India's Extended "Act East" Outreach to Northeast Asia: Its Economic and Security Interactions with China, Japan, and South Korea

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This piece provides a preliminary comparison of the three countries—China, Japan, and South Korea—in the India's foreign policy to understand the Modi government's overall strategic positions and policies toward Northeast Asia. Symbolized with 'Look East' and its successor 'Act East' policies, the Indian foreign policy turned to its East—Southeast Asia, Northeast Asia, and Oceania—beyond the Subcontinent in Asia. This transformation of India's foreign policy from both economic and security perspectives stems from a series of changes in its domestic and international environments. This piece also aims to link these changes to the primary questions on the India's strategic approaches toward China, Japan, and South Korea as well as these three countries' interactions with India from economic and security perspectives in the Modi era.

Key Words: India, Northeast Asia, China, Japan, South Korea, Foreign Policy, Act East Policy, Belt Road Initiative, Indo-Pacific Strategy

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This work was supported by the National Research Foundation of Korea Grant funded by the Korean Government (NRF-2017S1A6A3A02079749) and in part by the Yonsei University Future-leading Research Initiative of 2017 (RMS2 2017-22-0057).

INDIA'S OUTREACH TO NORTHEAST ASIA

In the post-Cold War era, India's foreign policy attempted to transcend its decades-long non-alignment principle. Following the collapse of the USSR and other communist regimes in the late 1980s and early 1990s, India's inward-looking powerful elites have fundamentally reoriented their perspectives to an ever-deepening economy-security nexus at domestic and international levels.¹ Since 1991, the Rao administration and its finance minister Manmohan Singh, who was a prime minister from 2004 to 2014 under the United Progressive Alliance (UPA) rule, initiated its economic marketization that prompted a departure from the decades-long socialist and import-substitute economy and pursued greater involvement in world politics. These changes have been accelerated since the Bharatiya Janata Party (BJP)-led National Democratic Alliance (NDA) came into power in 2014 under the leadership of Narendra Modi.

In this context, the Modi-led government's introduction of the 'Act East Policy (AEP)' has attracted attention from observers of India's politics in and out of India. It succeeded the twenty-year old 'Look East Policy (LEP)', which was launched by the aforementioned Congress Party's Rao government in 1992. This line of foreign policy is important because it goes beyond India's traditional foreign policies that revolved around issues such as India's relations with Pakistan, the United States, and Russia, and aspects related to nuclear issues before and after the end of the Cold War. That is, the Indian foreign policy turned to its East—Southeast Asia, Northeast Asia, and Oceania—beyond subcontinent and the West.

What are the domestic and international changes that have caused India to further extend beyond its traditionally limited diplomatic realm, in particular, under the current Modi's BJP rule? What is the India's strategic approach toward Northeast Asia's China, Japan, and South Korea, which are increasingly intertwined with India, beyond its more immediate subcontinental and Southeast Asian neighbors? How do these three countries interact with India from economic and security perspectives? These questions have been answered in the literature (Bajpae 2017; Basrur and Kutty 2018; Das and Thomas 2016; Ganapathi 2015; Ganguly 2010; Gilboy and Heginbotham 2012; Hall 2014; Horimoto 2017; Palit 2016; Panda 2016; Yang 2018), but few approach them in more comparative perspectives. Even though a few edited volumes deal with these three countries along with South Asian and Southeast Asian countries

¹ More general approaches to the economy-security nexus, see Goldstein and Mansfield (2012), Mastanduno (1998) and Pempel (2013).

(Ganguly 2010; Hall 2014), this paper aims to fill this gap. Through in-depth analysis, we examine India's overall approach toward Northeast Asia.

This paper proceeds as follows. Section 1 presents the main research questions and a brief background. Section 2 explores the primary domestic and international causes of the more recent strong outreach to Northeast Asia. Section 3 analyzes the India's approach to China, Japan, and South Korea, as well as the strategic interactions between India and its Northeast Asian counterparts from economic and security perspectives in comparative perspectives. Section 4 concludes.

