

# PRESS RELEASE

info@cbs.gov.il

http://www.cbs.gov.il

FAX. 02-6521340

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## Tables

### Summary of Israel's Foreign Trade – 2004

#### In 2004:

- Levels of import and export of goods are the highest recorded to date
- A rise of 20.8% in export of goods
- A rise of 20.1% in import of goods
- A rise of 21.9% in manufacturing export (not including diamonds)
- A rise of 16.9% in trade deficit

#### In the last three months, by trend data, at an annual rate:

- A rise of 12.7% in industrial export
- A rise of 13.1% in import of consumer goods
- A rise of 11.3% in import of raw materials

In 2004, import of goods totaled \$40.5 M, compared with export of \$33.7 M. The trade deficit therefore totaled \$6.8 B.

Export of goods in 2004 rose by 20.8%, compared with 2003. Export of goods, excluding ships, aircraft and diamonds, rose in 2004 by 21.9% (\$4.4 B), compared with 2003.

Import of goods in 2004 rose by 20.1%. Import of goods, excluding ships, aircraft, diamonds and fuels, rose in 2004 by 20.5%, compared with the previous year.

The above is based on temporary data regarding goods that cleared Customs, not including trade between Israel and the Palestinian Authority. In addition, the data do not include export of services that include, among others, export of software. Data on all exports and imports of goods and services are published as part of the Balance of Payments, every quarter.

From the data it can be seen that in 2004 manufacturing exports totaled (excluding diamonds) \$23.5 B, a rise of 21.9%. Agricultural exports rose by 27.1%, and totaled \$0.9 B. Diamond exports (polished and rough) totaled \$9.3 B.

A breakdown of manufacturing export data, by technological intensity, compared with 2003, points to a rise in all groups: high technology industries (21.7%), medium-high technology industries (21.9%), medium-low technology industries (25.4%) and low technology industries (12.3%).

Written by Ms. Helen Brosilovsky

For explanations and clarifications regarding the contents of this Press Release,  
Please contact the Press Relations Unit, at 02-652 7845, 050-623 5124

A breakdown of data on **import of goods**, by use, points to a rise in most groups: a rise of 23.6% in **import of raw materials** (excluding diamonds and fuels); a rise of 18.6% in **import of consumer goods**; and a rise of 14.6% in **import of machinery, equipment and vehicles for investment**.

Development of trade in goods in 2004, compared with 2003, was influenced mainly by the rise in quantities which continued throughout 2004, as well as by changes in the value of the dollar against other currencies in which **import and export** transactions are conducted. In 2004 the **American Dollar** dropped in comparison to the **Euro** by 10.8%, after weakening by 16.3% in 2003. Compared to the **Pound Sterling**, the dollar fell by 10.8%; compared to the **Swiss Franc** by 7.7%; and compared to the **Japanese Yen**, by 6.7%.

**The trend data** calculated by the Central Bureau of Statistics, seasonally adjusted and adjusted for irregular elements, point to a consistent rise of **export of goods** from May, 2002. In the last three months of 2004, a rise in **export of goods** was recorded at an annual rate of 12.7%; continuing a rise of 14.0% during July-September, 2004.

In **import of goods**, according to the trend data, the rise continued as of April, 2003. In the last three months of 2004, **import of goods** rose by 11.3%, continuing the rise of 15.4% during July-September, 2004.

## **BREAKDOWN OF THE FINDINGS:**

### **Export of Goods**

In 2004, manufacturing exports (excluding diamonds) constituted 69.7% of all export of goods, similar to that of previous years (69.1% in 2003, and 70.4% in 2002). Export of diamonds constituted 27.5%, and the rest was agricultural export.

Trend data of **manufacturing export** point to a rise of 9.6% at an annual rate, during the last three months of 2004.

Distribution of **manufacturing export by technological intensity** indicates that **high technology industries** constituted 46.3% of it in 2004, similar to their relative weight in 2003. In absolute terms, in 2004 this export grew by \$2.0 M (21.7%). Rises were recorded in most categories: **Manufacture of equipment for control and supervision** rose by \$661 M (30.3%); **electronic communication** rose by \$484 M (20.3%); and **pharmaceuticals** rose by \$366 M (33.3%).

An analysis of the **trend data of exports by hi-tech industries** points to a rise of 11.4%, at an annual rate, during October-December; which continues the rise of 13.1% in July-September, 2004. A breakdown by industries points to a rise in **exports by the industry of manufacture of communication, control, medical and scientific equipment** (18.6%).

**Export by medium-high technology industries** (26% of total manufacture export) in 2004 totaled \$6.2 B, compared with \$5.1 B in 2003, a rise of 21.9%. Most of the rise was recorded in **chemicals and refined petroleum** (excluding pharmaceuticals), which rose by \$851 M (24.4%). Exports of **machinery and equipment** rose by \$233 M (21.0%).

Trend data of **exports by medium-high technology industries** point to a rise of 13.1% in the last three months of 2004, continuing a rise of 23.9% in July-September, 2004.

**Export by medium-low technology industries** (19% of all manufacture export) in 2004 rose by 25.4% and totaled \$4.5 B. Most of the rise was recorded in export of **rubber and plastics** (\$221 M) and **metal products** (\$218 M).

