China, Peoples' Republic

SEB GROUP – COUNTRY RISK ANALYSIS **November 30, 2017**

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More warnings have recently come from the IMF that China is approaching a point of no return and that few countries having come thus far have been able to avoid a sharp slowdown or crisis. Markets are still calm and investors appear sanguine impressed by continued high growth in 2017although largely thanks to fiscal stimuli and high credit growth. With Pr. Xi now anointed for another 5 years in office it is increasingly crucial how he will use his new power – strengthened reforms or continued statism.

Summary and conclusions[1]

Growth surprises on the upside: With latest quarterly GDP ticking in higher than expected, expectations are now for another year of solid growth around 6,8%, even slightly up on last year's result. This is driven by continued strong private consumption, global tailwinds, government investments and not least still high albeit slowly subsiding credit growth. Price pressure remains tamed and the external balances are in good shape. The central bank has stopped bleeding reserves after some tightening of controls but most of all because investors saw little scope for further yuan weakening and dollar surge.

So why worry? Alarmists point to very loose fiscal policies, very high credit growth, overcapacity in industries and rapidly falling productivity. IMF research compares this to 44 other cases in modern times of 25% annual credit growth over five years -- a situation China fits easily into. In nine out of 10 cases such have been followed by sharp slowdowns in activity or outright financial crises. Clearly there are mitigants: China has high reserves, dominating and so far solid state-owned banks, low inflation and excellent government finances -- that is if you believe official numbers, which the IMF apparently does not.

Financial complexity and inter-connectedness: In return, an out-of-size, exceedingly complex and interconnected financial system often suffering under poor regulations much resembles the US and UK before the GFC in 2008. Some people take solace that China's capital controls can prevent a financial run but that may be illusory and anyway comes at a cost of a less speedy recovery once the crisis is settled. Aggravating the problem is a looming demographic crisis gradually raising the dependency ratio to 50% in the middle of the century. Then again, after Pr. Xi's recent political success, at least any infighting should be a lesser problem for crisis management. Strong-man rule can also have its advantages.

Ratings: Two rating agencies have recently downgraded the sovereign one notch within the A-rated investment grade range. That may prove premature should Pr. Xi eventually become the reformer he once promised to be some four years ago meaning he will now kick-start the reform program while accepting the likely transitional negative effects on activity. Otherwise, we expect other agencies to follow before long. Country risk is less favorable, though. The sticking point with China at this stage is not the sovereign, but the country in general including its financial sector.

[1] This report is based on publicly available information and information obtained through meetings in Beijing and Shanghai with banks and independent observers during a visit in early November 2017.Any shortcomings or mistakes are the responsibility of the author.

Recent economic developments

Price pressure remains under control: For most of the current decade consumer prices, both headline and core prices, have increased by a steady and moderate annual rate 1,5-2%, much in contrast to the previous decade when it varied over a span of –1% and 6% a year. In the current year the consumer price index (CPI) is expected to show an increase of 1,6% year-on-year (yoy). Producer prices, by contrast, are still a concern, having experienced deep deflation for several years, and just recovered into positive territory since late 2016. Several reasons are noted for this development including the steep decline in global raw material prices which affected Chinese output prices with a lag. Also the growing overcapacity in key Chinese industries -- steel, cement, plane glass, aluminum and ship-building contributed. With some reduction including 5% less capacity in coal and steel, supply and demand has been brought closer to balance and supported a rebound of prices to more than 6% as recorded by the producer price index (PPI) for the current year. This is expected to represent a catch-up with all price indices flattening in 2018.

