to 70 per cent. The number of hours flown by Arkia's aircraft rose from 4,000 in 1960 to 5,100 in 1961. This resulted from an increase in the number of

domestic flights, while the number of hours flown to other countries decreased from 1,300 to 800. The additional number of flying hours in 1961 included 450 hours flown in the country's cloud-seeding program intended to produce rain artificially.

In September 1961 domestic flight fares were raised—on the Galilee line by 5.8 per cent and on the Eilat run by 9.3 per cent (except for residents of Eilat).

As Arkia's five Dakotas were built in 1942, their authorized cargo capacity has been declining. As a result of this, and in view of the anticipated growth of traffic on both the inland and short international routes such as that to Cyprus and Rhodes, Arkia decided to order two modern turbo-jets with 40-45 seats each. These will enable the company to sell two of its Dakotas and to start modernizing its equipment.

TABLE XIII-11
Inland Civil Aviation Traffic, 1957-61

<i>Year</i>	<i>Passengers</i>		<i>Freight</i>	
	<i>No.</i>	<i>Index</i>	<i>Tons</i>	<i>Index</i>
1957	66,000	100.0	380	100.0
1958	68,700	104.1	129	33.9
1959	78,300	118.6	226	59.5
1960	94,973	143.9	249	65.5
1961	104,684	158.6	248	65.5

SOURCE: Arkia Airways

3. PORTS

(a) *Output*

After an increase of 23 per cent in the output of the ports in 1959 and 8 per cent in 1960, no change took place in 1961, when the volume of dry cargo handled remained at the previous year's level of 3.2 million tons. The Mediterranean ports—Haifa, Jaffa, and Tel Aviv, through which 95 per cent of the country's dry cargo passes—reported a decrease of 23,000 tons, or 1 per cent. This decline occurred in the open sea ports and was expressed in a drop of 11 per cent at Jaffa Port and 8 per cent at Tel Aviv. The volume of cargo passing through Haifa in 1961 remained unchanged at 2.7 million tons. The main cause of the quantitative changes in the Mediterranean ports was the level of loading and unloading charges. The operation of Haifa Port, which is a deep-water port, is cheaper than that of the open-sea harbors at Jaffa and Tel Aviv, and consequently the reduced exploitation of capacity occurred in

the last two. Eilat harbor, on the other hand, reported an increase of 19 per cent in 1961, the total volume of cargo handled reaching 174,000 tons. This was due to the development of trade with East Africa and the Far East.

TABLE XIII-12
Cargo Traffic through Ports, 1960-61

Port	Thousands of tons		Percentages					
	Loading and unloading		Loading (exports)		Unloading (imports)		All cargoes	
	1960	1961	1960	1961	1960	1961	1960	1961
Haifa	2,677	2,691	82	83	85	86	83	84
Tel Aviv	200	184	10	8	—	—	6	6
Jaffa	191	170	6	6	6	4	6	5
Eilat	146	174	2	3	9	10	5	5
All ports	3,214	3,219	100	100	100	100	100	100

SOURCE: Central Bureau of Statistics.

Although the total quantity of dry cargo handled in 1961 remained constant, there were changes in the volume of imports and exports. Import cargoes rose by 120,000 tons, or 6 per cent, while export cargoes dropped by the same amount, or at a rate of 10 per cent. The additional imports stemmed from the continued expansion of local production, primarily in the metal and building industries. The bulk of the increase was accounted for by minerals and ores, which went up some 75 per cent; iron—11 per cent; and lumber—19 per cent (owing to the expansion of building operations).

The decline in the citrus yield was reflected in the 28 per cent reduction of citrus shipments, from 480,000 tons in 1960 to 345,000 tons in 1961. The larger local demand for cement led to a 24 per cent decrease in exports of this product in 1961. With the development of exports of finished industrial commodities, there was a 40 per cent increase in the export of general cargoes, but this failed to offset the lower citrus and cement sales.