INDIA'S FOREIGN POLICY TOWARD NORTHEAST ASIA: ITS DOMESTIC AND INTERNATIONAL RATIONALES

INDIA'S ACT EAST POLICY: EVOLVING FROM THE LOOK EAST POLICY

The AEP was introduced by BJP's Modi government in 2014. It is an upgraded version of the previous Congress Party's Singh government's LEP (Bajpae 2017; Horimoto 2017; Panda 2016). This line of policy aimed to expand India's economic and political activities beyond interactions with its immediate neighbors, that is, toward Southeast Asia, Northeast Asia, and part of Oceania. Modi's new policy emphasizes more direct and engaging economic and security interactions with those countries (Singh, Sinderpal 2017), with special focus on Northeast Asia in response to multiple changes in domestic and international conditions. The Ministry of External Affairs defines the AEP as follows; "India's Act East Policy focuses on the extended neighborhood in the Asia-Pacific region. The policy, which was originally conceived as an economic initiative, has gained political, strategic, and cultural dimensions, including establishment of institutional mechanisms for dialogue and cooperation." (Ministry of External Affairs of India 2015a) Modi declared this AEP further in his address to the East Asia Summit in Nay Pyi Taw, Myanmar in November 2014 (The Hindu 2014). In May 2015, in Seoul, South Korea, he also criticized the previous Congress Party government's LEP; "India has had enough of it and it is time to Act East". This Modi's strong foreign policy drive has the three key characteristics as follows.

First, the AEP covers all ten ASEAN countries in Southeast Asia, five countries in Northeast Asia (China, Japan, South Korea, Taiwan and Mongolia) and three countries in Pacific-Oceania (Australia, New Zealand, Fiji) in addition to its immediate neighbors, Bangladesh and Sri Lanka. More than the LEP, the AEP places increasing focus on its relations with its more remote neighbors to the East. Proactive engagement with these countries leads India to engage directly

on more global issues, from which India had historically kept its distance, even during the period of LEP governance to some extents.

Second, the AEP's political economic goals and actions were devised to realize the India's developmental state-like economic growth under Modi's BJP government. Although its predecessor (the Singh government's LEP) pursued foreign aid and investment and also increased trade with the aforementioned Eastern neighbors, the AEP-led India has adopted a more active and aggressive approach in the requests and demands it makes of its more developed Eastern neighbors (such as Japan, South Korea, and China) for more aid, investments, technology, and strategic industrial cooperation. In addition to pushing much harder to increase trade volume with its neighbors, the AEP has developed a strategy and more (than LEP) specific targets for each of these countries, which are detailed below.

Lastly, the AEP allows India to expand and articulate its national interests from political security perspectives. The LEP might recognize that the traditional inward-oriented non-alignment policy is outdated in the context of the rapidly changing international security structure. However, it was slow for the LEP leaders to elaborate and pursue diplomatic power or external activism beyond its periphery (Mohan 2013: 138-139; Yang 2018). The AEP enforces the India's incorporation of multiple mini-lateral alignments to its East and further development of its military cooperation with the US and its allies in Southeast and Northeast Asia. The Indian Navy's growing deployments and number of countries it visited in the Asia-Pacific or Indo-Pacific region rapidly increased from 2013 to 2017; from one to six and from four to 17 respectively (Singh 2018: 5). Simultaneously, India began articulating its intentions toward multi-dimensional political and military cooperation with the Eastern countries beyond Russia as well as serious involvement in regional and global rule-making.

RATIONALES OF ENFORCING ITS FOREIGN POLICY TOWARD NORTH-EAST ASIA

As illustrated above, the India's growing tendency to enforce its foreign policy toward and ensuing interactions with China, Japan, and South Korea, especially, under the Modi's AEP, can be understood from both domestic and international political contexts.