Volatile property prices. Following a surge in residential housing demand for the last couple of years the central bank has since late 2016 again tightened macro prudential measures for banks when lending into housing activities. This has triggered a stark cooling of the market over recent quarters with the effect to reduce prices in tier 1 cities – Beijing, Shanghai, Tianjin, Chongquing and Guandong and flattening price developments in the others. The property market in China stands out in comparison with other countries for its large and frequent price variations that are often triggered by the fine tuning of PBC's (People Bank of China – central bank) macro prudential measures which guide banks' lending behavior for mortgages. That combines with the fact that a significant part of housing demand – not least in the largest cities -- is of speculative nature and sensitive to borrowing conditions but also other investment opportunities. The latest period of surging demand began in 2015, the year of the latest stock market crash, and is about to end now after the PBC again tightened guidelines in late 2016. In last June residential sales were up only 0,3% yoy, in stark contrast to 12 months earlier when it had risen almost 17% yoy. Only the government's shanty town renovation seems now to support activity.

External balances keep steady: Despite growing exports even more buoyant imports are now combining with negative terms of trade effects to slightly reduce the current account surplus by 0,4pp to an expected 1,7%/GDP in the current year. Until last June this had been offset by recurrent net capital outflows despite inflows under the foreign direct investment account as Chinese investors spent less money abroad while foreign investors spent more in China. However, as central bank reserves actually dropped by $150bn. in the January-June period other capital transactions, including portfolio, loans and deposits, had obviously offset the recorded current account and net FDI surpluses. At more than $3tr. China's reserves are still adequate, and might drop at least another $1tr. before reaching worrying low levels according to IMF estimates. On another note, the internationalization of the Renminbi seems to now to have deviated further from policy goals. According to new SWIFT data the share of international reserves held in the Chinese currency has dropped by 0,1pp to 1% since 2015.

Policies

Against expectations of most observers financial policies have continued an overall loose stance in order to uphold demand with the apparent objective of reaching government GDP targets. The central government budget deficit has increased moderately while the total general government shortfall has widened significantly to more than 12% of GDP according to IMF calculations overruling government protestations. Despite some central bank guided tightening for interbank lending, monetary policies have *remained overall loose prompting total credit expansion to continue exceeding nominal GDP growth rates. To the growing discomfort of the monetary authorities, leverage has continued to rise to some of the highest levels relative to GDP recorded anywhere not counting global financial centers. The IMF warns that by historic experience this is could be a precursor to a financial crisis. Reform policies have for the most part remained on the backburner.*

Widening fiscal deficits: The fiscal deficit for 2017 is set to widen by 0,5pp to 3,75% according to official estimates of government net borrowing due in part to further cuts in business taxes. With a general government debt at 38%/GDP such a loosening should not necessarily cause an outcry. As long suspected, the problem is that these numbers do not seem to properly include local government budgets and debt burden that began to accumulate after the great fiscal stimulus launched in late 2008 to combat the spillovers from the global financial crisis. These extra spending never showed up in the statistics or were ever officially terminated. The latter was probably a consequence of the uncertain legal status of the stimuli as local governments were legally barred from incurring debt in own name. Instead the central government looked the other way when local governments did essentially the same but in the name of financial vehicles usually under their full control.

Augmented deficits and debt: After a government survey in 2014 revealed that this debt had accumulated to more than 20%/GDP raising general government debt to about 40%/GDP, alarm bells rang in Beijing. The central government assumed all outstanding debt of local government finance vehicles (LGFV) then reiterated the budget law that legally removed any government responsibility for such debt at least when contracted on non-market-conform terms. However, the large overspending continued although a minor part of them were now also covered by sales of land bought from farmers and sold at a much higher price to developers. Accounting for this the IMF constructed two new fiscal concepts for China's fiscal sector, the *augmented* general government deficit and associated debt. These metrics now show that the general government annual deficit has continued to creep up to more than 12%/GDP in 2016 with the augmented debt reaching 62%/GDP.