The most pronounced changes in the volume of imports and exports occurred at Eilat and Jaffa. Import cargoes passing through Eilat rose by 32 per cent in 1961 and export cargoes by 11 per cent. The lower volume of business at Jaffa was due to a 44 per cent decrease in citrus shipments through this port.

The speed of handling ships and cargoes in the country's ports improved in 1961 as compared with 1960. The statistics for Haifa Port, which in 1961 was visited by 1,350 ships transporting 84 per cent of the country's overall volume of cargo, show that there was a reduction in the ships' waiting time in port from the day of their arrival until the start of unloading, and of the

average time of turn-around from the day of arrival until the end of unloading. In 1959 the average time of turn-around in Haifa Port of ships carrying dry cargo was 5.1 days, but in 1960 it dropped to 4.9 days and in 1961 to 4.5 days. The waiting and turn-around time of ships bringing grains was longer on the average, but here too there was an improvement, with turn-around time dropping to 9.9 days in 1961 compared with 12.7 days in the previous year. The longer period required for these ships is due to the inability of the silos to deal with the cargoes immediately upon their arrival in port. The addition of a third wing at the Dagon silos, which is scheduled to begin operating in 1962, and the new wharves will make it possible to reduce both the waiting and turn-around time of the grain ships.

TABLE XIII-13

Freight Traffic, by Main Types, 1960-61

	1960		1961	
	Thousands of tons	%	Thousands of tons	%
<i>Imports</i>				
Grains	888	44	904	42
Minerals and ores (bulk)	64	3	114	5
Iron	140	7	155	7
Wood	84	4	100	5
Others	859	42	882	41
<i>Total imports</i>	2,035	100	2,155	100
<i>Exports</i>				
Citrus	478	41	345	32
Cement (bagged)	217	18	173	16
Mineral products, wheat, and cement (bulk)	244	21	242	23
Liquid cargo	44	4	30	3
Others	196	16	274	26
<i>Total exports</i>	1,179	100	1,064	100
<i>Grand total</i>	3,214		3,219	

SOURCE: Israel Ports Authority.

The reduction of the average waiting and turn-around time in 1961 was reflected in the faster speed at which ships were unloaded at Haifa Port. The average tonnage unloaded per working day increased from 585 tons per ship in 1959 to 698 tons in 1960 and 723 tons in 1961. This improvement can be partly credited to the enlarged unloading capacity of the Dagon silos following

the operation of a second silo as from August 1960, which enabled the firm to increase the volume unloaded daily from 2,280 tons per ship in 1960 to 3,100 tons in 1961. The faster tempo of unloading ships was also reflected in a higher rate of productivity at Haifa Port in respect of all cargoes, the index going up from 152 in 1960 to 158 in 1961. The index for general cargoes (excluding grain) remained at the same level during these two years—at 123.¹ The main reason for the lack of improvement in this index was the large number of idle days and work stoppages caused by the unseasonal weather in December 1961.

(b) *Rates*

No changes took place in port charges in 1961. However, following the establishment of the Israel Ports Authority in July of that year, the tariffs were studied and it was decided to approve an increase in some of those for cargo handling, such as tallying, weighing, stevedoring etc., to go into effect as of December 31, 1961. The rise in stevedoring rates resulted from the labor agreement signed in 1961 which was retroactive as from January of that year. The wage agreement called for an average increase of 17.5 per cent in the stevedoring fees, but in view of the Government's policy of encouraging export, the increase for export cargoes was fixed at 10.5 per cent and for import cargoes at 23.5 per cent.

(c) *Development*

Construction of the main breakwater at the deep-water port of Ashdod was started in 1961. While this port is under construction, development will also go on at Haifa Port (including the Kishon area), and a new dry cargo port will be built at Eilat.

