

CHAPTER VI

THE PRINCIPAL ECONOMIC SECTORS

1. MAIN DEVELOPMENTS

Except in agriculture and trade and services, growth came to a halt in the business sector during 1982, when the product inched up only 1 percent,¹ compared with a 4 percent advance in 1981 and a 2 percent decline in 1980. Product fell in construction, while it failed to grow in industry and the transportation and communications sector. Agriculture, however, scored a 10 percent gain, owing to bumper harvests in 1981/82, and in trade and services there was a modest 2.5 percent increase. It thus appears that this year saw a continuation of the change in the sectoral composition of the product evident since 1973; namely a steep decline in the weight of construction and a rise in the weight of agriculture.

Several important factors were at work this year, and their effect was intensified by the interdependence of some of the component sectors (e.g. between construction and the building materials industry, or between agriculture, industry, and construction on the one hand and transportation on the other). The long-run uptrend in industrial exports was arrested by the world economic crisis and Israel's diminished competitiveness. At home, the construction sector's demand for industrial products fell off, with the result that industrial output growth was checked. Factors working in the opposite direction were the more buoyant private consumption demand following a steep rise in disposable income last year, and the war in Lebanon, which heightened demand for domestically produced military goods (its effect will presumably make itself felt even more strongly in the next few years).

These three factors—Israel's impaired competitiveness, the world economic crisis, and the Lebanese campaign—also reduced receipts from tourism and, to a lesser extent, shipping and aviation output. The El Al lockout also had some effect here. The drop in construction and the present slump in the housing market should be viewed in the light of the fairly short cyclical fluctuations around the long-run downtrend characteristic of this sector. Demand subsided mainly because of the slower growth of population and net immigration, changes in the age structure of the population, and in the past year evidently also because of the heavy demand for

¹ Estimated from quantity indexes for the component sectors. When measured from the expenditure side, product failed to grow altogether. The difference between the two series stems from errors and omissions (see also Chapter II). In previous years the divergence was greater, particularly in 1980 (5 percent), 1977, and 1978.

financial assets in the wake of the stock market boom. The big gain in agricultural product can be mainly credited to favorable natural conditions.

This year saw a drastic change in demands: as mentioned, export growth ground to a halt in most sectors after a steady advance during the past decade, and there was a marked rise in imports, due *inter alia* to the decline in their relative price. Until this year, the most important structural development in the business sector was the expanded production of goods for the overseas market. Between 1971 and 1981 the export share of the business sector product moved up from 24 to 38 percent. Most of the increment was accounted for by industry, half of whose product originates directly or indirectly in exports. In these 10 years industry contributed over half of the 76 percent real increase in export value added (an average of 10 percent per annum), and services contributed about one-fourth. The latter accounted for most of the incremental product attributable to private consumption (which came to only 20 percent). Construction and industry were responsible for the slacker growth of investment this year.

Product attributable to exports rose by a mere 1 percent in 1982 owing to the combined effect of several factors:² the world economic crisis, which became more severe in the last two years, the weakening of European currencies against the dollar, and Israel's diminished ability to compete in the world markets in 1981-82.

The stagnation of export production was apparently accompanied by a more sluggish advance in the production of import substitutes, owing to the larger purchase of foreign goods. This was particularly marked in food, textiles and clothing, plastics, and electric household appliances.

The product growth rates of the various sectors have fluctuated sharply in the last few years. As in the 1980 slump year, factor input did not adjust to the changes in the level of activity. Even labor—which is supposed to be the mobile factor—has in effect become a fixed productive factor; it failed to decline in industry, while it grew in construction and transportation. In agriculture the labor input shrank appreciably, at a time when output reached a record high. For the business sector as a whole, there was no change in labor input; this was reflected by a small gain in product per unit of labor (labor productivity)³ and an even smaller one in overall productivity. The stagnation of product per unit of total factor input (labor and capital combined) gives cause for concern, since previous years saw a steady technological advance, which found expression in a sustained rise in productivity.

The frequent shifts in economic policy in the last few years, particularly as regards production subsidies, heightened the uncertainty faced by manufacturers, and thus influenced their expectations and planning. In anticipation of possible changes in policy and demands, they refrained from drastically altering their workforce. In many industries they did not reduce labor input because of their reluctance to lay off

² This is discussed in detail in Chapter VII.

³ In 1980 and 1982 product per unit of labor changed in the range of ± 1 percent, and in 1981 it rose by only 2.5 percent. This compares with an average annual growth of 4 percent in 1973-78 and 6 percent in 1965-72.

Table VI-1
BUSINESS SECTOR INDICATORS, 1960-82
 (Percent real annual increase, except for energy coefficient)

	1960- 1965	1966- 1967	1968- 1972	1973- 1978	1979- 1982	1980	1981	1982
Product ^a	8.5	-0.7	13.5	3.8	2.2	-1.7	3.9	1.4
Labor input ^b	4.6	-6.4	6.6	0.1	1.5	-1.3	2.3	0.2
Capital stock ^c	10.6	7.3	7.8	6.8	3.9	5.2	3.2	2.6
Labor productivity ^d	3.7	6.1	6.5	3.7	0.7	-0.4	1.5	1.2
Capital intensity ^e	5.7	14.7	1.1	6.7	2.4	6.5	0.8	2.5
Total productivity ^f	1.7	0.4	6.4	1.1	-0.2	-3.1	1.2	0.3
Exports				7.0	2.8	5.7	4.8	-2.9
Credit ^g					11.0	-2.0	3.0	42.0
Energy intensity coefficient ^h				3.05	2.91	2.94	2.85	2.91

^a Gross domestic product at factor cost.

^b Manhours worked, according to labor force surveys.

^c Beginning-of-year stock.

^d Product per manhour.

^e Capital per manhour.

^f Product per weighted factor input (average weights: labor—58 percent; capital—42 percent).

^g Medium- and long-term credit flows.

^h Measured in ton oil equivalent per IS1,000 gross domestic product at 1970 prices. The coefficient relates to the entire economy.

skilled workers. The growing uncertainty in the business sector in recent years was apparently due also to the high inflation,⁴ which has negative implications for productivity and long-run growth.⁵ In the last three years, as stated, the average rate of increase of the business sector product fell to 1.5 percent, after standing at 4 percent in 1973-79 (see note 1 to this chapter); product per manhour sagged to an even greater extent.

The decline in productivity growth is not confined to Israel; since 1973 most industrial countries have experienced a marked slowdown. There is no consensus on the main causes of this development, and consequently no agreement on the required remedial measures. Even if account is taken of all the factors mentioned—those connected with labor and the quality of the available manpower, as well as with capital and energy, management, government intervention, and economic and social developments in general—there still remains a great deal that is unexplained.

⁴ The influence of the severe inflation and other factors on the product and productivity of the business sector is described in the Bank of Israel Annual Report for 1980 and 1981, Chapter VI.

⁵ The high rate of taxation and the mounting tax burden in the last few years have a similar effect on growth (see Chapters V and II).

In contrast to most sectors of the economy, agriculture has maintained a high level of growth and productivity (although total income rose somewhat more slowly this year). The difference in productivity can be largely explained by the elastic labor supply (including self-employment).⁶ Hired farm help is very mobile, since many of the workers are employed on a daily basis (day laborers). The rural population devotes only part of its working time to agriculture, and part-time farming is becoming increasingly common. By contrast, in industry and other sectors the overwhelming share of the labor input is accounted for by permanent employees, who do not easily move from branch to branch, or even from one firm to another, with a change in demands.

The effect on the business sector of the precipitate jump in energy prices since 1973 has been much discussed. The expected saving in energy consumption is connected *inter alia* with changes in the structure of output and capital, changes which are liable to have an adverse effect on productivity and growth (during the transitional period). The steep decline in energy consumption experienced by many industrial countries has not occurred in Israel, where the energy/product ratio has dropped very little. It appears that in Israel energy-intensive industries have expanded strongly in these years, and the energy component of private consumption has also gone up with the rise in the number of private cars. As a result, energy consumption rose in 1982 in spite of the more sluggish growth of product in the transportation industry and in the business sector as a whole. Moreover, domestic energy prices have not fully adjusted to changing costs and the steep rise in world fuel prices since 1973.

The overall picture that emerges from the data on the various component sectors is one of a significantly slower expansion of the business sector product and the product per manhour since 1973, and in particular in the last three or four years. In addition, the estimated rate of return per unit of business sector capital declined in 1982. At the same time, the real cost of labor per manhour rose by 4 percent, harming the country's competitiveness. Contrary to expectations, there were no signs of an adjustment to the changing circumstances—labor input did not decrease in the business sector, nor was there any rise in overt unemployment. The explanation, as already mentioned, may lie in the heightened uncertainty confronting producers in 1982, which was presumably due to the marked aggravation of inflation and the pronounced and frequent economic policy changes in recent years.

