



PRESS RELEASE

info@cbs.gov.il

http://www.cbs.gov.il

FAX. 02-652 1340

Jerusalem
March 23, 2005
67/2005

IMPROVEMENT IN ICT INDUSTRIES IN 2004, COMPARED WITH 2003 ICT EXPORTS SIMILAR TO RECORD YEAR 2000

- **Rise of 9% in GDP of ICT industries in 2004**
- **In 2004 ICT industries employed 165,000 people – 8% of all employees in the business sector**

According to preliminary estimates, in 2004 the GDP of ICT industries grew by 9% (at constant 2000 prices) and contributed 24% of the total rise in the business-sector GDP, which rose in 2004 by 6%. The rise in the GDP of ICT industries began in 2003, after a continuous decline in 2001 and 2002. It should be remembered that in 2000 the GDP of the ICT sector grew by 37%, and contributed approximately half of the growth of the business-sector product.

The ICT sector GDP in 2004 constituted 16% of the total business-sector product, and is an important element of contribution to the economic product and the encouragement of economic growth.

The above is based on a survey of the ICT industries conducted by the Central Bureau of Statistics.

The ICT sector, as defined by the OECD, includes the activity of industries that manufacture hardware and industries and companies that deal in software, broadcasting and presentation of information. Industries included in this definition are industries that manufacture communications equipment, electronic components and industrial control and supervision equipment (not including medical equipment). In addition, the definition also includes service industries – telecommunications services, computer and related services (software) and research and development services which include start-up companies – not including biotechnology.

The ICT sector's contribution to the growth in employment, business GDP and exports during 2001-2004 was 4%, 13% and 30% respectively; compared with a contribution of 48%, 54% and 64% respectively, in 2000.

Written by Ms. Galia Yohay

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

The Gross Domestic Product of the ICT Sector

In 2004 the GDP of the ICT sector totaled NIS 49 B, at constant prices; 9% higher than in 2003 and 9% lower than the record in 2000.

The ICT sector includes manufacturing and service industries:

The **GDP of manufacturing industries** included in ICT rose by 9% in constant prices, after remaining stable in 2003. In the record year of 2000 the GDP of the industry rose by 50%. The GDP of the **electronic components industry**, which in 2000 led the growth among ICT industries, rose by the lowest rate of growth of all ICT industries (2%), in 2004. The **GDP of the telecommunications equipment industry** rose in 2004 by 19%, and that of **industrial control and supervision equipment** rose by 10%.

The **GDP of service industries** included in ICT rose in 2004 by 9%, after a rise of 4% in 2003, an annual drop of 7% in 2001 and 2002, and a rise of 29% in 2000. In **start-up companies**, which recorded the main growth of GDP in 2000, a great drop was recorded in each of the years since then, although a rise was again recorded – of 27% - in 2004. Additional rises in 2004 were recorded in the GDP of **communications services** – a rise of 6%, and in **computer services and R&D** – a rise of 9%.

The drop in export of electronic components **in 2004 compared with 2000**, was compensated for by a rise in the export of software services, R&D and start-up companies, as well as by the rise in export of industrial control and supervision equipment.

Employment in the ICT Sector

In 2004 there were approximately 165,000 people employed in the ICT sector, 43% of them in computer and software services and R&D. In 2004 approximately 12,000 employed persons were added to the ICT sector; approximately half of them in telecommunications services (including telephones, broadcasting by channels and satellite dishes, internet services and other communications services).

Employment in ICT in 2004, similar to that in 2000-2003, constituted approximately 8% of employment in the business sector.

Compensation of employees*

Compensation of employees for annual work in the ICT sector totaled approximately NIS 205,000 in 2004 (approximately \$ 46,000) at current prices; 80% higher than the cost in the business sector (NIS 114,000). In 2000, a record year before the hi-tech crisis, the compensation for work to an employee in ICT was almost twice as high as the compensation for work to an employee in the business sector.

* Compensation of employees – is defined as the total expenditure for wages and salaries and supplementary expenditures for wages and salaries.