The number of berths available for handling import and export commodities in 1961 in all of the country's ports reached 16, of which 10 were in Haifa (including Kishon), 4 in the open-sea ports of Jaffa and Tel Aviv, and 2 at Eilat. The wharves scheduled to be built at Ashdod will make it possible to suspend work at the open-sea ports of Jaffa and Tel Aviv, which are much more expensive to operate than the deep-water ports. By the year 1966/67 the number of berths at Ashdod will come to 11. It is planned to add another 5 at Haifa by 1963/64 (2 of them at Kishon). The construction of docks at Kishon is intended to forestall a shortage of loading capacity in the Mediterranean ports, which is likely to become acute in view of the fact that the construction of the Ashdod port has fallen behind schedule. This lag has been caused by shortcomings in the supply of stone for the breakwater. Following the implementation of these development plans, the country will possess two deep-water ports

¹ The base year for these indices is 1952.

on the Mediterranean providing berthing accommodations for 26 ships, compared with 14 in 1961.

The plan for the development of Eilat Port was approved in 1961. It takes into account the country's fishing needs off the East African coast and the capacity required for handling import and export goods. The existing port, which has berthing facilities for two ships, will be converted into a fishing port, while dry cargo will be dealt with in a new port containing three wharves. Silo installations will also be erected at the new port for bulk loading, so as to reduce the cost of handling the export of phosphates and potash to Africa and the Far East.

4. ISRAEL RAILWAYS

Since 1958 a trend toward a slower rate of growth has been apparent in the output of the railway branch. The deceleration continued in 1961, for whereas in 1960 real output rose by 2.3 per cent, no change was reported in 1961, in spite of the greater overall demand for freight and passenger services. This development characterized both passenger and goods traffic, and as a consequence, the railway's share of all inland cargo transport continued to drop, while that of trucks and buses rose. The failure of the railway to expand its freight output was partly due to the fact that there was no increase in the volume of cargo passing through the country's ports in 1961.

Owing to the non-growth of output and larger expenditures, the profitability of the railway declined in 1961, this being expressed in a substantial increase in its deficit.

The larger deficit was also caused by the fact that freight tariffs remained the same while input prices rose. The index of the railway's tariffs in 1961 was about 1 per cent higher than the 1960 average: passenger fares went up by nearly 2 per cent while freight charges remained unchanged.

TABLE XIII-14
Railway Traffic, 1957/58 to 1961/62

<i>Fiscal year</i>	<i>Freight</i>		<i>Passengers</i>	
	<i>Tons (thousands)</i>	<i>Ton/km. (millions)</i>	<i>Number (thousands)</i>	<i>Passenger/km. (millions)</i>
1957/58	1,838	237.0	4,657	332.7
1958/59	1,681	204.5	4,706	348.3
1959/60	1,944	225.5	4,837	368.9
1960/61 ^a	1,950	216.0	4,386	350.3
1961/62 ^b	2,053	229.0	4,546	365.1

^a Revised figures.

^b Including estimates for February and March.

SOURCE: Reports of Israel Railways.

The length of the track network on the main lines was extended in 1961 from 420 to 445 km., while another 3 km. of sidings were added, bringing the total to 240 km. In the final months of 1961 and the beginning of 1962 the railway expanded its output, and this was reflected in an increase of nearly 5 per cent during the year 1961/62 as compared with the previous fiscal year. The growth encompassed both passenger and freight traffic.

The number of passengers went up around 4 per cent in 1961/62, after a 10 per cent decline the year before. The increase occurred mainly on the Tel Aviv-Beersheba line (37 per cent), Tel Aviv-Jerusalem (17 per cent), and Tel Aviv-Haifa (5.2 per cent). The upward trend in the average length of journeys which prevailed in the past few years continued in 1961/62, when the figure rose slightly, to 80 km.

The rate of exploitation of passenger trains, which is measured according to the percentage of occupied seats, is quite low. It has hardly changed in recent years, ranging between 57 and 59 per cent. It is highest on the Tel Aviv-Haifa route, where it amounts to 61 per cent, compared with 59 per cent on the Lod-Jerusalem line, and 56 per cent on the Lod-Beersheba line. On the Haifa-Nahariya route it is a mere 14 per cent.