2. AGRICULTURE

In 1981/82⁷ agricultural output expanded by 7 percent—a higher rate than in the two preceding years and the average for the past decade. This real increase occurred in both crop and livestock farming. The biggest gains were recorded by avocados,

⁶ Most of the sector's labor input is accounted for by self-employed farm owners and kibbutz members.

⁷ The data in this section relate to agricultural years, which begin October 1.

citrus, and eggs, while cotton output fell off. The growth of agricultural production was accompanied, as in previous years, by a slower increase in purchased inputs, with the result that the agricultural product (i.e. value added) rose by 12 percent (see Tables VI-2 and VI-A3).

Total income from farming, at constant prices (i.e. after deflating by the consumer price index), rose only marginally this year—by 1 percent, compared with 11 percent in 1980/81. This year's figure even fell below the average real increase during the period 1972/73 to 1981/82 (4 percent). Despite the income gain (albeit a small one), a rough estimate of the return on capital in this sector points to a continuation of the downtrend (see Table VI-A3).

The sector's terms of trade continued to worsen in the year reviewed. Output prices went up 101 percent and input prices by 110 percent. This terms-of-trade deterioration was largely due to a below-average rise (60 percent) in the prices fetched by citrus (the difficulties encountered in marketing citrus abroad led to the diversion of most of the incremental yield to local canneries) and by field crops (95 percent). On the other hand, some inputs became much dearer this year: fuel, lubricants, and electricity by 148 percent and transportation and government services by 124 percent. The sector's terms of trade deteriorated by a total of 7 percent over the last four years and by 19 percent over the past decade. In the last two years the softening of European currencies in relation to the dollar was a primary cause of this unfavorable development, since the exchange rate insurance did not compensate such exports for part of the loss.⁸

The incremental sales of farm produce went to two destinations—domestic private consumption and export. In the year reviewed these two final demands contributed to the growth of sales: private consumption rose at a steep 7 percent rate (including a 6 percent increase in the food, beverages, and tobacco item), while agricultural exports moved ahead a bit, apart from citrus. A striking development was the increased direct domestic consumption of livestock products—meat, eggs, and milk—as a result of their much heavier subsidization in the last two years (see Tables VI-A4 and VI-A7).

As regards the sector's factors of production, the year reviewed saw an aggravation of the long-run trends: a continued sluggish growth of the stock of fixed assets and a conspicuous drop in the labor input. Fixed assets apparently expanded by only 2 percent, compared with an average increase of 3 percent in the last four years and 5 percent from 1972/73 to 1977/78. This slowdown can be understood if viewed in conjunction with the demand for the sector's products in previous years—relative saturation in domestic food consumption and the growing difficulty of stepping up sales to Europe. The consequence was a buildup of idle capacity in numerous regions, principally in the case of hothouses and poultry and dairy farming. No fully satisfactory explanation can be given for the appreciable 7 percent decline in the labor input this year, although it was consistent with the general trend.

⁸ This is explained more fully in Chapter VII.

Table VI-2
CURRENT ACCOUNT OF AGRICULTURE, 1972/73 TO 1981/82

	Value (IS million, at current prices)		Percent annual increase						
			Quantity				Price		
			Average 1972/73-						
	1980/81	1981/82	1977/78	1979/80	1980/81	1981/82	1979/80	1980/81	1981/82
1. Total output at producer prices	22,847	49,359	4.5	1.9	5.3	7.1	131	131	102
2. Intermediate inputs	1,803	3,944	0.0	6.7	6.4	1.1	115	139	116
3. Agricultural output at producer prices (1-2)	21,044	45,415	5.0	1.5	5.2	7.6	131	129	101
4. Purchased inputs	9,404	20,246	3.4	1.6	0.8	2.7	146	135	110
5. Agricultural product at producer prices (3-4)	11,640	25,169	6.3	4.0	8.9	11.6	120	125	94
6. Depreciation	1,528	3,336	5.8	-1.2	-2.1	-2.1	110	140	123
7. Net agricultural product at producer prices (5-6)	10,112	21,833	6.6	4.9	10.6	13.6	122	123	90
			Percent increase in value						
			1978/79	1979/80	1980/81	1981/82			
8. Net agricultural product at producer prices	10,112	21,833	74	130	147	116			
9. Drought and war damage compensation	29	124	3	142	20	328			
10. Total income from agriculture (8+9)	10,141	21,957	71	133	146	117			
11. Wages of hired labor	2,633	5,553	72	113	193	111			
12. Total return to capital and own work (10-11)	7,508	16,404	71	139	133	118			
13. Annual change in consumer price index (%)			64	124	121	113			

SOURCE: Central Bureau of Statistics.

The sizable expansion of the agricultural product along with the slower increase and even decline in the input of primary factors of production implies a further rise in productivity. The productivity trend in agriculture relative to other sectors continued upward throughout the past decade: product per unit of labor (labor productivity) moved up at an 8 percent average annual rate, and the product per combined unit of capital and labor (overall productivity) went up by 5–6 percent a year. Productivity estimates for a single year are not very reliable, and so no particular significance should be attached to the 15–20 percent deviations in 1981/82, especially in a sector whose output is subject to sharp fluctuations due to changes in natural conditions, the maturation of new orchards, etc. (see Table VI–A3).

The relatively efficient factor utilization in agriculture permitted, among other things, a structural change in production—the transfer of part of the mobile factors of production from one product to another and an increase in capital-intensity. The latter also reflected the substitution of capital for labor. This structural change adapted the product mix to foreign demand, in response to the slacker growth of domestic demand.

3. INDUSTRY

In 1982 industry had to contend with a shrinking world demand for manufactures, and because of the rise in the prices of domestically produced goods relative to imports, with a significant ebbing of domestic demand as well. The industrial product declined fractionally, but excluding diamonds,⁹ it edged up 0.6 percent, after a 6 percent advance the year before.

The deepening recession in the Western world and the diminished competitiveness of Israel's exports¹⁰ arrested the long-run rising trend in the country's overseas industrial sales: the growth rate fell to 2 percent in 1982, after averaging 10 percent or more a year from the mid-1970s. This sustained rapid expansion was one of the key features in the country's economic development during the past decade, and was reflected by a steady uptrend in the contribution of exports to the industrial product, from approximately 30 percent at the beginning of the 1970s to 50 percent at the beginning of the following decade. Consequently, the change in the export growth trend now has a decisive effect on industrial activity. In 1982 the slackening of the export advance caused industrial activity to tail off. This is illustrated by the following table, which compares the contribution of exports and domestic uses to the growth of the derived industrial product.

⁹ The discussion here will not include diamonds, since they have a low value added and hence make only a minor contribution to the industrial product. However, they play an important role in the country's foreign trade, and so they are discussed in Chapter VII.

¹⁰ This was a combined result of the weakening of European currencies against the dollar and the lagged adjustment of the sheqel exchange rate to the rate of domestic inflation.

Table VI-3
INDICATORS OF INDUSTRIAL GROWTH, 1968-82
 (Percent annual increase)

	1968- 1972	1973- 1978	1979- 1982	1979	1980	1981	1982
Industrial production, excl. diamonds ^a	15.4	5.0	2.2	5.0	-3.1	6.3	0.6
Imported inputs	..	6.9	2.7	7.5	-17.5	15.1	6.1
Electricity consumption	11.9	6.4	2.6	8.6	0.1	-0.3	2.4
Mandays worked	9.4	-0.1	0.9	4.6	-3.2	1.4	1.4
Number of employed	8.0	1.8	1.0	3.3	-3.9	2.6	2.0
Real gross investment	31.5	1.0	1.1	-1.6	-13.5	0.4	21.9
Real gross capital stock ^b	7.7	8.9	5.6	7.1	6.5	4.8	4.2
Labor productivity ^c	5.5	5.0	1.2	0.4	0.1	4.9	-0.6
Overall productivity ^c	6.7	1.5	-0.7	-0.6	-3.8	3.5	-1.9
Wages per unit of output	-3.7	-3.1	2.0	7.7	0.8	0.9	2.5
Real industrial exports, excl. diamonds	16.6	11.4	9.4	9.3	15.3	11.9	1.4
Private consumption of local manufactures	..	4.9	2.2	-0.7	-6.6	9.9	3.0
Revenue, at current prices	23.3	46.8	119.3	80.9	123.6	145.8	124.4
Wholesale domestic market prices	6.3	38.9	113.6	78.9	131.5	122.7	125.7
Total payroll outlay	18.7	42.3	123.7	94.9	125.3	147.9	130.0

^a The data on production, labor, and wages up to 1978 have been adjusted for actual mandays worked.

^b At the beginning of the year.

^c Labor input is measured here according to industrial production index data rather than labor force data.

SOURCE: Central Bureau of Statistics and Bank of Israel estimates.