Local government financing: The LGFV financing has apparently continued much undisturbed while local government have been permitted also to issue bonds sold on open markets. In fact all their old debt to banks in the name of their LGFV have been gradually securitized but not necessarily sold to private non-bank investors but rather to the same banks replacing old loans. Moreover, new LG (local government) bonds are also soaked up by banks, in particular local commercial banks, most of the time at a price that could indicate buyer's belief that the central government eventually would bail them out. In last April, the central authorities reiterated (Circular 50) that all LGFV debt was to be valued at market terms and somewhat later (Circular 87) prohibited LGs from using government purchase agreements as off-balance financing. Rumors had spread that LGs often arm-twisted their local banks into buying their debt. This seems to corroborate that new LG debt whether in terms of LGFVs or securities are not contracted or sold at market terms.[2] This allows LGs to borrow more than they might otherwise afford. Should this go wrong one day, the government may have to pay up to prevent a banking crisis. As a consequence, such liabilities must at least be regarded as contingent liabilities on the general government, even though they may not be legally binding. The IMF accepts criticism that its calculation may include some double counting of liabilities, but also notes that it may not have covered all implicit government debt related for instance to public-private partnership projects.

[2] These bonds have daily quotations from many brokerages but the market is too thin and the liquidity to low for the pricing to be trusted. Most banks prefer to hold them to maturity.

Debt sustainability: Based on official numbers it may be calculated that government debt will continue to grow gradually relative to GDP – the debt ratio –but stabilize at around 42% in 2022 provided that the budget law is fully implemented and that all implicit or open government borrowing takes place on a strictly commercial basis. On the basis of *augmented* fiscal metrics, by contrast, the situation can deteriorate rapidly and hike the debt level to 92%/GDP by 2022. That debt ratio is clearly higher than the average of peers among emerging markets, but perhaps not yet high enough to warrant market panic by itself. There are also reasons to believe that China can tolerate higher government debt levels against the back-drop of solid domestic savings and strong external balances. However, other factors including looming demographic spending pressure and rising debt levels in the private commercial and household sectors can offset this. The main problem is that government debt will not stabilize at this level according to IMF calculations, but continue to rise to almost 300%/GDP in the course of a few decades.

Accommodative monetary policies: After 16% credit growth in 2016, more than 6% above the nominal growth of the economy and already from high debt levels, the central bank might have been expected to hike interest rates on new credits. Instead it left bench-mark lending rates for banks untouched in an environment of low consumer price inflation. As such, monetary policies are still accommodative and might call for hiking overall lending costs for corporates and households most of which pay a relatively moderate 4,25%pa for mortgages and other bank-loans. However, the PBC did tighten liquidity conditions for banks by hiking the7-days repo rate to 2,5%pa. That is still barely positive in real terms but hit smaller commercial banks which are net borrowers in the interbank market, as explained on these pages in last May. As a result, some excess liquidity in the interbank market dried up as seen in a higher Shibor and a flattening growth curve for outstanding wealth management products (WMP). As also explained on these pages in last May these were seen as a growing threat to overall financial stability. At the same time the supervisory authorities announced that as of next January off-balance investments in such products will be included in PBC's prudential macro assessment (PMA) meaning that banks may be struck by higher reserve requirements or other penalties. In return the monetary authorities signaled a greener light for banks' investments in trust products, including entrusted funds. Unlike WMPs these have become subject to more regulatory oversight.

Monetary policy objectives: The problem for the central bank regarding these not entirely consistent policies is that it is mandated to pursue multiple goals not only for prices, but also overall growth, the exchange rate and financial sector stability. For example higher lending rates could help quell excessive credit extension but that could impinge on other targets, including GDP growth. In return that could also squeeze out more credit activity into new kinds of off-balance lending, which the PBC tries to limit for prudential reasons. That said, lenders are now in principle free to set interest rates independently but few seem to deviate much from the PBC's benchmarks as rumors persist that those who dare swiftly attract the focus of supervisory authorities. -- One new and clearly favorable development is that the government is now organizing the four financial sector regulatory agencies under one roof to help coordinate supervision and reduce inconsistencies.