DOMESTIC-LEVEL FACTOR

In an age of increasing globalization and hyper-connection, the interactions between domestic and international contexts have intensified (Fearon 1998;

Gourevitch 2002; de Mesquita 2002; Putnam 1998; Schultz 2012). A set of domestic variations in Indian politics and economy play an important role in enforcing the India's Northeast Asia policies. A critical change was prompted by the BJP-led NDA's seizure of power in May 2014. BJP's Modi-led government has more development and market-oriented policy portfolio than the previous UPA's Singh counterpart. The BJP is more business and growth-oriented in its search for legitimacy in economic performance and is also distinct because of its Hindu nationalism and the ambition of *Shreshtha Bharat* (Great India). Modi's goals of economic development require more foreign aid, investment, technology, and strategic industrial cooperation not to mention trade volume. BJP began shifting its economic policy direction to cope with the globalized economy and pursued economic growth since the general election in 1996 and deepened it during its rule from 1998 to 2004. In 2014, BJP officially promoted Modi's 'Gujarat Model of Development,' which was a pro-growth and pro-market rightist policy (Bobbio 2012).

Such an important change to economic policy direction has enjoyed a high level of public endorsement and in turn, generated momentum for related international activism such as that advocated by AEP. In 2014, BJP won the general election with a full majority. One of the major factors behind this BJP's landslide win was the emergence of its prime ministerial candidate, Narendra Modi as a "pro-market leader" (Chhibber and Verma 2014). Since then, Modi's pro-growth, pro-market and pro-globalization credos such as 'Make in India', 'Digital India', 'Skill India' and 'Startup India' have played significant roles in garnering more momentum, as BJP emerged as a hegemonic party in India after winning a number of states elections (Vaishnav, Ravi, and Hinton 2018). This momentum has allowed the Modi-led government to advance its economic developmental strategies without serious challenges from leftwing parties and political groups. Meanwhile, another factor propelling economic liberalization is the sharp decline of leftwing parties at both national and local levels (Kishore 2015). Previously, local leftist parties, the major partner of the ruling coalition in national government, pushed India's economic policy-making to the left and equally importantly "these leftist parties withdrew support from the Singh government in 2008 on the grounds that it had become too cozy with the United States and abandoning traditional policies of non-alignment" (Mohan 2013, 145), a move which conflicted with the LEP's general stance on security direction.

The pro-growth policy was a primary driver for Modi's AEP. The public largely endorses the Modi-led government. Since 2014, Modi's approval rate is high, according to data from the Pew Research Center (Stokes 2016). The emergence

of a stronger and more sustainable ruling party has also brought political stability to India, which is a necessary condition for securing the investments from developed countries that accompany aid and technology transfer. The AEP is necessary to meet these domestic political economic demands of growth. In this context, Japan, China, and South Korea have been considered as indispensable economic partners (Ganapathi 2015; Singh, Sinderpal 2017). These domestic causes have been reflected to the AEP toward these Northeast Asians and its ensued interactions between India and them, which are detailed in Section 3.

STRUCTURE-LEVEL FACTOR

Along with these domestic-level factors, structure-level factors have also enforced the aforementioned India's Northeast Asia policies. According to structural realism, one country's rising power influences foreign policy of its competitors, in which the latter likely to adopt various policies to counter the emerging challenges from the former's economic and military rise (Waltz 1979; Mearsheimer 2002). The challenged regional hegemons have many options to confront rising challengers that are complementary rather than exclusive, ranging from military war to defensive alliances or strategic retrenchment (McDonald & Parent 2011). The peer competitor's such balancing act is more apparent if it shares boundary with the rising power (Walt 1987). This line of theoretical framework is very much applicable in explaining India's recent emerging foreign policy towards the Northeast Asian countries.

As mentioned above, the rise of China has been a primary motivation of the gradual enforcement of the LEP (Frankel 2011), as the structural realism explains well (Brunnermeier et al. 2018). However, the LEP under the Singh government, often labeled as the LEP Phase II, saw China in much more positive terms than the AEP. A recognized Indian strategist, Raja Mohan said, "India's Look East Policy in phase two is not driven by a fear of China nor a desire to become a frontline state against it. The focus of bilateral relations is on solving long-pending bilateral problems on a pragmatic basis and fully exploiting the new opportunities for bilateral economic cooperation." (Mohan 2003) Similarly, many Indian experts argued that India and China saw each other more as collaborators than competitors in a resurgent Asia (Chakrabarti 2005).