In most industrial branches export receipts in dollar terms fell off in 1982, with both quantities and dollar prices declining. Whereas in 1981 the vigorous expansion in a small number of industries more than offset the contraction in others, so that on balance exports forged ahead by a comfortable margin, in 1982 all industrial branches experienced difficulty in marketing their products abroad, apart from the metal and electronic industries, which continued to chalk up impressive gains—a reflection of the country's industrial export growth potential.

Domestic demand for industrial output expanded more slowly than domestic uses, since there was a livelier demand for imports at the expense of Israeli-made goods—a development attributable to the decline in the price of imports relative to that of the latter.¹¹

¹¹ The relative price of imports began to decline in 1981 owing to price developments abroad and the softening of European currencies in relation to the dollar (more than half of Israel's imports originate in Europe). In 1982 additional factors were the lagged adjustment of the sheqel exchange rate to the rate of domestic inflation, which widened the import-domestic production price differential (see also Chapter VII).

**CONTRIBUTION OF EXPORTS AND DOMESTIC USES TO THE CHANGE IN
DERIVED INDUSTRIAL PRODUCT, 1979-82**

	1979	1980	1981	1982
Exports (including those to the administered areas)	3.3	7.0	6.6	1.4
Domestic uses	-0.4	-4.0	4.4	1.9
Total derived industrial product, excl. diamonds	2.8	3.0	11.0	3.4

From a long-range viewpoint the declining weight of production for the domestic market can be regarded as part of the growing specialization of Israeli industry: the share of export production is rising, while the share of production for the domestic market, in those industries where Israel does not possess any comparative advantage, is shrinking. In 1982, however, there was a deviation from the trend: the drop in the relative price of imports triggered an accelerated increase in imports at the expense of local production, without any compensating expansion of exports.

The contribution of domestic demands to the industrial product displays a fluctuating long-run trend. The trend became more erratic in the past four years: stagnation and a sharp drop in 1979 and 1980 respectively, recovery in 1981, and a slowdown in 1982. An additional factor affecting the industrial product in the year reviewed was the slackening of exports. These jolts which hit the sector within a relatively short period generated uncertainty as to the real demand for its output.

Industrial investment was up 22 percent this year in real terms; this implies a 5 percent quantity growth of the sector's capital stock in 1983, similar to the rate in the last few years. One of the factors in this year's heavier investment was the availability of ample funding: long-term credit and an unprecedentedly large volume of capital raised through new share issues on the Tel Aviv Stock Exchange.

4. TRANSPORTATION, COMMUNICATIONS, AND TOURISM

Total output of this sector at market prices and its total product remained unchanged in 1982. The bulk of the output (land transport and communications) is a function of the level of domestic activity, and this did not vary significantly in the year reviewed (see Chapter II). Shipping output turned down because of the deep slump in world shipping, and aviation output declined because of the much smaller number of tourist arrivals this year and the El Al lockout in September 1982 (which lasted until the beginning of 1983).

The sector's output prices went up 112 percent in 1982, which was less than the rise in either the industrial output or the consumer price index. Output prices trailed behind the increase in industrial output prices in most of the transportation branches.

In the communications industry the main factor was a further increase (albeit a small one) in subsidies, which came on top of a steep jump the year before; in shipping and aviation the principal factors were the slower depreciation of the sheqel and the world slump in shipping and tourism (especially that to Israel), which resulted in keener competition and the cutting of prices.

Investment in transportation and communications expanded by 22 percent in 1982, after a 10 percent increase the year before. Most of the increment stemmed from a 37 percent growth in transport equipment. The transportation and communications

Table VI-4
CHANGES IN OUTPUT, PRODUCT, AND PRICES OF THE TRANSPORTATION AND COMMUNICATIONS SECTOR BY BRANCH, 1979-82^a
(Percent increase)

	Percent of product ^b in 1981	Percent of revenue in 1981	Change in output ^c				Change in prices		
			1979	1980	1981	1982	1980	1981	1982
Land transport	35	31	2.3	-5.5	3.8	0.4	165	120	122
Buses	11	8	-0.6	-11.3	5.6	1.4	200	91	119
Taxis	4	3	2.0	-5.0	4.0	0.0	147	109	115
Trucks	18	19	3.5	-3.6	3.4	-0.3	154	136	125
Railway	2	1	7.7	8.2	-4.3	6.5	127	156	104
Other domestic services	23	17	6.1	5.7	12.2	3.4	141	81	110
Oil pipelines	1	0	-69.0	25.0	-8.7	0.0	97	136	110
Communications	22	17	12.2	5.3	12.6	3.5	142	80	110
Shipping and ports	26	34	8.2	-4.3	-0.2	-1.9	121	133	111
Shipping	19	29	6.1	-2.2	-0.9	-3.0	125	131	110
Ports	7	5	19.1	-14.2	4.0	4.0	101	147	115
Civil aviation and airports	15	17	13.8	-9.0	4.0	-7.5	147	123	96
Aviation	13	15	14.0	-9.9	3.2	-8.5	150	119	95
Airports	2	2	11.4	-0.3	11.2	1.0	121	153	99
Total output at market prices	100	100	7.2	-3.7	4.1	-1.3	141	117	112
Total gross product at 1972/73 prices			5.9	-3.9	4.7	-0.4			

^a Figures for 1979-81 have been revised; those for 1982 are provisional. The calculations were made from unrounded data.

^b Estimated weight in gross product of sector at 1972/73 prices. The change in the sector's product was estimated on the basis of the 1972/73 input-output table; the annual output changes of the subbranches were used as an indicator of changes in the product at constant prices.

^c Output is at market prices, including VAT and excluding bus subsidies and the deficit of the railway. The output data for taxis, trucks, oil pipelines, and part of shipping were calculated by the Bank of Israel from data of the Central Bureau of Statistics and internal industry sources.

SOURCE: Central Bureau of Statistics and Bank of Israel.

capital stock rose 3 percent, after declining 1 percent in 1981. The number of employed in the sector was 4 percent up on the previous year, but the labor input (measured by the number of hours worked) held steady. Given the expansion of these factors of production, the stagnation of the product implied a zero growth of labor productivity and a slight improvement in overall productivity. Real wages did not change this year; it follows that the rate of return on capital declined.

In 1982 there was a continued drastic reduction in the length and area of highway construction completed—both new roads and the widening and repair of existing roads. The length of roads finished decreased by 27 percent, after a 46 percent reduction in 1981, and the area declined by 41 and 50 percent in 1982 and 1981 respectively. In the year reviewed the volume of starts turned up somewhat: the length of roads begun was stepped up 34 percent, after a 41 percent contraction in 1981, and in terms of area the increase came to 48 percent, following a 36 percent decline in 1981.¹²

The number of tourist arrivals (excluding cruise travelers) slumped 14 percent this year, after a 2 percent drop in 1981. This development, which was reflected by a fall in tourist hotel occupancy rates and foreign currency income from tourism, is explained by the relatively slower depreciation of the sheqel this year, the war in Lebanon, the El Al lockout, and the world recession.

5. CONSTRUCTION

Construction activity was depressed in 1982, when output dipped 5 percent to stand at its low 1977 level. Investment in residential building was cut back 4 percent in response to the weakening of the housing market evident since the end of 1981. The flagging demand for homes in 1982 was due to the slower growth of population in the last two years because of a drop in net immigration, the reduction of disposable income, and the stock market boom during the year, which stimulated demand for financial assets. On the supply side, there was a surplus of dwellings because of excess starts in the previous year and sagging sales. This caused contractors to reduce the volume of new starts, but because of the relative rigidity of residential building begun in previous years, investment in private home construction rose 4 percent in 1982, as contrasted with a 22 percent decline in public home construction.

Investment in nonresidential construction again fell off in 1982 (4 percent), continuing the trend of the last few years. The slacker growth of the economy in recent years pulled down the capital stock growth rate, and this largely explains this year's smaller investment in nonresidential structures. Another factor was the long-run falling trend in the share of structures in the capital stock.

Defense construction, which was stepped up in 1979–81, was cut back appreciably

¹² The data on the length and area of road construction include the Golan Heights since 1982.