Fighting "irrational" depreciation expectations: In last May the PBC revised its guidance to banks' daily opening exchange rate quotations to help reduce "irrational" depreciation expectations, although without defining the adjustment factor. This and other initiatives from the monetary authorities fit into a pattern of tighter administrative control over the foreign exchange market after the prolonged period of yuan weakness in 2016 when the PBC lost $1tr., a quarter of its reserves. There are also reports of stricter enforcement of existing capital controls with an asymmetric approach. In the event the currency stopped weakening against the dollar, but many analysts and traders refer that to the weakening of the US currency since last winter as markets first love with the new US president began fading.

Yuan in line with fundamentals: It is unclear what the central bank may obtain with its focus on the exchange rate. Tighter controls tend to be eroded over time as markets find ways to circumvent them and then little is achieved except lost reputation for the monetary authorities. In fact, many observers supported by the IMF actually find the value of the Renminbi about in line with fundamentals. The authorities would probably be well advised to worry less about day-to-day variations even in periods when the trend deviates from the average. Political considerations may of course demand another stance.

Reform policies

SOE reforms on the back burner: Once spearheads of government policies, state-owned enterprises (SOEs) have since several years struggled with declining productivity and profits. That could in part be excused with their continued commitment to provide social services to their employees and local communities although they also received ample subsidies in return, including cheap credits and land estimated to the equivalent of up to 3%/GDP per year. Their main problem though is failing ability to adjust which has led to overcapacity in several industries despite nascent efforts to decrease it as mentioned above. However, under current plans -- confirmed by the recent communist party conference, SOEs would rather be allowed to extend their size and activity further crowding out private sector development. That is now increasingly relevant for the development of the services sector including IT, telecommunication and transport. According to the OECD's Product Market Regulations index, such services remain tightly closed in terms of barriers to entry in comparison with other countries including other emerging markets.

The financial sector – never ending leverage? Over recent years the financial sector has grown very rapidly in terms of assets to 300%/GDP, more than three times the emerging market average and above the advanced country average as well. China's non-financial sector debt stands at 235%/GDP, of which corporate debt represents more than two thirds – half of them SOEs -- leaves household debt at around 60%/GDP. The latter is still large and more than 100% of average household incomes, not far below the US. Credits are still growing briskly, so far this year at 14%. That is lower than last year but still well above nominal GDP growth implying still growing leverage and financial penetration. This is not to say that monetary authorities are oblivious to the inherent risks of such credit extension which has raised the credit/GDP ratio by 70pp since the development gathered pace in 2013.

Capital account and financial sector opening: More peer pressure from abroad might be a way to discipline competition including for deposits. That might raise funding costs and probably make Chinese banks more cautious in their lending practices. Last July an internal Financial Work Conference recommended to open up the financial market to foreign firms while at the same time liberalizing the capital account. As a result, after the recent communist party conference it was announced that the government will allow more than 50% foreign ownership in several types of financial institutions while removing the cap on 25% foreign ownership in Chinese commercial banks. That is certain to attract interest from the international financing community unless it is killed off by new tunes from politicians in Beijing about raising the party's influence in all companies and spheres of economic life. But the greatest challenge for the new recommendations as they are implemented will probably be to convince the party generals that this will not interfere with the newly asserted objective of having strong state owned enterprises and banks playing a leading role in China's economic development.

Credit boom – Is China different? The IMF research we commented on at these pages a year ago, at the time only a working paper, has now been included in the regular Article IV report implying that the institution as such is now behind it. This report points to declining credit efficiency meaning that almost two times more credits now are needed in the economy to raise GDP by a certain amount compared to the situation at the beginning of the decade. This deterioration has been most pronounced in the last four years when SOE's have been allocated about two thirds of all new loans. This has been done to uphold GDP growth. Without it yearly growth would have been some 1,4pp to 1,9pp lower.

Five out of 43 cases that ended badly: The report notes that in modern history out of 43 cases of credit booms of more than 30pp up on GDP over a 5 year period all but 5 ended in a major slowdown or outright financial crisis. In China it has so far grown by more than 70pp to an estimated 251%/GDP by coming year-end. The report also notes that all credit booms that started from a debt/GDP ratio above 100% ended badly. China started from a debt ratio of 179% in 2012.