Trend data of **exports by medium-low technology industries** point to a slow-down in the rate of growth during 2004: a rise of 4.6% in the last four months of the year, continuing a rise of 13.0% in May-August, and of 30.6% in January-April, 2004.

**Export by low technology industries** (9% of all manufacture export) in 2004 rose by 12.3%, compared with the previous year, and totaled \$2.0 B. Most of the growth was recorded in **textiles, wearing apparel and leather** (\$101 M).

Trend data of **low technology industries** point to a rise of 10.9% in the last three months of 2004, continuing the rise of 4.3% during August-September, 2004. A breakdown by industries points to a relatively high rise in the export of **food and beverages** (39.9%) in the last three months of 2004.

**Export of diamonds** (polished and rough) in 2004 totaled \$9.3 B, compared with \$7.9 B in 2003.

**Agricultural exports** in 2004 totaled \$909 M – higher by 27.1% than 2003. Significant rises were recorded in **export of vegetables** (51.4%), **cotton and other field crops** (25.7%) and **citrus fruits** (20.2%).

### **Import of Goods**

**Import of goods**, in current prices in dollars, totaled – as mentioned - \$40.5 B, and was higher by \$6.8 B compared with 2003.

A breakdown of the data of **import by use** indicates that in 2004, 40% of total imports was **import of raw materials** (excluding diamonds and fuels); 15% was **machinery, equipment and land vehicles for investment**; 12% was **consumer goods**; and the rest **diamonds, fuels and ships and aircraft**.

**Import of raw materials** (excluding diamonds and fuels) in 2004 totaled \$16.1 B, a rise of 23.6% compared with 2003.

A breakdown by commodity groups shows that a rise was recorded in most groups. Significant rises were recorded in **import of precious metals** (45.7%), **import of agricultural input** (42.3%), **import of iron and steel** (34.8%) and **import of rubber and plastics** (31.4%).

A breakdown of trend data reveals that in the last three months of 2004, **import of raw materials** rose by an annual rate of 14.0%; a continuation of the rise of 16.8% in July-September, 2004. A breakdown by groups of **import of raw materials** in the last three months of the year, points to a rise in the **import of iron and steel** (45.3%), **import of rubber and plastics** (32.9%) and **import of raw materials for machine and electronics manufacturing** (12.7%).

**Import of investment goods** (excluding ships and aircraft) in 2004 totaled \$6.0 B. In 2004 this import rose by 14.6%, compared with a drop of 4.3% in 2003. Significant rises were recorded in **import of passenger cars for business purposes** (31.2%) and in **import of trucks, pick-ups and buses** (25.2%).

A breakdown of trend data indicates that in the last three months of 2004, **import of investment goods** rose by an annual rate of 3.2%; a continuation of the rise of 8.7% in July-September, 2004.

**Import of consumer goods** rose in 2004 by 18.6%, compared with a drop of 12.8% in 2003. Most of the rise was recorded in **import of durable goods** (26.9%), with **import of transport equipment for private use** rising by 29.9%, and **import of furniture and electrical appliances** rising by 25.8%.

**Import of non-durable goods** rose by 12.8%. Most of the rise was recorded in **import of clothing and footwear** (14.9%).

A breakdown of trend data indicates that in the last three months of 2004, **import of non-durable goods** rose by an annual rate of 13.1%; a continuation of the rise of 21.0% in July-September, 2004.

**Import of diamonds** (rough and polished) in 2004 totaled \$8.7 B, a rise of 18.8% compared with 2003.

**Import of fuels** (rude oil, distillates and coal) in 2004 totaled \$4.5 B, higher by 21.7% compared to 2003. This development is mainly influenced by the rise of fuel prices in the world.

### **The trade deficit**

**The trade deficit** in 2004 totaled \$6.8 B, higher by 16.9% compared with 2003. It should be noted that from 1999 to 2003, **the trade deficit** shrank every year.

A rise of 9.7% (\$2.8 B) was recorded in **the trade deficit**, excluding ships, aircraft, diamonds and fuels. This is the first rise since 1996.

More detailed data appears in the “Foreign trade statistics monthly” (only on the internet), at:

[http://www.cbs.gov.il/reader/fr\\_trade/ftmenu\\_h\\_vl.htm](http://www.cbs.gov.il/reader/fr_trade/ftmenu_h_vl.htm)

- A press release on “Foreign Trade by Countries in 2004” will appear on Wednesday, February 19, 2005.

### For Your Information:

As of this month, seasonally adjusted series will be calculated by the new method of X-12-ARIMA, which replaces the method of X-11-ARIMA/2000, used till now. In addition, the processing period has been changed, for purposes of seasonal adjustment in all series presented for a uniform period. In this release, seasonal adjustment is based on data beginning January, 1995.

A detailed explanation of the entire process of seasonal adjustment and trend estimation, appears in “Seasonal and Prior Adjustment Factors for 2004, Trends for 2000-2004” (only on the CBS website: tools, research and papers) at <http://www.cbs.gov.il/publications/tseries>.