India clearly recognizes China's expansion from economic realms into more political realms, especially since the seizure of power in 2013 by the current leader, Xi Jinping. The Xi's China has become much more proactive, if not aggressive, in its foreign policies, which has brought a paradigmatic change to the Asian international order (The Hindustan Times 2017; Wojczewski 2016; Ye

2017; Yang 2018). In addition, ongoing bilateral disputes and mistrust between Beijing and New Delhi, coupled with China's growing economic, political and military role in Asia and beyond, have been important motivations India's engagement with the region (Grare 2017, 25). The current BJP government has openly expressed its recognition of the change, wary vigilance, and strong reaction to China. The strategic thinkers and prominent figures of BJP such as Ram Madhav have argued that China's increasing influence in the Indo-Pacific region is a direct threat to Indian national security and India should be more proactive in holding or regaining its preeminent status as a great power in Asia (Observer Research Foundation 2018) along with key strategists (Pant and Raj 2018).

In addition to the conflicts along the border in the Northeast (Arunachal Pradesh) and Northwest (Jammu Kashmir), India has begun experiencing serious pressure at its borders adjacent to the ocean in recent years. China's so-called 'string of pearls' strategy, which encircles India from the seas, as well as the China-Pakistan Economic Corridor, which is a part of China's 'One Belt, One Road Initiative' or 'Belt--Road Initiative,' have played a significant role in transforming India's strategy toward the East (Garlick 2018). Indian strategists perceive this set of political actions from China as constraints for India that prevent it from expanding its influence in the Subcontinent and nearby regions such as Southeast Asia. It represents a 'return of geopolitics' in India's conventional turf and other parts of Asia such as the South China Sea (Acharya 2017; Pant 2017; Sridharan 2017).

In this vein, Modi had already adopted this stance of greater vigilance and criticism towards the seeming encroachment of expansionist and revisionist China onto India's traditional turf before he even assumed leadership of India. As the Chief Minister of Gujarat, he criticized the Congress-led foreign policies toward China and called for a tougher stance against the Chinese threat. In 2013, he contended,

"We cannot allow China to dominate India in foreign policy matters. We have been insensitive when we should have been sensitive. We remained weak when we needed to be strong." (Ta 2013)

During the 2014 general electoral campaign, Modi repeatedly criticized China over its 'mindset of expansionism', separating himself and BJP from other Congress Party counterparts. He asserted that India would get tougher on territorial disputes with China and in its old rivalry with Pakistan if his party came into power and visited multiple areas that had suffered border conflicts

with China (Gottipati 2014) His first major state visit was to Japan, a primary Chinese security rival in Northeast Asia, where he heavily criticized China's expansionism. He and other major BJP figures persisted highlighting this issue as a rationale for enforcing the AEP in contrast to their Congress Party predecessors with regard to the LEP.

The general public shares and supports the hawkish anti-China perspective and policy, as well (Wojczewski 2016). According to data from a Pew Research Institute's survey in 2016 (Stokes 2016), the public saw 'China's emergence as a world power' as a major threat (45%) and a minor threat (23%) to India's security, and just 6% did not agree with it. Sixty-nine% of respondents regarded China's growing military power as a serious problem for India, perceived that China's territorial disputes with India are very or somewhat serious and 70% believed that China's closer relationship with Pakistan poses a serious problem for India. Both security and economy were concerns of the Indian public with regard to China; 70% of Indians believed that China's economic impact on India could be a serious problem. Based on this understanding of the India's Northeast Asia policies' domestic and international rationales, we seek to comprehend India's foreign policies toward Northeast Asia by linking these causes to the relations between India and the three countries—China, Japan, and South Korea—in comparative perspectives.