Complex, interconnected and opaque: This is far from saying that the short to medium term future of China is sealed. China is in many respects a special case having a strong external position with high reserves and moderate debt to foreign investors, a so far still strong fiscal position although "augmented" debt paints a less rosy picture, high domestic savings and an overall low loan to deposit ratio in banks although the individual position among them varies considerably. Finally China has capital controls that can be expanded and enforced more actively although those can also present a double edged sword as discussed above. However, many of these mitigants characterized also Japan during its hey-days in the 1980s which ended in a decade of low growth and financial sector troubles. But what sticks out in the case of China when compared with all credit booms that ended badly except for the most recent in the US, is the overwhelming complexity, interconnectedness and opaqueness of China's total financial system, including its shadow banks. That is likely to make any rescue operation exceptionally more complicated than in any emerging market crisis seen so far.

Political developments

Consolidating achievements: At last months' 19th Communist Party Congress, a quinquennial event, Pr. Xi was appointed for another term to 2022 but with no anointed successor in the Polit-bureau's Standing Committee, a 7-member top echelon board. Observers points out this was a first time since Chairman Mao and suggests that Pr. Xi may have decided to stay on for more than two terms even though this would require a change of inner party rules as they have been practiced so far. At several photo sessions Pr. Xi was flanked by former presidents Hu and Zemin apparently to show political continuity but probably also to quash any rumors of infighting. Pursuant to party rules the Standing Committee was constituted with all new members below 67 years of age and names that had been widely predicted by pundits months ahead.

On economic policies Xi's main policy speech reaffirmed his intention to let the "markets play a decisive role in resource allocation" as declared at the Third Plenum in 2013, but also promised to "build stronger, better and larger state owned enterprises". SOE reforms will remain gradual to ensure that SOEs stand steady as "pillars of the economy". Otherwise there was no material change in policy direction but for the fact that the president announced no new long term growth targets like the last one to double GDP from 2010 to 2020 which he had pronounced soon after his inauguration in 2012. The lack of a new reform program stands in contrast to the fact only some 15% of the reform program of 2013 has actually been implemented according to the European Chamber of Commerce in China. This would have been an opportunity for revitalization if that is what the leadership really wants.

Xi's legacy: But for his promise to double GDP which is now likely within reach barring any near-time economic/financial bust, some observers have noted that Pr. Xi's first term in office will rather be remembered for one of increasing political repression, economic statism but international activism. On the contrary, observers comment that the communist party leaders repeatedly emphasized phrases like "party leads everything" to a degree not seen since the late Mao-era. As such censorship and restrictions on internet is set to intensify. Somewhat ominously, last April Pr. Xi under other circumstances reportedly equated financial stability with national security. The official report from the congress remained almost mute on political reforms, in contrast, to the report five years ago where this occupied an entire section.

On external security the congress was more outright. China admits now to building an army capable to win wars. Five years ago the ambition was to win "regional" wars only. The wording on this issue could leave the impression of being more bellicose. Lovers of semantics may find it interesting the word "peace" was mentioned only 18 times against 37 times in a similar document of the 18th congress.

On North Korea nothing extraordinary transpired in official documents or sessions. A number of observers believe that Beijing may have more leverage over Pyongyang than officially admitted. That may be good for stability as long as the US, Japan and South Korea do not perceive Beijing as doing too little to use this leverage to restrain the Nort Korean leader.

Outlook

2018 will be a year to remember as regards China's economic and financial development. Will the president now use his strengthened position to ram through new policy initiatives or at least let go fine tuning of growth and other targets and let the economy free to find its own sustainable equilibrium path? That is of course if this is still an alternative. The leadership may decide that it is already too late to change direction. China has been described as a tanker; it takes long time to turn and warnings must be heeded long time ahead. Turning around to abruptly may create a worse disaster than the one you try to avoid.

