Press Briefing: Europe and Central Asia Economic Update 2013

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MR. KIRCHER: Good morning, everybody, and thank you for coming. I am Andrew Kircher, Communications Advisor for the Europe and Central Asia Region. We will have two speakers today and follow it with a Q & A.

Let me first introduce Philippe Le Houerou, Vice President for the Europe and Central Asia Region, and to his right is Ana Revenga, Head of Human Development for the Europe and Central Asia Region.

I believe we have Russian on Channel 2 in case you need it. And just keep in mind that we will have a press release; we will issue it at the end of this briefing. And we will also get the transcript out to you as soon as possible after it comes back to us. Let me turn it over to Philippe, and thanks for coming.

MR. LE HOUEROU: Thank you, Andy, and good morning, everybody. I know that in terms of news cycle, we are in competition with many other events at the same time, but for those of you who have followed this briefing in previous years, I would like to simplify and give a few messages on where we are in the Region in terms of economic performance, and then turn to Ana to drill down on one of the key issues that I want to point out today, which is unemployment and job creation.

So, again, those who have heard me in previous years, the first slide that I would like to present is about how the Region compares. The Region for us is Europe and Central Asia, and by Europe, we mean Eastern Europe, the Balkans, and Central Asia; it goes all the way to Kyrgyzstan and Tajikistan.

So the first message is that when you compare this Region with the rest of the Regions in the Bank, we see two very simple things.

The first is that the Europe and Central Asia region was the worst hit during the 2009 crisis. This is the red bar that you see going down. You can see that other Regions were affected, but far, far less.

But then the question is, fine, we had a big crisis, a deep crisis. We know it. What has happened since then? How was the recovery? And there is also some not-so-good news, that the recovery since the 2009 crisis has been on average in the Region weaker than any other Region in the world. And you can see again very clearly in the slide from, obviously, East Asia but also South Asia and even Latin America and Africa.

So we had, again, a very sharp crisis in 2009 and since then, a muddle-through and slow recovery. But these are averages.

Now it is interesting to drill down on what happened within the Region in terms of recovery. And there, we see some patterns emerging. The recovery, in a few simple words, has been uneven. It is a multi-speed recovery, frankly. If you break it down into subgroups, you have the Commonwealth of Independent States that have recovered quite nicely from the crisis--you can see the post-2009 growth rates. Turkey bounced back very, very strongly to a point where there was overheating, and some of it was financed by short-term credit, so there was a lot of discussion about overheating, but they managed very nicely a soft landing, and overall, the recovery has also been quite good.

Then, we go to the part of the Region where the recovery has been the weakest, and that is Central Europe, (CE) and the Balkans, and in the Balkans, in fact, a double-dip recession in 2012, and what we forecast for 2013 is a very mild, weak recovery of about 1.2 percent.

Now, obviously--that is why we put the euro zone bar charts--the closer you are to the euro zone, the more difficult it is to bounce back. Why? Because the euro zone is obviously the export market for a lot of these Central European and Balkan countries, but it is also a source of FDI, and the banking sector is very important. We also have remittances. And the countries that are integrated with Southern Europe are doing even worse. I have in mind, for example, Albania, where you know there are many Albanian workers in Greece. Greece has had a very difficult time, and Italy, so then the remittances declined very sharply.

So clearly, the Region has a very differentiated recovery, so on average, lower than the rest of the world, of the Regions of the Bank, and within the Region a very differentiated recovery since 2009.

Now I would like to quickly go through what that means, this growth, with other key variables.

First, on the fiscal aspect, we see again almost an inverted picture of what we see in growth. So the CIS are doing much better. They had a big deficit in 2009 and bounced back quite nicely to the point where now there was a surplus last year, and this year, it will be close to equilibrium on their fiscal account.

Turkey also had a very sharp decline. Part of it was stimulus and automatic stabilizer, so a big deficit, but they bounced back very, very nicely after the crisis, and now they have a deficit that is quite manageable.

Then again, we go to the part of the Region which is still struggling, which is Central Europe, but there also, big deficits--the usual story--crisis, revenues go down, automatic stabilizers kick in, social protection programs go up, and the deficit increases. That is the classic story.

But since then, we have made, as you can see, a lot of fiscal consolidation.