Table VI-5
 PRINCIPAL DATA ON CONSTRUCTION ACTIVITY, 1967-82^a

	1981	1982	Percent average annual increase					
			1967-72	1973-78	1979-82	1980	1981	1982
Total output (IS million, at current prices)	38,765	81,176	19.3	-3.5	0.2	1.4	-2.1	-4.6
Investment in housing	22,371	47,180	30.1	-5.5	3.5	5.6	-1.2	-3.8
Investment in nonresidential construction	10,791	23,010	11.1	-1.5	-7.6	-13.0	-6.7	-4.0
Output of other construction ^b	5,603	10,986	11.1	0.0	10.4	27.1	4.6	-8.7
Construction starts (million sq.m.)	5.8	4.6	25.8	-8.0	-3.8	-16.9	17.2	-20.2
Residential	4.3	3.5	31.0	-11.6	-0.4	-13.6	15.2	-19.2
Nonresidential	1.5	1.1	15.7	-3.8	-11.3	-25.8	23.7	-23.3
Number of homes started (thousands)	38	29	28.4	-12.4	-1.9	-14.5	14.8	-24.0
Number of homes completed (thousands)	34	33	11.2	-5.2	-1.9	0.8	8.9	-1.9
Employed (thousands)	115	122	15.2	-1.2	2.0	-2.5	2.3	3.6
Israelis	79	80	9.8	-3.4	-0.1	-3.6	-0.9	1.7
From administered areas	39	42	..	2.6	7.0	0.0	9.3	7.5
Stock of construction equipment ^c (IS million, at current prices)	8,698	19,394	2.4	4.8	2.7	10.3	2.1	-1.8
Residential construction input prices	—	—	8.8	37.4	115.2	127.6	131.7	117.0

^a The calculations were made from unrounded data.

^b Defense construction and a partial estimate of maintenance work.

^c Beginning-of-year stock.

SOURCE: Central Bureau of Statistics and Bank of Israel calculations.

in the year reviewed, apparently because of the completion of the redeployment in the Negev. It should be noted that the output data also include construction connected with the war in Lebanon.

This year's dent in output was accompanied by a 3 percent increase in the labor input. As a result, labor productivity fell 8 percent—a typical development in periods of slack construction activity. However, this year's growth of the labor input is surprising, and no clear explanation can be offered.

6. ENERGY¹³

Total energy consumption in Israel rose by 4 percent in 1982, and per unit of output by 3 percent. The main growth factors were the increase in the number of private cars and the war in Lebanon.

During the past decade energy consumption per unit of output in Israel was fairly stable in comparison with the industrial countries, which reduced the level appreciably during this period. The difference is partly explained by the expansion of Israel's chemical and petrochemical industries in recent years. Discounting this factor, this country too experienced a drop in unit energy consumption, although to a much smaller extent than the other countries. Another reason was apparently the fact that here demand for energy is more responsive to an increase in income than in the industrial countries, owing to Israel's lower per capita income level. Energy is both a production input and a final product in private and public consumption. Partial indicators show that in agriculture and industry there has been an economy in energy consumption in recent years, whereas in the final consumption of energy there has been a slight increase relative to the growth of income.

As in the three preceding years, energy prices moved up faster in 1982 than the consumer price index. The rise occurred primarily in petroleum products, whereas electricity held steady in the last two years relative to the consumer price index. A longer-range examination shows that energy prices, deflated by the rise in consumer prices, nearly tripled between 1972 and 1982. This was due mainly to the increased cost of crude oil. The rate of tax on energy products declined during this period, thereby moderating the advance of prices. The rate of tax is very volatile: when crude

¹³ This sector comprises petroleum refining and electricity generation. The former industry imports crude oil, and after refining it, sells it both as an intermediate and a final product. The bulk of the sales consist of locally refined products, with a small part being imported items. A small percentage of the output is exported. The main inputs in electricity production are distillate fuel oil and, since 1982, coal. Petroleum refining and electricity generation are characterized by heavy public sector intervention, both in the purchase of crude and primarily in the determination of retail prices. In Western industrial countries much of the energy production consists of natural gas, coal, hydropower, and nuclear power. Some of these countries produce a large quantity of crude; in Israel nearly all the energy is produced from imported crude.

oil prices shoot up, the tax is cut drastically both as part of the price determination mechanism and in order to ease the adjustment for consumers. Thus, for example, the tax fell in 1974–79; in 1980, however, it did not continue downward, apparently because of the policy of making consumers bear a larger share of the mounting crude oil price bill. In 1981 the price of crude was relatively steady, but the tax was not hiked owing to the policy of cutting indirect taxes. Only in 1982, when crude became cheaper, was the tax again raised, but not to its level of 1972 (i.e. before the energy crisis).

The price paid by Israel for imported crude in 1982 dipped 13 percent in dollar terms, after soaring 62 and 51 percent in 1979 and 1980 respectively and rising by a modest 4 percent in 1981. The 1982 price drop was due to the growing weakness in the world oil markets—a direct outcome of the strong response of the industrial countries' demand to the oil shocks of 1974 and 1979–80.

Table VI-A1
GROWTH OF GROSS DOMESTIC PRODUCT AT FACTOR COST, 1960-82^a
 (Percentages)

	Agri- culture	Industry ^b	Transpor- tation and com.	Con- struction	Trade and services ^c	Total business sector
Sectoral distribution						
1960	10	22	11	13	44	100
1970	9	29	13	12	37	100
1982	11	28	14	8	39	100
Increase in product by period						
1960-82	6.6	7.6	7.3	3.8	5.7	6.3
1960-65	6.7	13.4	10.3	10.5	5.0	8.5
1966-67	8.6	-0.9	0.0	-15.7	2.0	-0.7
1968-72	5.6	15.1	15.5	19.4	12.0	13.5
1973-78	6.6	4.5	4.8	-3.9	4.4	3.8
1979-82	6.8	0.8	1.5	0.2	2.8	2.2
Annual increase						
1970	5.4	9.5	13.5	16.7	8.0	9.9
1971	10.3	10.5	14.7	13.7	12.3	12.1
1972	7.2	11.9	13.0	16.4	10.7	11.8
1973	-0.3	4.5	4.7	3.6	3.9	3.8
1974	10.1	5.1	4.3	2.7	3.6	4.5
1975	8.9	3.1	-1.6	2.9	0.7	2.0
1976	8.0	5.1	6.3	-13.5	4.0	2.7
1977	8.0	4.3	8.7	-16.0	4.0	2.9
1978	4.9	4.9	6.6	-0.9	10.6	6.7
1979	2.4	3.3	5.9	6.4	6.8	5.2
1980	5.2	-2.3	-3.9	1.4	-2.6	-1.7
1981	9.4	2.3	4.7	-2.1	4.7	3.9
1982	10.3	-0.2	-0.4	-4.5	2.5	1.4

^a At constant 1970 prices.

^b Includes diamonds.

^c Includes water and electricity. Estimated as the change in the derived product, using input-output tables for 1968/69, 1975/76, and 1977/78.

Table VI-A2
LABOR AND TOTAL PRODUCTIVITY OF THE BUSINESS SECTOR, 1960-82^a
 (Percent average annual increase)

	1960-65	1966-67	1968-72	1973-78	1979-82	1960-82
Labor productivity						
(product per manhour) ^b						
Agriculture	8.2	14.3	6.3	8.3	9.0	8.5
Industry	6.3	6.5	6.6	4.1	0.0	4.6
Transportation and communications	3.5	2.2	8.9	5.9	0.6	4.7
Electricity and water ^c	10.2	-4.3	15.6	-2.2	1.2	4.8
Construction	2.9	8.6	0.6	-1.1	-2.6	0.7
Trade and services ^c	-0.2	4.5	6.9	2.9	0.0	2.7
Total business sector	3.7	6.1	6.5	3.7	0.7	4.0
Productivity, with product measured by final uses			6.4	2.3	1.8	
Overall productivity						
(Product per weighted unit of capital and labor) ^b						
Agriculture	5.0	10.4	4.6	5.4	6.5	5.8
Industry	5.6	1.7	7.0	0.8	-2.0	2.8
Transportation and communications	1.1	-3.0	7.2	2.7	0.4	2.4
Electricity and water ^c	6.1	-3.5	10.9	-1.1	-1.2	3.0
Construction	1.4	-1.0	5.2	-3.1	-2.6	0.0
Trade and services ^c	-4.9	-2.1	5.4	0.7	-0.6	-0.1
Total business sector	1.7	0.4	6.4	1.1	-0.2	2.1

^a The calculations were made from unrounded data.

^b The change in the number of manhours in each sector is based on labor force survey data, after adjusting for classification changes during the period and including workers from the administered areas. In the case of industry the labor input, and hence productivity, differ significantly when measured according to industrial production index data (see Table VI-3). Although the latter source is more appropriate, we preferred the labor force surveys for the sake of uniformity. In the other sectors of the economy this is the only source available for estimating the labor input.

^c The real change in the product was calculated according to final demands, using the input-output tables for 1968/69, 1972/73, 1975/76, and 1977/78.

SOURCE: Central Bureau of Statistics.