INDIA'S EVOLVING RELATIONS WITH NORTHEAST ASIA: ECONOMIC AND SECURITY PERSEPECTIVES

These domestic and international changes have led to the Modi-led BJP government's rapid development of foreign policy, spearheaded by the AEP toward Northeast Asia, and resulted in more elaborated interactions with China, Japan, and South Korea. This section endeavors an analysis of India's development and articulation of policies toward these countries as well as its general strategic interactions from political economic and political security perspectives since the Modi-led government took power in 2014.

INDIA'S POLICY TOWARD CHINA AND ITS ENSUING INTERACTIONS

Under the AEP framework, China occupies the top strategic position among the three Northeast Asian countries as a competitor and cooperator. On the economic front, the picture is mixed. China has become India's top trading partner by far. Many Chinese enterprises have emerged as major actors in diverse fields and play a significant role in Modi's pro-growth developmental

drives such as Digital India and Start Up India. Nevertheless, the AEP does not consider China as a main partner for strategically critical industries that have security implications. On the perspective of security, China has become a main regional rival of India. China's 'String of Pearls' strategy, improvements in China-Pakistan relations, and alarming border conflicts such as that in Doklam, which have all intensified under the Xi's leadership, are primary security issues for India. China becomes a growingly serious security threat and is now grouped with Pakistan, which has been a threat to India since the partition.

ECONOMIC PRESPECTIVES

In the Modi era, India sees China as an investor and exporter (esp. consumption goods), but not as a strategic industrial partner. First of all, in the AEP framework, India wants China to be a major investor. It is surprising, however, that China, which has dramatically increased its foreign direct investment and aid across the world over the last decade or so, has not invested much in India; in particular, it could not execute long-term infrastructure and other industrial projects at both national and local levels. China's investment in India has been negligible, even during Modi's pro-growth drive, despite its status as the top trading partner of India. As Table 1 shows, China has been India's top trading partner for the last several years and India has suffered a significant trade deficit. In trade with China, India imported 61 billion USD and exported 10 billion USD, yielding a deficit of USD 51 billion in 2016-17, which is perceived negatively by both Indian policy makers and the public (ET Bureau 2017) Considering the existence of such a large trade deficit, China's lack of investment and aid is strange for those observing India's situation.

Table 1. India's Trade Volume with China, Japan, and South Korea

	(Values in Millions USD)				
	2012-13	2013-14	2014-15	2015-16	2016-17
India's Total Trade with all Countries	791,137	764,605	758,371	643,296	660,207
• Total Export	• 300,400	• 314,405	• 310,338	• 262,290	• 275,851
• Total Import	• 490,736	• 450,199	• 448,033	• 381,006	• 384,355

India's Total Trade with China	65,783	65,858	72,347	70,717	71,452
• Export to China	• 13,534	• 14,824	• 11,934	• 9,010	• 10,171
• Import from China	• 52,248	• 51,034	• 60,413	• 61,706	• 61,281
(India's Trade Balance)	(-38,714)	(-36,210)	(-48,479)	(-52,696)	(-51,110)
India's Total Trade with Japan	18,512	16,294	15,516	14,512	13,600
• Export to Japan	• 6,100	• 6,814	• 5,385	• 4,662	• 3,845
• Import from Japan	• 12,412	• 9,480	• 10,131	• 9,850	• 9,754
(India's Trade Balance)	(-6,312)	(-2,666)	(-4,746)	(-5,188)	(-5,909)
India's Total Trade with S. Korea	17,307	16,679	18,132	16,569	16,826
• Export to S. Korea	• 4,202	• 4,208	• 4,602	• 3,522	• 4,241
• Import from S. Korea	• 13,105	• 12,470	• 13,529	• 13,047	• 12,585
(India's Trade Balance)	(-8,903)	(-8,262)	(-8,927)	(-9,525)	(-8,344)

Source: Data from the Department of Commerce, Ministry of Commerce & Industry, Government of India.