The part of the story that is less good is the Balkans, where you can see there was, again, a sharp drop--in fact, there was a fiscal surplus in 2007 that translated into, again, a big deficit in 2009. But since then, it has been very difficult to close this fiscal gap. Why? Because that is a little bit the echo of what we have seen on the growth side--when the growth is weak or negative, it is very hard to have big revenue, and social expenditures have a tendency to increase and stay at high levels. So there is difficulty closing this fiscal deficit that was generated during the crisis.

The legacy of the crisis and what I just said about the fiscal deficit--you can see it in the public debt. Again what we see is that the CIS stabilized; Turkey in fact went down, and the part of it is because of the lira appreciation. But fundamentally, it is a good story. And then we have Central Europe, where public debt increased but kind of tapered off in 2012-2013, and again, the Balkans, where we are reaching a very high level of public debt to a point where this is becoming a real issue in some countries.

Now let's go from the fiscal to the financial sector. On the financial sector, we have nonperforming loans, and there again, the story is that both in Central Europe and the Balkans, nonperforming loans are going up, and we see that continuing year after year, and again, especially in the Balkans, which means that the fragility of the banking sector is far greater now than it used to be before the crisis.

Another way to look at that, or another angle, is to look at what happened to the private sector-created growth, and there, what we see is that there is negative credit growth in the Baltics, almost no credit growth in Central Europe and in the Balkans. There was a big jump, as I said earlier, for Turkey, but then it is tapering off. It is a kind of soft landing, but it is still in the right place, and the CIS is also in a good place.

What do all of these macro numbers and trends mean concretely?

For us in the real economy, it means unemployment. The real purpose of the economy is the well-being of the people. So what has happened is that we see increasing unemployment in 2009-2010, normal crisis impact; in some countries, an improvement--you see an improvement in Turkey, quite a nice curve, in fact, that is the purple one on the screen. You see the CIS, also a nice slope and from a level, which is good news. On the Central Europe, an increase that lasted one year beyond the 2009 sharp contraction, but since then has slowly tapered down, which is good news.

Again, the bad story here is the Balkans, which started already at a pretty high level of structural unemployment at around 20 percent, and now we are a little bit less than 25 percent, and it is growing.

This is a really big issue that we believe is becoming a structural issue that we would like to drill down and spend a little bit more time to see how we can address it, what the Bank can do, what the countries can do, and what the drivers are to make sure that we reverse the trend, especially, again, in the Balkans. Ana?

MS. REVENGA: As Philippe has mentioned, reducing unemployment and creating jobs is probably the biggest policy challenge in the Region right now, and it is also going to remain the key policy challenge long after the countries have recovered from the crisis.

So we are preparing an in-depth report on the issue of job creation that will be released in the next few months. In this report, we first look at the track record of countries in the Region in terms of creating jobs and facilitating employment, and we look at it before and after the crisis. Even before the crisis, when the countries were growing faster than many other Regions of the world, employment performance was weak. Today, unemployment is extremely high, and also, a lot of people are not even in the labor force; they have become discouraged and left.

So, in the report, we look at what countries need to do to create jobs and get people back to work, and the truth is there is no silver bullet, but there are three key elements of policy that have to be in place for unemployment to come down and for jobs to emerge.

The first, Philippe just talked about; it is about getting the macro fundamentals down to ensure a steady and sustained recovery.

The second is to make sure that the environment that exists for the private sector allows firms to grow, allows new firms to come in, and bad firms to exit. It is this process that will lead to job creation. Nothing else you do will have any effect if your private sector is not driving job creation.

The third key element is making sure that the workers who are going into the market have the right skills for the jobs and also that they have an incentive to go into the market, into the formal labor market, and get a job.

So if we just talk a little bit about these two last elements, what we find in the study that will be forthcoming soon is that countries that have pursued reforms further, the countries that have reformed more and have modernized faster, such as Poland, have actually done much better in terms of creating jobs. If you compare Poland and Ukraine, you see that both economies destroy a lot of jobs. The difference is that in Poland, at the same time that you are destroying old jobs, you are creating a lot of new jobs, and in net, you have positive job creation, which is that yellow bar that you see on the graph.

If you compare that to Ukraine, in Ukraine, you have some job creation but much more job destruction because the reforms have not gone far enough, so in net, you are losing jobs; you are not creating them.