Table VI-A3
INDICATORS OF AGRICULTURAL GROWTH, 1973-82^a
 (Percent real annual increase unless otherwise indicated)

	1973-78	1979-82	1980	1981	1982
Total agricultural output	4.5	4.0	1.9	5.3	7.1
Purchased inputs	3.4	1.7	1.6	0.8	2.7
Gross product	6.3	6.5	4.0	8.9	11.6
Factors of production					
Labor input ^b	-1.6	-1.6	0.0	0.6	-7.0
Gross capital stock ^c	4.8	3.2	4.2	2.6	2.3
Capital per manhour	6.5	5.0	4.2	2.0	10.0
Productivity					
Product per manhour	8.0	8.2	4.0	8.1	20.0
Total productivity ^d	5.3	6.1	2.3	7.2	14.9
Total income from agriculture ^e	3.7	5.2	4.1	11.3	1.4
Agricultural exports ^f	8.6	3.0	-8.6	-1.3	13.6
Citrus	2.3	-2.8	-14.8	1.3	-4.8
Other	17.9	7.8	-2.9	-3.5	29.6
Rate of return on fixed capital (%) ^g	28.5	24.1	26.0	24.0	22.5
Terms of trade					
Change in output prices	35	106	131	129	101
Change in purchased input prices	38	112	146	135	110
Change in terms of trade ^h	-12	-7	-6	-3	-4

^a Agricultural years, October to September (of stated years).

^b Million manhours according to labor force surveys.

^c Real beginning-of-year stock.

^d Product per weighted unit of labor and capital; average weight of labor—59 percent.

^e In constant prices, deflated by the consumer price index (see Table VI-2).

^f In constant 1972 prices. Does not include exports to the administered areas.

^g Income of farm owners from agriculture, including interest and rent, as a percent of the net capital stock in current prices.

^h The change in the output price index in relation to the input price index.

SOURCE: Central Bureau of Statistics.

Table VI-A4
AGRICULTURAL OUTPUT MARKETED, BY ECONOMIC DESTINATION,
1980/81 AND 1981/82
 (IS million, at current consumer prices)

	Value		Percent annual increase			
			Quantity		Price	
	1980/81	1981/82	1980/81	1981/82	1980/81	1981/82
Output marketed						
Crops						
Direct domestic consumption	3,406	7,095	11.7	-2.3	90	113
Industry	2,463	5,641	-5.5	24.3	115	84
Direct export	7,013	14,183	12.8	1.8	139	99
Total crops	12,882	26,919	7.3	6.5	121	96
Livestock						
Direct domestic consumption	2,935	6,804	-2.1	9.0	150	113
Industry	3,616	8,154	2.9	7.3	144	110
Direct export	355	681	7.5	-3.4	141	99
Total livestock	6,906	15,639	1.0	7.4	146	111
Total output marketed	19,788	42,558	5.1	6.8	129	101
Output retained on farms						
Own consumption	569	1,172	4.7	0.2	118	106
Capital goods	627	1,500	0.2	1.9	149	135
Raw materials	1,863	4,129	9.4	14.9	150	93
Total output	22,847	49,359	5.3	7.1	131	102

SOURCE: Central Bureau of Statistics.

Table VI-A5
CHANGES IN AGRICULTURAL PRODUCTION, 1971/72 TO 1981/82
 (Percentages)

	1971/72	1981/82	Average quantity increase		
			1971/72- 1978/79	1979/80- 1981/82	1981/82
Crops	11	21	5	4	-10
Field crops					
Thereof: Cotton		12	8	5	-8
Vegetables, potatoes, melons, pumpkins	11	10	1	4	6
Fruit (excl. citrus)	12	14	7	14	22
Thereof: Avocados		2	16	1	400
Flowers, plants, seeds, sundry	2	4	25	8	12
Total crops, excl. citrus	36	49	6	7	2
Citrus	23	16	1	7	31
Total crops	59	65	5	6	8
Livestock					
Animals for meat	22	17	4	2	6
Milk	9	10	5	2	6
Eggs and chicks	7	6	2	2	14
Fish and sundry	3	2	2	—	4
Total livestock	41	35	4	2	7
Total agricultural output ^a	100	100	4.2	4.8	7.7

^a Excludes intermediate and capital goods.

Table VI-A6
DIRECT AGRICULTURAL EXPORTS, 1972/73 TO 1981/82^a

	Exports at current producer prices, IS million		Percent annual quantitative increase ^b				
			Average		1979/80	1980/81	1981/82
	1980/81	1981/82	1972/73- 1977/78	1978/79- 1981/82			
Field and industrial crops	3,424	6,337	20	8	-1	35	-10
Vegetables, potatoes, melons	490	1,027	8	6	-19	27	7
Fruit (excl. citrus)	346	1,351	14	44	2	-32	134
Flowers, seedlings, ornamental plants, vegetable seeds, etc.	679	1,511	36	17	5	9	11
Total crops, excl. citrus	4,939	10,226	19	9	-2	19	5
Citrus	2,074	3,957	1	-3	-5	-4	-6
Total crops	7,013	14,183	10	5	-3	13	2
Livestock and livestock products	355	681	12	-9	-31	8	-3
Total agricultural exports	7,368	14,864	11	4	-5	13	2

^a Includes exports to the administered areas.

^b These estimates differ from those of Table VI-A3 owing to differences in definitions, methods of computation, and sources of the data for Judea-Samaria and the Gaza District.

Table VI-A7
AGRICULTURAL OUTPUT SUBSIDIES, 1970/71 TO 1981/82
 (IS million, at current prices)

	Rate of subsidy, at producer prices (%) ^a							
			Average					
	1980/81	1981/82	1970/71- 1976/77	1977/78	1978/79	1979/80	1980/81	1981/82
Eggs	194	842	17	26	33	13	20	36
Poultry	536	1,792	12	30	19	15	31	45
Milk	850	2,858	33	43	55	9	40	58
Total livestock ^b	1,583	5,496	16	21	24	7	20	31
Crops	49	154	1	1	1	0	0	1
Total subsidies on output	1,632	5,650	7	9	9	3	8	12

^a The subsidy divided by the total output of the branch.

^b Includes other livestock and livestock products.

SOURCE: Ministry of Agriculture.

Table VI-A8
INDUSTRIAL PRODUCT BY FINAL USES, 1968-82^a
 (Percentages)

	Weight of uses in derived product ^b					Annual increase			Contribution to growth of derived product		
	1968-72	1973-75	1980	1981	1982	1980	1981	1982	1980	1981	1982
Private consumption	37	27	25	24	24	-8.7	10.8	0.3	-2.4	2.7	0.0
Public consumption	15	21	14	14	15	1.0	9.9	9.8	0.0	1.4	1.4
Total investment	18	18	13	12	12	-11.6	2.2	4.1	-1.7	0.3	0.5
Thereof: Fixed investment	18	18	13	12	11	-5.9	-3.1	-2.7	-0.9	-0.4	-0.3
Total domestic uses	70	66	51	50	50	-7.0	8.4	3.8	-4.0	4.4	1.9
Exports	30	34	49	50	50	16.2	13.6	2.9	7.0	6.6	1.4
To administered areas	2	3	3	3	3	10.9	3.8	-0.9	0.3	0.1	-0.3
To rest of world	28	31	46	47	47	16.6	14.3	3.7	6.7	6.5	1.7
Total final uses	100	100	100	100	100	3.0	11.0	3.4	3.0	11.0	3.4
Industrial production index (incl. diamonds)						-3.1	6.3	0.6			

^a The product attributable to each use is the value added generated directly or indirectly in the production of goods destined for that use, i.e. it includes the estimated value of the intermediates used in production. These estimates are based on Central Bureau of Statistics data on final uses and Bank of Israel calculations of the derived product based on the 1977/78 input-output table. The calculations were made at constant 1977/78 prices and from unrounded data.

^b The 1968-72 average is based on the 1969/68 input-output table, and the 1973-75 average on the 1975/76 table.

Table VI-A9
CHANGES IN CONSUMER AND WHOLESALE PRICES OF DOMESTICALLY PRODUCED INDUSTRIAL
CONSUMPTION GOODS, 1980-82^a
 (Percent annual average increase)

Branch	1980		1981		1982		Average 1981-82	
	Wholesale prices	Consumer prices						
Food	165.2	164.9	94.6	91.7	127.7	118.2	110.5	104.5
Wood and wood products	107.6	103.0	125.7	118.1	125.5	106.2	125.6	112.1
Textile and clothing	106.5	97.7	151.4	150.6	125.5	117.3	138.1	133.3
Footwear, rubber and plastic products	99.6	98.4	156.3	125.6	113.5	106.6	134.0	115.9
Paper and publishing	141.6	135.4	150.3	..	150.3	..	150.3	130.9
Chemical products	129.7	133.7	129.3	..	120.9	..	125.0	127.8
Metal, machinery, and electrical equipment	106.3	94.2	125.0	..	109.4	..	117.1	93.5

^a The changes in consumer prices relate to the industrial goods included in the consumer price index; the changes in wholesale prices were calculated from the wholesale price index of industrial output for the domestic market, with respect to those branches which produce for private consumption. The calculations were made using 1980 weights of domestically produced consumer goods.