For 2018, most observers repeat the picture they originally had painted for the current year, namely a marked but still gradually slowing GDP growth falling about half a percentage point to a few tenths of a percent above the 6% annual growth mark. That goes along with continued containment to credit growth with the goal to stabilize the total debt ratio of the economy by early next decade. The open and the quasi -- augmented -- fiscal stimuli will also gradually be reined in with the effect of all these measures to bring growth down to a sustainable level of 5-5,5 percent annual growth rate at the beginning of the next decade.

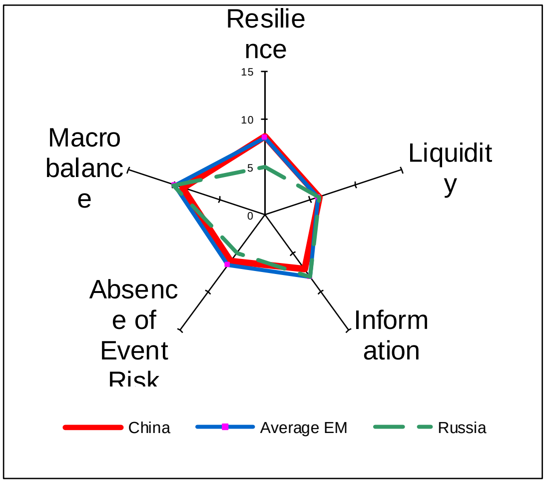
This will leave the economy with reduced demand for labor, but that may be a lesser problem in terms of social stability than only a decade ago as the labor force is beginning to decline for demographic reasons. However, this development may to some extent inflict on ambitions to continue rapid urbanization, the main driving force behind the China success story over the last four decades. Still some 45% of the population lives in rural areas, although what is rural in this case often includes towns with up to 10.000 inhabitants. Plans are to reduce that share to 40% before the middle of the next decade. It is, however, not obvious that these people are as attractive to businesses and factories as the youngsters who left the countryside in the past. Unfortunately, the national census was last updated in 2010, making estimates of gender, age structure and level of education of those remaining in rural districts much of a guesswork until a new census expected in 2020.

The alternative is to continue massive fiscal stimulus combined with the same monetary and credit policies mainly through the state controlled banks in order to maintain high growth. This risks aggravating ongoing imbalances in terms of excessive leverage of both the commercial and the fiscal sector and make China increasingly more vulnerable to shocks. Those could come from within, including a collapse of vital parts of the financial system -- the opaque WMP market being a key suspect. It dominates a third of total credits in the economy. They could also come from abroad, including the US imposing punitive tariffs on imported Chinese goods.[3] In a worst case scenario external security issues could come to the surface. While open regional military conflicts are still regarded as distant tail risks by most observers, although increasingly fat as such, they can no longer be ignored. As regards internal security,

[3] The Institute of International Finance, Washington DC, calculates that a 10% levy on Chinese goods in the US may pull Chinas GDP growth down by 1pp in the first year following the event.

by contrast, experience with autocratic regimes in modern times tells a sad story of successful repression when the authorities do not desist from using violence to quell opposition.

Key ratios	2017
Population (mill.)	1410,1
GDP/capita ($)	8692
GDP (%chg.)	6,8%
Inflation	1,5%
Trade balance/GDP	1,6%
Reserves/imports (months)	29
Budget balance/GDP*	-4%
Government net debt/GDP*	16%



External ratings:
Fitch: A+
Moody's: Aa3

Peers:
UAE
Latvia
Italy

Graph: China scores above average on macro balance and liquidity, but is weaker than the average on reliable information. Resilience is about the average of emerging markets but event risk is weaker.