The volume of freight cargo carried by the railway, as measured in tons, was 5 per cent above the previous year's figure. The increase in the number of ton/kilometers was a little higher—6 per cent; this variance reflects the increase in the average distance over which cargoes were transported, from 111 km. in the year 1960/61 to 112 km. in 1961/62. This slight expansion contrasts with the downward trend of former years. The total volume of freight handled by the railway in 1961/62 was 229 million ton/kilometers, with the main commodities being as follows (in million ton/km.): grains and flour—43; fuel and edible oils—36; phosphates—32; and citrus—25.

From the viewpoint of the composition of cargoes, the share of these products rose in 1961/62, while that of the other commodities, mainly foodstuffs, building material and lumber for packing crates, fell off.

The financial position of the railway deteriorated considerably in 1961; the operating deficit rose by 56 per cent, to IL.2.2 million, while the overall deficit went up 18.5 per cent, to IL.6.6 million. This was due to the higher input prices, mainly the 17 per cent rise in wages, which were not offset by a corresponding increase in output, productivity, and tariffs. As a result, expenditure per unit of output rose appreciably, while income per unit of output increased only slightly.

As compared with a 5 per cent increase in real output in 1961/62, the wage bill, as already mentioned, went up more than 17 per cent, materials by 5 per cent, depreciation and interest by 6 per cent, and general overheads by 7 per cent.

In recent years Israel Railways has encountered difficulties in expanding

TABLE XIII-15

Receipts and Expenditure of Israel Railways, 1959/60 to 1961/62

<i>Fiscal year</i>	<i>Income</i>				<i>Expenditure</i>			<i>Deficit</i>	
	<i>Pas- sengers</i>	<i>Freight</i>	<i>Miscel- laneous</i>	<i>Total</i>	<i>Opera- tional^a</i>	<i>Depre- ciation and interest^b</i>	<i>Total</i>	<i>Opera- tional</i>	<i>Over- all</i>
<i>IL. thousand</i>									
1959/60	4,251	6,106	590	10,947	13,292	3,975	17,267	2,345	6,320
1960/61 ^c	4,717	6,123	965	11,805	13,191	4,180	17,371	1,386	5,566
1961/62 ^d	4,940	7,201	674	12,815	14,975	4,435	19,410	2,160	6,595
<i>Index</i>									
1959/60	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1960/61 ^c	111.0	100.3	163.6	107.8	99.2	105.2	100.6	59.1	88.1
1961/62 ^d	116.2	117.9	114.2	117.1	112.7	111.6	112.4	92.1	104.4

^a Including deductions for pension and compensation funds.

^b Equipment has been amortized after deducting the value of non-depreciable assets and of scrap; depreciation is calculated over 40 years at the rate of 2.5 per cent per annum. Interest has been calculated at three rates:

(1) 6 per cent per annum on depreciable equipment.

(2) 3 per cent per annum on earthworks in connection with tracks, bridges, and water drainage.

(3) 7 per cent per annum on stocks in storage.

Interest on depreciable equipment was calculated net of depreciation. (SOURCE: Budget Department, Ministry of Finance.)

^c Revised figures.

^d Provisional data.

SOURCE: Reports of Israel Railways and of the Budget Department, Ministry of Finance.

output and reducing the deficit, which has averaged IL.6.2 million during the past three years. This can be attributed primarily to the following :

(a) The profitability of transporting freight by railway generally increases the longer the distance, but this is relatively short in respect of Israel Railways. Consequently, it has to face stiff competition from the road branch, which is preferred for carrying most categories of cargo over short distances. Moreover, it is affected by its severance from the railway networks in neighboring countries, which denies it the business of transit cargoes, which most of the world's railways enjoy.

(b) Most of the existing track network was laid before the establishment of the State, and it no longer suits the requirements of the economy as regards geographical location.