SOURCE: Central Bureau of Statistics and Bank of Israel calculations.

Table VI-A10
INDICATORS OF INDUSTRIAL GROWTH, 1981-82^a
 (Percent quarterly increase)

	1981				1982 ^b			
	I	II	III	IV	I	II	III	IV
Industrial production	2.1	1.3	0.0	0.3	0.7	-2.6	1.3	3.7
Industrial exports ^c	2.1	-4.8	7.5	9.9	-8.7	-4.2	-0.1	-0.5
Number of workers	1.3	0.9	0.7	0.2	0.7	0.5	-0.3	1.0
Mandays worked	1.4	-0.9	-0.2	1.3	-0.1	0.0	0.0	3.8
Output per manday (labor productivity)	0.7	2.2	0.2	-1.0	0.9	-2.6	1.4	-0.1

^a Total industry excluding diamonds, seasonally adjusted.

^b Provisional data.

^c These figures are from a different source; this may account for the dissimilar development of the series.

Table VI-A11
INDUSTRIAL EXPORTS, 1981-82

	Value (\$ million)		Percent annual quantity increase		Export share of output originating (%)				Export con- centration ^a	
					Direct export		Total export			
	1981	1982	1981	1982	1981	1982	1981	1982	1981	1982
Mining and quarrying	194.4	189.1	15.9	18.6	56	62	67	72	100	100
Food, beverages, and tobacco	339.2	348.7	12.4	4.6	17	18	22	23	29	32
Textiles	109.7	92.5	-23.1	-14.9	17	15	51	49	41	46
Clothing	277.0	255.4	0.3	-5.3	51	51	54	54	34	42
Leather and leather products	8.4	6.5	22.1	-20.9	24	31	29	36	69	
Wood and wood products	27.7	22.9	-31.3	-15.3	7	6	12	11	51	70
Paper and paper products	7.6	6.4	-55.1	-15.6	2	2	33	32	76	
Printing and publishing	20.7	19.9	-15.0	-3.6	8	6	24	24	42	93
Rubber and plastics	107.7	107.2	-6.8	10.9	33	36	51	53	50	53
Chemicals and refined petroleum products	736.3	647.7	5.4	-4.4	27	25	47	44	53	48
Thereof: Excl. petroleum	499.0	465.8	-2.4	1.8	48	47	63	61		
Nonmetallic minerals	17.1	14.5	6.0	-4.6	4	4	9	9	67	82
Basic metals	58.6	35.5	-41.2	-35.3	19	12	42	37	51	56
Metal products	463.6	514.6	15.6	6.6	38	34	54	50	79	89
Machinery	116.6	112.0	30.5	-3.9	31	30	45	45	42	69
Electrical and electronic equipment	387.1	465.7	47.5	22.5	39	41	50	51	53	59
Transport equipment	513.3	439.9	31.9	-15.4	56	59	60	63	96	94
Miscellaneous	252.1	253.9	15.7	18.4	65	66	68	69	31	39
Total industry, excl. diamonds	3,637.1	3,532.4	11.9	1.6	30	30	42	42		

^a Exports of three largest enterprises in the industry as a percent of the industry's total exports.

Table VI-A12
INDUSTRIAL PRODUCTION, EMPLOYMENT, AND LABOR COST, 1980-82
 (Percent annual increase)

	Production			Mandays worked			Daily labor cost per employee		
	1980	1981	1982	1980	1981	1982	1980	1981	1982
Mining and quarrying	7	5	2	4	3	-8	127	158	112
Food, beverages, and tobacco	-3	10	3	0	3	5	129	143	116
Textiles	-7	0	6	-5	-3	0	125	134	116
Clothing	4	10	-2	-3	2	3	116	144	112
Leather and leather products	-2	4	2	-8	11	4	114	130	145
Wood and wood products	-13	10	6	-5	4	5	139	148	133
Paper and paper products	-9	4	1	-7	3	2	139	149	118
Printing and publishing	10	8	-9	2	1	3	123	136	123
Rubber and plastics	-3	7	2	-6	2	3	126	162	123
Chemicals and refined petroleum products	-3	5	2	-5	-2	-1	141	160	121
Nonmetallic minerals	0	6	-8	-6	5	0	149	144	130
Basic metals	-7	3	-15	-2	-1	-10	150	134	128
Metal products	-4	3	4	-4	-1	1	132	142	124
Machinery	0	8	4	-4	0	0	138	136	125
Electrical and electronic equipment	-2	10	4	-2	2	5	128	145	125
Transport equipment	-5	0	-6	-5	1	-4	126	140	118
Miscellaneous	-15	3	-3	-11	10	-1	153	138	131
Total industry, excl. diamonds	-3.1	6.3	0.6	-3.2	1.4	1.4	129.8	143.3	121.4

SOURCE: Central Bureau of Statistics.

Table VI-A13
ISRAELI SHIPPING REVENUE, 1980-82^a

	IS million			Percentage distribution			Percent real annual increase ^b	
	1980	1981	1982	1980	1981	1982	1981	1982
Cargo (incl. oil)	3,651	8,503	18,895	84	85	93	-0.6	4.3
Imports	1,200	3,049	7,042	27	30	35	5.7	8.4
Exports	627	1,514	3,221	14	15	16	-1.0	-11.3
Between foreign ports	1,824	3,940	8,632	42	39	42	-4.5	7.6
Charter hire ^c	621	1,291	1,242	14	13	6	-3.5	-42.6
Miscellaneous	100	226	272	2	2	1	2.5	-50.0
Total revenue	4,372	10,020	20,409	100	100	100	-0.9	-3.0^d
Thereof:								
Imports and exports	1,827	4,563	10,263	42	46	50	3.4	1.9
Between foreign ports and charter hire	2,445	5,231	9,874	56	52	48	-4.2	-4.8

^a The data for 1980 and 1981 have been revised; those for 1982 are provisional. The calculations were made from unrounded data.

^b Based on Central Bureau of Statistics data, except for charter hire (Bank of Israel calculations).

^c Excludes revenue from the chartering of vessels between Israeli companies.

^d The change in real revenue calculated at preceding year's weights (Laspeyres index). Current-year weighting (Paasche index) yields no change in real revenue in 1982.

SOURCE: Central Bureau of Statistics and Bank of Israel.

Table VI-A14
REVENUE FROM AIRLINE AND AIRPORT SERVICES, 1979-82^a

	Revenue (IS million)		Percentage distribution		Percent real increase			
	1981	1982 ^b	1981	1982	1979	1980	1981	1982
Branch								
Airlines ^c	5,526.6	9,858.0	88.9	87.6	14.0	-9.9	3.2	-8.5
Airports	692.8	1,395.4	11.1	12.4	11.4	-0.3	11.2	1.0
Type of service ^c								
Passenger	4,371.0	7,281.4	70.3	64.7	10.9	-6.5	1.6	-11.8
Freight	1,207.0	2,636.6	19.4	23.4	32.6	-10.0	3.1	0.7
Other	641.4	1,335.4	10.3	11.9	4.3	-25.5	27.8	8.1
Total	6,219.4	11,253.4	100.0	100.0	13.8	-9.0	4.0	-7.5

^a The calculations were made from unrounded data.

^b Provisional data.

^c Excludes the leasing of aircraft to Israeli companies.

SOURCE: Central Bureau of Statistics.

Table VI-A15
INDICATORS OF TOURISM TO ISRAEL, 1979-82^a

	1981	1982	Percent annual increase			
			1979	1980	1981	1982
Foreign visitors^b (thousands)	1,137	998	6.3	3.3	-3.3	-12.2
Cruise travelers	97	98	15.3	-14.9	-12.1	1.0
Tourist arrivals	1,040	899	5.3	5.6	-2.4	-13.6
Thereof:						
Asia and Africa	62	79	-14.2	9.1	-22.0	27.4
U.S. and Canada	274	261	-1.7	-3.0	-1.5	-4.7
Europe	642	510	12.2	9.0	-0.7	-20.5
U.K.	122	105	20.9	10.9	-0.7	-13.9
France	139	121	7.3	10.6	6.5	-12.9
West Germany	134	96	17.7	17.3	-1.0	-28.3
Scandinavia	65	51	6.2	-4.4	-5.5	-21.5
Bed-nights						
In recommended hotels						
(thousands)	6,787	5,390	5.4	2.0	-6.1	-20.5
Thereof: In two highest grades	4,293	3,300	7.7	0.8	-7.4	-23.1
Average per tourist ^c	11.6	12.0				
Tourist hotels						
Number of rooms (monthly						
average, thousands)	25.6	27.1	4.4	2.4	1.5	5.8
Occupancy rate (%)	52.4	45.6				
Employees (monthly average,						
thousands)	17.7	16.9	3.5	-1.9	3.3	-4.5
Income from tourism						
Total (\$ million)	970	893	15.6	13.2	8.2	-7.9
Per tourist (\$)	853	895	8.7	9.6	11.9	4.9

^a The calculations were made from unrounded data.

