

Israeli economy picking up pace

Israel's economy is forecast to grow by 4.2% in 2004 as it continues to emerge from a three-year recession.

The main driver of the faster-than-expected expansion has been exports, with tourism seeing a strong rebound, the statistical office said. The economy is benefiting from a quieter period in Palestinian-Israeli violence and a pick-up in global demand for technology products. The outlook is better than it has been for a number of years, analysts said.

Many companies have focused on cost cutting and greater efficiency, while the government has been trying to trim public spending and push through reforms. The growth figures come about despite a strike earlier this year by about 400,000 public sector worker which closed banks, hospitals, postal services and transport facilities. Growth did slow in the second half, but only slightly. Exports for the year rose by 14%, while tourist revenues were up by 30%. Imports gained by 13%, signalling that domestic demand has picked up again. In 2003, imports declined by 1.8%. In 2003, the economy expanded by 1.3%