Another manifestation of how having the right private sector environment matters is the extent to which you use your entrepreneurship talent. So, if you take the Czech Republic, out of every 100 workers, 20 want to be entrepreneurs and start a business--they have an idea; 18 of them actually take steps to do so; and 14 of them succeed in actually opening a business.

If you look at Kazakhstan, 38 out of every 100 workers have an idea; only 18 of them take steps toward opening a business, and only 9 of them actually do so. So less than one in four of potential entrepreneurs is actually opening a business and creating jobs.

So, obviously, getting the private sector environment to facilitate entrepreneurship and to facilitate firm entry and exit is absolutely critical.

Now, once you have the jobs, you also need to make sure that workers have the right skills for those jobs, and right now, 30 percent of employers in the Region complain that they cannot find the workers with the right skills. This is because the education system and the training systems are not producing graduates with the right skills.

What you have seen on the graph is the PISA test, which is an international test that is given to 15-year-olds, and that graph shows that a very large percentage of 15-year-olds in the Region are functionally illiterate. That means they cannot read a text and use the information in the text to solve problems. In Azerbaijan and Kyrgyzstan, over 70 percent of 15-year-olds are functionally illiterate, but even in richer countries like Bulgaria and Romania, 40 percent of 15-year-olds are functionally illiterate.

So the education systems need to be fixed to ensure they are producing graduates with the right foundation of knowledge and the right skills, and the training systems need to be fixed to make sure that workers can upgrade their skills continuously during their lifetime.

Skills matter, but it is also very important in the Region to make sure that work pays off. Many countries in the Region have a combination of high labor taxes and generous social assistance benefits, which means that for low-earning workers, sometimes, moving out of social assistance and into work, into formal work, really does not pay very much.

So if you take, for example, the Czech Republic, if you take someone who is on social assistance who has relatively low skills and is a low earner, and he moves into a job in the formal sector, for every euro that he will make in the new job, he loses about 70 cents in terms of taxes and forgone benefits.

So we need to really revise the tax and benefits systems in these countries to make sure that people have an incentive to go back to work.

MR. KIRCHER: Okay, thanks a lot, Ana and Philippe.

Why don't we open it up for questions, and when I call on you, if you could just identify who you are and your outlet.

Andrei, shall we start with you?

QUESTION: Thank you.

I apologize for being late. There is a huge breaking news story as you know in Boston, and I may have to leave early because one of the Siluanov's press briefing.

But I wanted to ask about the most conspicuous World Bank project in Russia, at least as I see it, and that is the attempt by the Russians to bring up their ratings in the Doing Business Report. Do you view this as the correct approach? Does it make sense to you, and can the Bank help them achieve that, and if so, in what way?

Thank you.

MR. KIRCHER: Okay, thanks, Andrei.

Why don't we take a few before we come back to Philippe.

The gentleman in the first row.

QUESTION: Robert Schroeder [phonetic] with International Investor.

I am going to ask Ana and Philippe if you could tell me--sometimes, when you focus on specific issues, you try to make those answers fit. My real question is did you look at many other variables such as trade, the likelihood that their immediate neighbors were doing better or worse, those sorts of issues?

And when you look at two examples, like Poland and Ukraine, that seems to--if I am reading your charts correctly--be converse of what we saw in terms of overall Central Europe--or Central and East Europe, rather--versus the CIS States.

So, was Ukraine an exception in the CIS States? Was Poland an exception in the CEE?

Thanks.

MR. LE HOUEROU: In Russia specifically, indeed, in fact we are helping and working very closely with the government on Doing Business. We were there recently with our President, and every meeting was about improving the regulatory framework--that is officials in ministries, the ministers, the mayors--of Moscow particularly--that we met, the governors of oblasts. I mean, there is clearly a huge mobilization in Russia in the administration to try to improve the administrative context.

Is that a magic bullet? No. There is no magic bullet for private sector development. But this is one aspect. We all know that you need good infrastructure, good governance, strong administration. You need many other things. But one of the things is, you know, it is easier to open a business when you don't have to wait for months and months to get the license, because meanwhile, you eat your own capital, and that is the very simple reality.

So it is not a magic bullet, but the government has really been taking the bull by the horns, if I can say so, there. And we see it--again, it is not only a Moscow story. It is in the oblasts. And the Bank has been, in fact, for the last two years or so working very actively at the oblast level with a lot of governors and their administrations. But Mikhal here can elaborate more on that.