^b Excludes arrivals from Lebanon without tourist visa (citizens of southern Lebanon, U.N. troops, and diplomats); also excludes foreign tourists to the administered areas.

^c Average for tourists who stayed up to one month.

SOURCE: Central Bureau of Statistics.

Table VI-A16
RESIDENTIAL CONSTRUCTION BY INITIATING SECTOR, 1970-82^a
(Thousands of units)

	Starts			Completions		
	Total	Private construction	Public construction	Total	Private construction	Public construction
1970-75 (average)	56.0	30.0	26.0	46.7	26.9	19.9
1976-78 (average)	31.0	22.5	8.4	44.6	24.0	20.6
1979-82 (average)	34.2	21.9	12.3	31.9	20.0	11.8
1979	38.2	23.2	15.0	30.5	20.8	9.7
1980	32.7	20.1	12.6	30.8	21.3	9.5
1981	37.5	24.4	13.1	33.5	18.6	15.0
1982	28.5	20.0	8.5	32.9	19.6	13.3
1981						
I	13.6	5.7	7.8	6.6	3.7	2.9
II	8.7	6.4	2.4	8.2	4.6	3.7
III	7.2	6.1	1.1	9.2	5.3	4.0
IV	8.1	6.2	1.8	9.5	5.0	4.4
1982						
I	10.6	5.7	4.9	9.3	4.7	4.6
II	6.2	4.9	1.3	7.9	4.7	3.2
III	6.3	5.1	1.1	7.9	5.2	2.7
IV	5.5	4.3	1.2	7.8	5.0	2.8

^a The calculations were made from unrounded data.

SOURCE: Central Bureau of Statistics.

Table VI-A17
RATE OF GOVERNMENT HOME FINANCING FOR
YOUNG COUPLES BY ELIGIBILITY GROUP, 1981-82^a
 (Total loan as a percent of the price of a privately built 2½-3
 room home)

	Minimum group	Maximum group
1981		
First half		
Jerusalem	23	48
Rest of country	25	48
Second half		
Jerusalem	20	40
Rest of country	20	39
1982		
First half		
Jerusalem	22	55
Rest of country	21	55
Second half		
Jerusalem	28	54
Rest of country	27	54

^a Those eligible for such finance are persons who have served in the armed forces. The minimum-finance group comprises persons with 0-599 points until June 1982, with 0-1,000 points until December 1982, and with 0-1,200 points since then. The maximum-finance group comprises persons with 1,400+ points until November 1981, and with 1,800+ points thereafter. Figures are shown only for these two groups since the criteria for determining points also changed. Both indexed and unindexed loans are included.

SOURCE: Central Bureau of Statistics (survey of dwelling prices), Ministry of Housing, and Bank of Israel.

Table VI-A18

RELATIVE PRICES OF DWELLINGS AND PERCENT OF UNSOLD UNITS, 1978-82

	Percent increase over preceding period			Percent of units unsold ^b	Number of units sold, quarterly average
	Dwelling prices	Dwelling prices relative to consumer price index ^a	Dwelling prices relative to input price index ^a		
1978	79.0	18.8	14.2	43.6	3,307
1979	144.4	36.0	29.4	59.7	2,545
1980	93.9	-15.9	-15.1	16.1	2,890
1981	152.8	16.4	9.2	60.9	3,339
1982	120.0	0.0	1.9	70.4	2,306
1981					
I	30.8	8.7	4.7	53.3	3,455
II	25.3	6.9	1.5	56.8	3,616
III	22.2	2.5	4.6	65.7	3,268
IV	18.8	-2.2	1.4	67.9	3,016
1982					
I	19.6	-2.1	-2.4	70.2	2,683
II	24.0	-0.3	-2.1	71.2	2,205
III	25.1	0.6	1.9	70.1	2,167
IV	22.1	-0.4	2.5	71.7	2,186

^a The consumer price index and the residential construction input price index have been adjusted to correspond to the dwelling price survey periods, i.e. the average price index was calculated for each survey period.

^b Unsold units as a percent of the supply of unfinished units. The data are for private construction in the 21 largest towns.

SOURCE: Central Bureau of Statistics and Bank of Israel calculations.

Table VI-A19
WORLD OIL MARKET INDICATORS, 1973-82
(Million barrels per day unless otherwise stated)

	1973	1977	1978	1979	1980	1981	1982
1. Oil production by oil exporting countries ^a	31.1	31.7	29.8	30.9	26.9	22.5	18.7
2. Thereof: Saudi Arabia ^b	7.6	9.2	8.3	9.5	9.9	9.8	6.5 ^c
3. Oil consumption of the industrial countries ^d	38.7	38.5	39.4	39.6	36.7	34.0	32.6
4. Growth of GNP in the industrial countries (%)	6.2	4.0	4.0	3.6	1.3	1.2	0.8
5. Price of crude oil imports of OECD countries (\$ per barrel, c.i.f.)			14.1	19.3	32.8	36.7	34.2
6. Spot market price of crude oil/official price (light Arab oil, %)	106.4	101.4	101.7	167.2	122.0	103.4	94.5

^a The oil exporting countries as defined by the International Monetary Fund. This group is not identical with the OPEC countries, but there is considerable overlapping. Of the OPEC countries it does not include Gabon and Ecuador (which accounted for about 2 percent of OPEC production in 1982); in addition to the other OPEC countries, it includes Oman (whose output in 1982 also amounted to roughly 2 percent of the OPEC figure):

^b Excludes natural gas.

^c Estimate.

^d The industrial countries as defined by the IMF.

SOURCE: Lines 1 to 4—IMF, *World Economic Outlook 1982*, Table 1, p. 143, Table 71, p. 205, Table 72, p. 206; line 5—OECD, *Economic Outlook*, December 1982, Table 62, p. 141, and previous issues; line 6—Ministry of Energy and Infrastructure.

Table VI-A20

MAIN FUEL IMPORT DEVELOPMENTS, 1972-82

(Percent annual increase unless otherwise indicated)

	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	Average change 1972-82
1. Mineral fuel imports (\$ million)	98.2	211.5	598.1	637.9	684.8	737.1	774.9	1,406.2	2,116.4	2,043.2	1,914.2	34.6
Thereof: Crude oil	93.3	195.3	583.6	628.3	679.1	726.9	761.6	1,234.9	1,798.9	1,685.0	1,789.5	34.4
2. Change in quantity		50.6	-25.3	11.2	3.5	-0.4	5.6	11.9	4.1	-6.2	7.6	4.8
Thereof: Crude oil		47.8	-21.1	12.3	4.2	-1.0	5.3	0.8	-4.0	-9.7	22.1	4.2
3. Change in price (\$)		41.6	278.6	-4.1	3.7	8.1	-0.5	62.1	44.6	2.9	-12.9	28.2
Thereof: Crude oil		41.6	278.6	-4.1	3.7	8.1	-0.5	62.0	50.7	3.7	-12.7	28.9
4. a. Change in price of imported crude (in IS at official exchange rate)		41.6	302.8	35.6	30.8	43.8	64.6	136.1	205.5	129.1	85.5	93.4
b. Real change in price of crude ^a		18.0	188.3	-2.7	-0.4	6.8	9.3	32.4	32.3	5.7	-15.8	19.6
5. a. Change in price of imported crude (in IS at effective import exchange rate)		38.3	319.1	27.5	36.7	41.3	55.0	138.9	197.8	130.0	93.6	92.6
b. Real change in 5(a) ^a		15.3	200.0	-8.5	4.1	5.0	2.9	34.0	28.9	6.1	-12.2	19.0
6. Import of mineral fuel (^{'000} metric tons)												
a. Crude oil	6,291.1	8,666.7	6,908.2	7,685.9	7,370.9	7,497.7	7,974.5	7,927.2	7,398.8	6,887.3	8,265.5	
b. Petroleum products	56.8	33.0	48.8	6.2	153.5	246.9	203.9	941.7	1,561.3	1,571.4	330.3	
c. Coal ^b	—	—	—	—	—	—	—	—	—	361.4	990.4	

^a Deflated by the consumer price index.^b A ton of coal is almost equal to 60 percent of a ton of crude oil in ton oil equivalent terms.

SOURCE: Central Bureau of Statistics.