(c) The railway's freight charges have hardly gone up since 1956 despite an increase in input prices. Moreover, it gives a discount in favor of certain categories of passengers and cargoes, mainly export goods such as minerals and

citrus. It would have been possible to raise the charges for some of the goods carried by the railway without causing a loss in volume, but this was not done out of general economic considerations connected with the holding down of prices and the encouragement of export.

(d) The expansion of output and profitability is also affected by the inflexible tariff structure which was set several years ago in a manner that does not permit elasticity under changing conditions of demand.

(e) The labor input component in expenditure per unit of output is relatively high, and in recent years the wage bill has risen appreciably without a corresponding growth of productivity.

(f) Further difficulties are met in balancing the budget as a result of unsuitable equipment. Several years of operating self-propelled cars have shown that the lack of flexibility, due to the built-in motive power unit, and the large number of breakdowns have increased operating and maintenance costs, reduced the rate of exploitation, and led to a large number of days of enforced idleness in repair workshops.

5. ROAD TRANSPORT

The number of motor vehicles, including buses, taxis, private cars, trucks, and special vehicles, rose by 17 per cent in 1961.

An increase of 26 per cent took place in the number of private cars, which is the highest rate since the establishment of the State and was apparently due in part to the expectation of devaluation. The number of trucks and buses grew by 10 per cent and motorcycles by 16 per cent. As in previous years, there was no rise in the number of taxis.

The volume of passenger traffic,¹ including taxis, showed a substantial increase of 12 per cent (as against 7 per cent in 1960), which was caused by the larger number of private cars. Bus traffic rose 7 per cent, the same as in the previous year.²

There were only slight changes during the past five years in the proportion of the various types of vehicles in inter-urban traffic. The share of trucks rose during the past three years from 45 to 49 per cent, that of passenger cars and taxis remained virtually the same at 38-40 per cent, while that of buses ranged from 7 to 9 per cent, and of motorcycles and motor-scooters from 5 to 6 per cent.

As in previous years, the consumption of diesel oil by the civilian motor fleet in 1961 grew faster than that of gasoline, 14 per cent as against 9 per cent, attesting to the continued dieselization of trucks, buses, and taxis which has marked the past few years. The changeover from gasoline-driven engines

¹ According to the nationwide count of traffic made by the Central Bureau of Statistics.

² Measured in terms of the kilometrage of the Eshed, Dan, and Hamekasher bus cooperatives.

TABLE XIII-16

*Road Transport, by Type, 1960-61**(number of vehicles)**(End of period)*

<i>Type of vehicle</i>	<i>Dec. 1960</i>	<i>Dec. 1961</i>
Trucks	24,763	27,210
Buses	2,450	2,700
Taxis	2,474	2,474
Private cars	29,036	36,622
Motorcycles	22,700	26,398
Special vehicles	1,010	1,376
<i>Total</i>	<i>82,433</i>	<i>96,780</i>

SOURCE: Central Bureau of Statistics.

to diesel engines was reflected in the higher percentage of the latter type of engine among the new vehicles and in the replacement of gasoline engines by diesel engines in old vehicles.

The trend toward standardization in vehicle models has grown in recent years, following a slight decline between 1951 and 1954. This is a positive development, as it results in smaller outlays on repairs and spare parts. There has been a marked advance in the standardization of taxis, buses, and motorcycles, and a slight one as regards private cars, but there has been a decrease in regard to trucks.

Congestion on the roads continued to mount in 1961, as the development of the country's highway network lagged behind the expansion of traffic. The growth of congestion was especially pronounced in the central and coastal areas.

The lag in highway development is reflected in the faster increase in vehicles and volume of traffic than in the length of the inter-urban highway system or investment in the construction and expansion of roads. The average number of vehicles (expressed in units of private cars) to each kilometer of inter-urban highway rose from 25.1 in 1955 to 33.6 in 1960.