On the broader picture, yes, we look at other variables, and neighborhood does matter. That is what I was trying to say--that is why I didn't dwell too long, because Andy told me I have to be short--but if you go back to the graph on unemployment by subregion, we put a dotted line to what happened in Southern Europe, and you see an obvious correlation. So, if you are in the Balkans, you are hit on two fronts. You have the euro zone crisis, but in general, so very slow growth, including now in Germany, where it is zero-point-something, or France, zero-point-something. But when you are more integrated with the south of the euro zone, the Greece and the Italy, then you are really hit on all sides. And you add to that the deleveraging--in many parts of that Region, the banking sector has been to a very large extent--and in fact, foreign banks, where the parent banks feel that they are overstretched, they start to deleverage, and they have been hit also here very heavily. And some of those countries, by the way, have great banks, too, and that is, again, in the Balkans. So the neighborhood, trade, remittances are very important. That is why, if expatriate workers are in Italy or in Greece, these countries tend to have done less well than Kosovo, for example, which is an exception, where the remittances come from Switzerland or Germany, mostly.

So the neighborhood and trade patterns, FDI patterns, remittance patterns do matter. I am giving this example, but fundamentally, yes, and we look at that.

And yes, we have exceptions. Poland was an exception. I think that in 2009, at the worst peak--if we go back to the first slide--this Region was really badly hit in 2009. Across the Region, everybody went down. So there was no multi-speed, whatever it was--all down--except Poland, which had positive growth, and frankly, because they entered the crisis with--first of all, there have been continuing reforms, and that is a little bit the message that Ana wanted to emphasize on [unclear] side, but they also had good fundamentals, good structural policy, good macro fundamentals, and in the end, the neighborhood impact--it is true that when the Germans had the stimulus, for example, on trade for cars, the fact that they were manufacturing Volkswagen in Poland helped, so there is that also.

So, Poland, yes; you have exceptions in all of the countries. So we try to find patterns by subregion; otherwise, we will have to talk about 30 countries individually, but yes, there are differences.

I don't know if you want to add on that part.

MS. REVENGA: Just to say that, obviously, the three slides that I presented are a gross simplification of both the report and the reality. It is a very heterogeneous Region with a lot of diversity, including in the formality that exists in the labor market.

We do look at other factors like trade, geography, but what we really try to do that is different is not stay at the macro or sectoral level but really look at firm-level data. I think that is the most interesting part of the work is that we are looking at the dynamics of firms. And what we find is that the very small, substantive firms, 10 percent of firms create most employment. And these are either restructured firms that are growing, new firms that are entering, not necessarily small ones--they may be small, but they may be large--and that only happens when the private sector environment has been reformed sufficiently to allow easy entry and exit and to allow productivity to increase.

So the dynamic story is that you need to do reforms for a while before you really start to see the payoff in terms of job creation. You have to stick to it for several years.

Poland is not an exception. It is the most successful of the reformers in that sense. But we see the same pattern--if you do reforms and you stick to them, after a while, you see both increases in productivity and employment, and that is when you start to see the real job creation.

So the answer is there is a lot more behind those three slides, but the end message is the same: The private sector environment matters, and on the supply side, the workers, the skills they have and the willingness they have to go into formal jobs matters, too.

MR. KIRCHER: Thanks, Ana.

Are there any other questions?

In the front row, and then we'll go to you.

QUESTION: Ekaterina Katratcheva. I am a correspondent for Focus News Agency and Radio Network Bulgaria.

My question is particularly on Bulgaria. Bulgaria succeeded at achieving fiscal discipline and a very low deficit. My question is has it been worth it, because the incomes in Bulgaria are very low, which resulted in violent protests, and the government has recently resigned. And what is your overall look at Bulgaria amid the Balkan countries, and what is the main challenge for Bulgaria ahead?

Thank you.

MR. KIRCHER: Thank you.

The gentleman in the second row.

QUESTION: Christopher Schemka [phonetic] from Polish Presidency [phonetic].

I have a question about Poland. You partially answered it, but I would like to ask something more.

You mentioned that the closer to the euro zone you are, the more you suffer. Two thousand thirteen seems to be the worst year in the crisis for Poland's economy. So you have some advice on what we should do to avoid dangers?