Table VI-A21

INDICATORS OF ENERGY CONSUMPTION IN ISRAEL, 1972-82^a
(Energy in T.O.E.^b and GNP in IS million at 1970 prices)

	Total energy/GNP	Total energy, excl. petrochemicals and nonenergy use/GNP	Private, public, commerce and service consumption/GNP	Gasoline consumption (metric tons)/GNP	Total industrial consumption (excl. petrochemicals)/industrial product	Total agricultural consumption/agricultural product
1972	3,284	3,068	634	331	1,949	1,294
1973	3,415	3,196	700 ^c	363	2,007	1,374
1974	3,280	3,051	632	340	1,918	1,194
1975	3,231	3,010	626	332	1,909	1,044
1976	3,191	2,985	623	333	1,739	1,194
1977	3,225	3,031	629	329	1,711	1,148
1978	3,230	3,007	664	328	1,668	1,019
1979	3,212	2,945	669	320	1,601	882
1980	3,299	2,942	735	315	1,403	740
1981	3,248	2,852 ^d	703 ^d	319	1,371 ^d	665 ^d
1982	3,320	2,915 ^d	718 ^{c,d}	337	1,405 ^d	618 ^d

^a This table presents the energy-product ratios for selected major sectors.

^b Ton oil equivalent.

^c A war year.

^d Bank of Israel estimate.

SOURCE: Central Bureau of Statistics and Bank of Israel calculations..

Table VI-A22
ENERGY PRICE INDEXES, 1972-82^a
 (Base: 1972=100; deflated by the CPI)

	Petroleum products	Electricity	Total
1972	100	100	100
1973	100	90	98
1974	166	116	148
1975	211	142	187
1976	214	160	191
1977	209	156	184
1978	219	170	192
1979	215	159	184
1980	295	224	254
1981	319	227	264
1982	343	226	282

^a The indexes were calculated using 1975 consumption weights.

SOURCE: A. Mandel, *Energy Prices in Israel (1972-1980), Structure and Trends*, Technion Research and Development Foundation, December 1980 (in Hebrew); Ministry of Energy and Infrastructure; Central Bureau of Statistics; and Bank of Israel calculations.

Table VI-A23
PETROLEUM PRODUCT PRICES, 1972-82
 (IS per ton, at 1972 prices)^a

	Liquified petroleum gas	Gasoline	Heavy residual fuel oil	Distillate fuel oil	Kerosene
1972	78.8	89.4	7.7	22.3	31.3
1973	76.4	87.9	7.0	24.5	34.3
1974	96.3	134.7	14.7	41.1	56.1
1975	114.2	156.5	21.6	54.9	70.1
1976	114.2	161.2	21.6	55.2	70.9
1977	117.1	157.5	23.0	49.7	63.9
1978	119.3	152.6	26.8	53.9	62.3
1979	126.4	171.9	28.1	56.6	65.0
1980	154.6	198.5	38.0	69.9	80.2
1981	136.3	164.3	46.1	90.1	103.1
1982	136.2	162.2	46.7	108.1	127.2
Percent increase, 1982 vs. 1972	72.8	81.4	506.5	384.8	307.0
Percent quantity distribution in 1982 ^b	3.0	13.9	54.6	17.4	11.1

^a Deflated by the consumer price index.

^b For lack of complete information, the prices are presented for only part of the petroleum products; the percentage distribution relates to these products.

Table VI-A24
ELECTRICITY PRICES BY CLASS OF SERVICE, 1972-82
(Agorot per kwh, at 1972 prices)^a

	House- hold	Public and com- mercial	Agri- culture	Industry	Water pump- ing	Average price	Relative standard deviation of electri- city price
1972	1.00	1.24	0.63	0.37	0.35	0.67	0.535
1973	0.86	1.08	0.57	0.34	0.40	0.63	0.464
1974	1.01	1.29	0.77	0.54	0.52	0.80	0.372
1975	1.26	1.44	1.03	0.88	0.80	1.06	0.224
1976	1.28	1.41	1.05	0.93	0.86	1.10	0.190
1977	1.23	1.35	1.06	0.90	0.91	1.08	0.173
1978	1.26	1.37	1.15	1.08	1.02	1.17	0.106
1979	1.07	1.21	1.08	1.10	0.99	1.09	0.060
1980	1.61	1.71	1.47	1.44	1.44	1.54	0.070
1981	1.63	1.70	1.52	1.48	1.45	1.56	0.060
1982	1.60	1.65	1.52	1.49	1.48	1.55	0.043
Percent increase, 1982 vs. 1972	60.0	33.1	141.3	302.7	322.9	131.3	
Percent quantity distribution, 1982	26.3	20.0	4.3	32.8	16.6		

^a Deflated by the consumer price index.

SOURCE: See Table VI-A22.

Table VI-A25
ENERGY TAXES, 1972-82^a
(IS million)

	Taxes calculated at:		Taxes according to tax authority definitions ^a							Total
	Official exchange rate	Effective exchange rate	Excise	Defense stamp tax	VAT	Equalization fund	Customs and purchase tax	Import levy	Subsidy to electric co.	
1972	54	49	49	5	—	—	1	—	—	55
1973	51	39	58	6	—	-3	1	—	—	62
1974	43	-30	68	8	—	—	3	6	—	85
1975	229	169	158	14	—	-8	3	60	—	227
1976	287	173	157	19	43	—	4	81	—	304
1977	280	135	168	26	120	—	4	85	—	403
1978	373	204	190	7	268	—	6	—	—	471
1979	20	-449	448	—	513	-120	12	—	—	953
1980	97	-1,266	930	—	1,500	-500	31	—	—	1,961
1981	-354	-3,109	1,723	—	3,486	-5,544	47	—	-1,340	-1,628
1982	13,458	6,091	4,180	—	9,764	-3,221	87	1,541	-2,073	10,278

^a Excludes the credit subsidy.

SOURCE: See Table VI-A26. Taxes according to tax authority definitions—Ministry of Finance, Central Bureau of Statistics, Israel Electric Corp., and Bank of Israel calculations.

Table VI-A26
CALCULATED ENERGY TAXES, 1972-82
 (IS million, at current prices)

	1972	1973	1974	1975	1975 ^a (new series)	1976	1977	1978	1979	1980	1981	1982
1. Energy sector revenue ^b	174	227	483	841	804	1,106	1,492	2,506	4,789	13,992	32,538	79,593
2. Purchase of crude oil and coal at official exchange rate ^c	45	71	287	382	348	503	734	1,288	3,163	10,068	22,793	43,503
3. Purchase of crude oil and coal at effective exchange rate ^{c,d}	50	83	360	447	408	617	879	1,457	3,632	11,237	25,548	50,870
4. Value added tax	41	57	81	117	117	163	248	445	856	2,129	5,144	11,621
5. Marketing, transport, and purchase of inputs other than crude oil and coal	34	48	72	110	110	153	230	400	750	1,892	4,955	11,011
6. Taxes at official exchange rate (1-2-4-5)	54	51	43	232	229	287	280	373	20	-97	-354	13,458
7. Taxes at effective exchange rate (1-3-4-5)	49	39	-30	167	169	173	135	204	-449	-1,266	-3,109	6,091
8. Taxes at 1972 prices and official exchange rate ^e	54	42	26	99	98	94	68	60	2	4	-6	110
9. Taxes at 1972 prices and effective exchange rate ^e	49	32	-18	72	72	56	33	33	-41	-49	-56	49
10. Rate of tax at official exchange rate (%) ^f	45	29	10	38	40	35	23	17	0	1	-1	20
11. Rate of tax at effective exchange rate (%) ^f	39	21	-6	25	27	19	10	9	-9	-8	-9	8

^a For 1975 two sets of data are presented: the end of the old series and the start of a new series.

^b Sales of petroleum products and electricity, excluding fuel for electricity generation. Revenue was calculated by multiplying the quantity of petroleum products and electricity sold by the relevant prices. The definitions of the various types of petroleum products used for the price data are not completely identical with the definitions used for the quantity data. Thus, for example, there are different prices for 94 and 83 (or 91) octane gasoline, but no published average price. On the other hand, in the quantity series there is no breakdown by type of gasoline, and so an unweighted arithmetic average was taken to represent the price of gasoline. In the case of diesel and distillate fuel oil the latter product was taken to represent the price of this group, and for residual fuel oil and kindred products the price of heavy residual fuel oil was used. Revenue was calculated at market prices, including taxes. The taxes on residual fuel oil and electricity are Bank of Israel estimates.

^c Crude oil quantities were calculated by multiplying total fuel consumption (in tons) by the technological coefficients—1.05 for 1972-75 and 1.08 for 1975-82. These coefficients express the crude oil requirements for producing one unit of petroleum product. The data for 1972-75 include some products which were also used for self-consumption and could not be separated from sales, and so for this period we used a smaller coefficient than in subsequent years. Coal for electricity generation appears in the data for the first time in 1982.

^d Crude oil and coal were estimated at the average effective exchange rate for imports of goods and services.

^e Deflated by the consumer price index.

^f The ratio of tax to revenue excluding tax.

SOURCE: See Table VI-A22.