The greater congestion of recent years has left its mark in the large increase in traffic accidents and casualties; it has also led to a loss of time for both passengers and vehicles, higher vehicle operating costs, and the deterioration of travel conditions. In order to accommodate the highway network to the volume of traffic anticipated in the coming years, and in view of the transportation needs of the planned development areas, a highway development plan has been drawn up. This program, which has been submitted to the World Bank in connection with a request for a loan, includes the paving of new roads and the improvement and expansion of existing ones, to the value of

IL. 180 million. It is planned to start work on the project in 1962 and to complete it within five or six years.

(a) *Trucks*

The output of trucks was 10.6 per cent larger in 1961 than in 1960, reaching approximately IL.265 million. The number of trucks (including towing vehicles) rose by IL. 2,450, or 10 per cent. In contrast to the preceding four years, when road haulage rates remained stable, they went up nearly 7 per cent in 1961. This can be attributed to the increase which occurred in recent years in input prices, primarily fuel, license fees, and spare parts. The increase in rates during this period was lower than that of input prices; this is explained by the decline in the costs per unit of output (mainly in respect of heavy vehicles) as a result of dieselization, organizational improvements, and more efficient working methods. It also reflects the lower profitability of light and medium trucks as a result of the surplus supply of their services offered, which has led to fierce competition in this section of the road haulage branch.

The main trends characterizing this branch in recent years continued in 1961 as well—namely, an increase in the relative share of trucks in total inland haulage at the expense of the railway, an increase in the proportion of diesel-propelled trucks, a decline in the standardization of truck models, a tendency to specialize in specific types of freight and an increase in the share of trucks in such transport, a large expansion in the number of trucks, and a changeover from small trucks to large ones, accompanied by a drop in the proportion of medium trucks (which left the average size about the same). In spite of the new additions to the truck fleet, the average age remained high—nearly 12

TABLE XIII-17

Kilometrage, No. of Journeys, and Working Days of Trucks per Week, by Authorized Cargo, in 1961

<i>Authorized cargo (tons)</i>	<i>Average kilometrage per week per truck (km.)</i>	<i>Average no. of journeys per week</i>	<i>Average kilometrage per journey (km.)</i>	<i>Average no. of working days per truck per week</i>
0-2.4	346*	22.5	15	3.5
2.5-7.9	383	19.0	20	4.2
8-14.9	798	25.7	31	4.6
15.0 and over	887	16.0	56	4.9
Tankers	567*	22.0	25	5.5
<i>All authorized cargo</i>	389	21.5	18	4.0

* Averages of low significance.

SOURCE: Provisional results of a truck survey conducted by the Central Bureau of Statistics, January 15-April 15, 1961.

years. The average age of gasoline-driven vehicles was 50 per cent higher than that of diesel vehicles.

The keen competition between operators of light and medium trucks continued in 1961, and this was expressed, as stated, in the failure of haulage rates to match the increase in input prices, in the inability to collect waiting time charges, the granting of convenient credit terms to customers, and the low rate of exploitation.

The number of working days per week of trucks is relatively low, especially in respect of those of less than 8-ton capacity. Those with an authorized cargo of 2.5 to 7.9 tons worked an average of 4.2 days per week in 1961, while the average for lighter trucks and tenders with an authorized cargo of up to 2.4 tons was 3.5. This reflects the surplus supply of light trucks, the demand for whose services has diminished in recent years with the change in the composition of cargoes and an increase in the length of journeys. It also reflects the high average age of these trucks (over 9 years), which lowers the standard of service and consequently of demand, besides causing longer idle periods in garages.

The number of working days and the average kilometrage rise the larger the authorized tonnage (see Table XIII-17). This is presumably due to the fact that the excess demand declines the higher the authorized tonnage, and that the large trucks are mainly operated by big transport firms which benefit from specialization in certain types of haulage according to long-term agreements and from the concentration of their activities on regular routes. On an average, each truck worked 4 days per week, its kilometrage came to 390 per week, and the distance of each journey was 18 km.