Thank you.

MR. KIRCHER: Let's take one more in the front row.

QUESTION: Thanks.

My question is about Turkey. Actually, you mentioned a little bit about Turkey; you said Turkey is doing well. But we see that the growth in Turkey is not as high as in 2010 and 2011, and it sharply dropped last year.

Can you evaluate this, and can you give us a little bit more detail about the situation in Turkey?

MR. LE HOUEROU: We [unclear] have here, and if you want to drill down on country specifics, our country directors and sector directors, who can elaborate if you are interested, kind of on the side, because every story is complicated. I don't want to take all the time, besides they know the story better than I do, anyway.

But in a few words, on Bulgaria, it is true there has been fiscal--there has been a peg now for a long time, and that has triggered a very strong fiscal stance, very tight. That paid off, because when we are talking about the other impact--one of the things for having a thriving private sector, we always start with the macro. Macro stability is fundamental. We see that when the macro goes, all the rest is gone. So it is an absolute pre-condition.

Is it sufficient? Far from it. If you have good macro, but you don't have the infrastructure, you don't have a skilled labor force, you don't have a regulatory environment that prohibits or makes it prohibitive to start a new business, then you will have macro stability and then no growth.

But in the case of Bulgaria, frankly, they have not done so badly in terms of growth. It is true that there are issues. The macro was very tight. Was it a good investment? It depends what you do on the rest. When I look at the numbers, growth was not very strong, but there was growth. At least it was not negative. It was not a double-dip recession. But it was very much like the rest--not the Balkans--by the way, we don't consider Bulgaria part of the Balkans but part of the EU and as a new member state--and for a good reason--because where Bulgaria could have done better in our view is to use the EU structural funds. There is a lot—and Mamta can elaborate and give the exact number--there are literally billions of grants, so they don't have to repay anything--grants--that are earmarked by the EC--they are called structural funds and cohesion funds--to do infrastructure, to do all kinds of investment.

The problem is that you have to have the capacity to absorb these funds, and what we have seen in Bulgaria is a very bad story in terms of absorption of these funds. That was in our view a huge missed opportunity for growth, because this money has not been used--sitting there in Brussels, not doing anything--while you know as well as I do that in Bulgaria, there is a huge need for infrastructure, for example. I know because I went on some of those roads personally. I drove on some bridges--you name it. There are huge needs in basic infrastructure. I think that more could have been done also on the regulatory environment and trying not to go into oligopolies, for example, and to have a bit more of a competitive environment.

So we cannot blame it on the macro because the macro does not explain the growth only. We believe in this institution that macro stability is a pre-condition but is not by far the only solution.

So I'll stop at that, but we can elaborate more.

On Poland, Poland has done quite well, and even in the management during the crisis--I went very fast in my first answer--but they let the fiscal go on purpose. There was a stimulus. I think it was very well-managed. The problem now is to try to consolidate, because you don't want the public debt to go too high, and anyway, you have a constitutional cap at 50 percent of GDP, if I am correct--for good reason. That is what [unclear] European is also trying to enforce.

The problem when you have that, and you have a re-weakening of the euro zone which is your first market, then you have no more fiscal room, or no more fiscal space, to do it again. So that is the issue.

But Poland--I was talking about the use of structural funds from the EU--has been very, very, very good at--very well and very efficiently using these billions--and it is serious money--using these structural funds to transform their infrastructure. Also, there is a lot of--I also drove around on roads, railways, ports--you name it--municipal infrastructure. But the use of these funds has been very, very good. So they have done extremely well, and frankly, also, the regulatory framework for the private sector has also been helping, and the quality of the administration is quite good.

So, if I have one thing, yes, you have less room for maneuver on the fiscal side. I was in Poland very recently, and the government is totally aware of that, so now they have continued to use the structural funds. There was a good negotiation for the period of the EC budget 2014-2020, and I think that Poland, because in previous periods it did quite well, got quite a good chunk of these cohesion and structural funds--which is good, because the needs are still there; there is still a lot of need--and continued the reform. That is what Ana was saying. We do believe that Poland--and we know because we have this engagement on budget support. The reforms continue in every sector, and it is a permanent drive. I mean, you don't reform when you need it and then stop. You have to reform, and it is deeper and wider, and they have done that.