*) Central governmment only

Key data:	2013	2014	2015	2016	2017	2018	2019	2020
GDP (mill.US$)	9689	10451	10960	11190	12257	13789	15252	16859
GDP/capita (US$)	7002	7513	7841	7969	8692	9740	10736	11830
GDP (%chg.)	7,8%	7,3%	6,9%	6,7%	6,8%	6,2%	5,8%	5,6%
Investments/GDP	48%	49%	49%	48%	49%	48%	48%	48%
Budget balance/GDP*	-2%	-2%	-3%	-4%	-4%	-4%	-4%	-4%
Govt net debt/GDP*	14%	14%	15%	15%	16%	16%	17%	18%
CPI inflation (%chg.)	2,6%	2,0%	1,4%	2,0%	1,5%	2,0%	2,6%	2,8%
Money demand (%chg.)	8,5%	4,4%	4,4%	6,6%	6,2%	5,2%	4,8%	3,7%
Stock prices (%chg.)	2196	2236	3714	3003				
Interest rates	4,9%	4,8%	3,8%	3,0%	4,5%	3,9%	4,0%	4,2%
Exch. Rate ($)	6,15	6,16	6,28	6,64	6,75	6,53	6,42	6,30
Trade/GDP (%)	41%	39%	34%	31%	32%	31%	30%	29%
Oil price (Brent)	$109	$99	$52	$44	$52	$50	$54	$62
Millions US $								
Export of goods	2 148 590	2 243 760	2 142 750	1 989 520	2 217 800	2 378 630	2 557 360	2 758 480
Imports of goods	1 789 610	1 808 720	1 566 560	1 495 440	1 720 820	1 844 670	1 977 900	2 150 980
Other:	-210 776	-198 993	-272 025	-297 700	-305 718	-331 472	-361 405	-394 210
Current account ($ mill)	**148 204**	**236 047**	**304 165**	**196 380**	**191 262**	**202 488**	**218 055**	**213 290**
(% of GDP)	1,5%	2,3%	2,8%	1,8%	1,6%	1,5%	1,4%	1,3%
FDI	217 957	144 967	68 099	-46 646	15 330	-563	-1 507	-681
Loan repayments	-36 681	-38 158	-80 227	-123 717	-77 440	-72 292	-73 748	-75 234
Net other capital flows	-11 060	-31 956	-645 247	-439 067	-228 952	-72 193	-69 180	-61 315
Balance of payments	**318 420**	**310 900**	**-353 210**	**-413 050**	**-99 800**	**57 440**	**73 620**	**76 060**
Reserves	3 624 350	3 935 250	3 582 040	3 168 990	3 069 190	3 126 630	3 200 250	3 276 310
Total debt	1 346 600	1 658 450	1 550 390	1 249 650	1 214 130	1 379 600	1 596 690	1 823 370
o/w short term debt	970 185	1 178 540	1 040 180	895 326	889 999	914 819	947 382	981 384

Source: OEF (Oxford Economic Forecasting) and SEB estimates.

* Central government only

Rating history				
Fitch (eoy)	A-	A	A+	A+
Moody's (eoy)	A1	A1	Aa3	Aa3

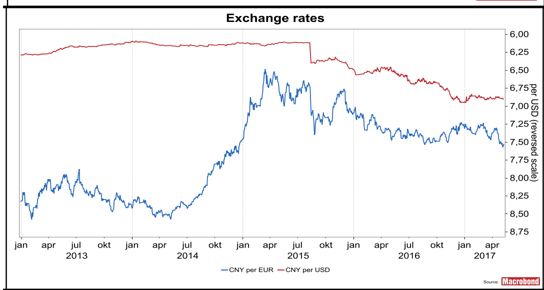
Type of government: Communism. Leaders expected re-elected at next party conference in 2017

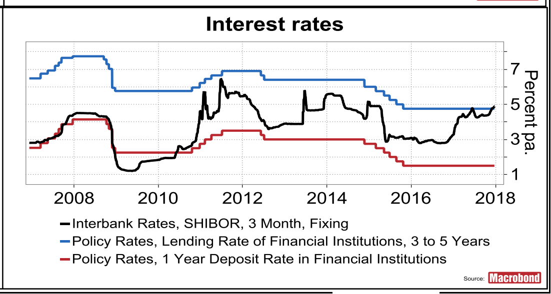
Next elections N/A

Other:

Latest PC deal None

Recent IMF programs None





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