TABLE XIII-18

*Working Days, No. of Journeys, and Kilometrage of Trucks per Week,
by Type of Ownership, in 1961*

<i>Type of ownership</i>	<i>Percentage of trucks</i>	<i>Average no. of working days per week</i>	<i>Average kilometrage per week</i>	<i>Average length of journey (km.)</i>
Individual and partnership	54	3.8	370	17
Company and cooperative	37	3.9	407	24
Other (Government, local authorities, and other public institutions)	9	5.3	429	12
<i>Total</i>	100	4.0	389	18

SOURCE: Provisional results of truck survey conducted by the Central Bureau of Statistics, 1961.

From the viewpoint of ownership, the Israel trucking industry may be divided into three main groups: (1) individual and partnership, (2) companies, and (3) cooperative and public ownership (Government, local authorities, and other public institutions). Trucks owned by private individuals and partnerships accounted for 54 per cent of the total number of such vehicles in 1961. The kilometrage of this group, however, was somewhat lower—52 per cent. The proportion of vehicles owned by companies and cooperatives reached 37 per cent, and the kilometrage 39 per cent. The highest rate of exploitation was registered by trucks belonging to public bodies—5.3 working days per week as against 3.9 for companies and cooperatives and a similar rate for vehicles owned by private individuals and partnerships.

With the object of helping to plan the development and operation of the road haulage branch, a bill has been drawn up providing for the establishment of a Truck Transport Board. As envisaged by the bill, it will comprise representatives of the Government, truck operators, and shippers; and its functions will include the organization of the branch, the improvement of efficiency by planning the movement of cargoes, and the regulation of tariffs.¹

(b) *Buses*

The real output of the passenger transport cooperatives grew by 5.2 per cent in 1961, compared with an increase of 6 per cent in 1960. The total kilometrage of the three bus cooperatives grew from 142 million in 1960 to 152 million last year.

In 1961, 144 buses were added to the fleet, increasing the total number of seats by 5 per cent, to approximately 92,000. 93 per cent of all buses belonged to public bodies, 3 per cent to tourist companies, while 4 per cent were privately owned, serving educational and public institutions.

The main trends characterizing the bus services in the preceding years were also apparent in 1961. The renewal and expansion of the bus fleet continued, with a changeover from gasoline to diesel engines and further standardization in the types of vehicles. As a result, the average age of the buses dropped and there was a greater degree of standardization, congestion on the buses was reduced, and more frequent service was provided since the supply of bus services grew faster than demand. The average kilometrage per bus was extended as a result of organizational improvements and the reduction of the average age, which permitted greater exploitation of the vehicle. Income per km. declined owing to the reduced congestion and to the greater weight of the longer routes.

¹ In the meantime it has been decided that the regulation of tariffs will not be vested in the Board; it will merely submit its recommendations to the Minister of Transport and Communications, who will set the rates with the approval of the Government or a body specifically appointed therefor.

The index of bus fares went up 14.3 per cent—13.7 per cent on urban routes and 15.6 per cent on inter-urban routes.

TABLE XIII-19

Indices of Number of Buses, Expenditure on Bus Service, Number of Seats, and Kilometrage, 1957 to 1961^a

(1955 = 100)

<i>Year</i>	<i>No. of buses</i>	<i>Expenditure on bus services^b</i>	<i>No. of seats</i>	<i>Income per seat^c</i>	<i>Annual kilo- metrage</i>	<i>Income per km.^c</i>
1957	105.7	108.0	114.2	94.5	111.3	98.1
1958	113.6	121.8	128.5	95.6	127.9	96.2
1959	121.3	134.1	140.0	94.9	147.9	90.6
1960	124.4	142.0	147.8	96.1	158.2	90.6
1961	129.4	149.5	154.7	96.7	169.4	86.7

^a All the data refer to the three bus cooperatives—Eshed, Dan, and Hamekasher.

^b At constant prices; excluding parcels and sundries.

^c At constant prices.

SOURCE: Data received from the Ministry of Transport and Communications, the Central Bureau of Statistics, and the bus cooperatives.