So, frankly, my advice is to continue the macro policy, that is, try to consolidate in a prudent way. The banking sector is solid, which is another asset; continue on the reforms, and continue on the use of this manna from Brussels, which is very useful--when used, it is very powerful.

On Turkey, as I said, the bounce-back was huge. It was like a V-curve type; it was the only story with a huge "V". But part of it was financed by short-term credit, and that triggered a huge widening of the current account. That is why at one point, there was this talk, if you remember, a year or two years ago, that we may get into a hard landing. That was a code word for this, it is not sustainable, and you may crash. And in fact the government was very successful in having what we call a soft landing. So you cannot continue growing at 9 percent when it is fueled by short-term credit and increasing current account deficit externally.

I know some of the observers were saying, my God, we may have a hard landing--it is going to be a bust. It was not a bust, and that is a combination of very prudent fiscal policy--you have seen how the deficit went down--and monetary policy that was used in fact to make sure that these unsustainable growth rates--the credit--you remember the curve on the credit--it went down. That is what we call the soft landing.

And now you are at a growth rate of 4 percent--from memory--for this year--for this year, which is compared to the rest of the Region is quite good, especially again if you look at the neighborhood.

What is the neighborhood in Turkey? You have problems in the Middle East and the euro zone, which is still 50 or just below 50 percent of the exports and a big chunk of FDI.

So I think that, again, if you take all this together, I think it is a difficult context with a potential that avoided a hard landing. We [unclear]--but you can follow up with our Country Director, Martin Raiser, who is here--we believe Turkey has done a very fine job, and the reform continues a little bit like Poland. It is permanent. There are big things that take a long time because they are very difficult, like completely revamping the commercial code--completely--because it was decades old. This is not easy, and it takes work, because this is not the easy reform now--you have to go deeper and deeper.

So, overall, that is why we said what I said, which is that we believe that Turkey, again, managed very well post-crisis and managed especially well the kind of soft landing with the kind of credit exuberance that we saw in 2010 and 2011.

MR. KIRCHER: Okay, thanks.

If there is no other question--let's take one last question from the gentleman in the back.

QUESTION: I am Gordon Murkich [phonetic], a journalist from [unclear] newspaper, from Bosnia and Herzegovina.

For Mr. Le Houerou, if you can in short comment on the situation in Bosnia or on the regional front, former Yugoslavia, which also includes Serbia, Croatia, and Montenegro.

Thank you.

MR. LE HOUEROU: That's a tough one.

As I said, the Western Balkans, the neighborhood--and I go back to what was nicely put--that the neighborhood is difficult. This is, as we showed in the graph, the part of the Region that is doing the least well in terms of growth. I tried to explain that there are many aspects to that. Part of it is the euro zone. Part of it is within the euro zone, Southern Europe, where there is a lot of integration. Slovenia and Croatia next door are in fact in a recession this year. So Bosnia is a slight positive, so it is slightly better. But frankly, this is not good enough.

So you have a very difficult context, and at the same time, we believe that it cannot be blamed only on the context. I think there is also this issue that I want to come back to again. Continuing the reforms is very important. What we see may be some reform fatigue, and there is a rethinking that is needed in terms of public spending, especially in the social sector, where there may be some realignment that would be more productive.

Again, incentives for the private sector and foreign companies to invest--I think this is very important.

So we believe, and we are encouraging and continue to encourage the government to take those reforms. So they are already--we talk about it--they are in the programs, but now it has to go from paper to implementation, and that is where we are seeing some more difficulties.

MR. KIRCHER: Okay.

Thank you very much, Philippe and Ana, and thanks for coming today.

Please get the Press Release on the way out and some background briefs on the Region that you might find helpful. And we will send out the transcript to you as soon as we get it from the Press Room.

MR. LE HOUEROU: By the way, a piece of advertisement. If some of you were there a couple of years ago, we launched what we called our "regional flagship," which we are very proud of.

We had a piece of work called "Golden Growth," that was looking at, broadly speaking, the western part of the Region and Europe.

This year, we are going to go east and look at more the Commonwealth of Eurasia and focus on diversification of these economies that are, for many of them, oil or gas or mineral-dependent or natural resource-dependent. They are quite interesting.

QUESTION: When do you expect that?

MR. LE HOUEROU: The man in charge is right behind you. In mid [unclear], but very soon.

Thank you all very much.