Regarding aid, India has not accepted aid from non-G7 countries, although it has begun changing in this regard; it allowed South Korea to join the aid donor group in 2017. China is not allowed to join yet. However, the possibility for investment may change. China will likely become a major investor for India in the near future if the amount of 20 billion USD, which was well below the expected amount of 100 billion USD, that was pledged during Modi's first bilateral meeting with Xi Jinping in 2014 (The Times of India 2014), is realized. At the enterprise level, *Invest India*, the government's foreign investment promotion agency, plans to actively recruit foreign direct investment from China. In 2017, approximately 600 foreign enterprises planned to invest 85 billion USD in various industrial projects, 42% of which were from China, followed by the US at 24% and the UK at 11% (Chitravanshi 2017). More specifically, China's state-owned enterprise, the China Railway Construction Cooperation, tried to enter the infrastructure industry with developments such as the high-speed railway between Chennai-New Delhi and New Delhi-Mumbai corridors.

Significant positive change is led by China's growing economic presence in India's domestic market, particularly with regard to many consumption goods sectors. For example, almost 50% of the medical equipment in Indian hospitals is imported from China (The Times of India 2016) and more than 70% of solar products are from China (CleanTechInica 2015). Most significantly, the China's

mobile phone enterprises such as Xiaomi, Huawei, Oppo and Vivo have taken major market shares from competitors such as Apple and Samsung, not to mention smaller Indian manufacturers. With low prices, improved technology, and advertisement blitz, China's mobile phone enterprises claimed a combined share of over 50% of India's smartphone market in 2017, compared to just 19% a year ago (Phartiyal 2017).

Nevertheless, India does not regard China as a partner for strategic industry (Huang 2011). India contends that China cannot be involved in areas that influence national security. In this regard, India's perspective toward China diverges from its attitude toward Japan and South Korea. Among many strategic sectors, the Chinese enterprises are barred from the multibillion-dollar power sector market based on security concerns which is China's own practice to bar all foreign enterprises from its own power sector (Singh, Sarita 2017). A related but more critical sector is civilian nuclear cooperation. The Modi-Xi declaration on this topic in September 2014 (Mohan 2015) has not been materialized and has remained a verbal agreement. The Modi-led government does not trust China's claims that it has adopted a "balanced and pragmatic" approach (Ministry of External Affairs of India 2014) when developing nuclear ties with South Asian countries. China has blocked India's entry into the Nuclear Suppliers Group, which is essential for India's civilian nuclear industrial development; meanwhile, it supported Pakistan's civilian nuclear program and entry into that same group (The Hindu 2015). Beyond this domestic realm, India openly opposes China's strategic schemes such as 'Belt-Road Initiative' (BRI), which would harm its economic and security interests (Interviews, Indian Experts, August 29 2017, New Delhi; Li 2016; Ye 2017).

SECURITY PRESPECTIVES

In the AEP's security dimension, India has attempted to constrain China in the Subcontinent and any possible regions, i.e. the Indo-Pacific region. As briefly mentioned above, China's BRI strategy has been openly criticized by India, which was a stance that was supported by the US and Japan. Along with open criticism and opposition from top policy-makers, India completely boycotted the two-day grand summit for this China's ambitious initiative in May 2017 (Apurva 2017). This policy demonstrates that separation between economy and security is not an easy task for India and its neighbors because China's BRI is not only an economic strategy but also has profound security implications across Asia. The "US backs India's opposition to China's One Belt, One Road initiative" (Hindustan Times 2017) as the US defense minister Jim Mattis argues during the Congressional hearing on October 2017,

In a globalized world, there are many belts and many roads, and no one nation should put itself into a position of dictating 'One Belt, One Road'... The One Belt, One Road also goes through disputed territory (i.e., Jammu-Kashmir between India and Pakistan), and I think, that in itself shows the vulnerability of trying to establish that sort of a dictate.

The coalition (Bajpai 2017), if not alignment, between India and the US on countering China's strategy gained momentum after Modi and US President Donald Trump met in 2017. Chinese government, policy community, and academia has been heavily criticizing the alignment between the US, Japan, and India toward its strategy (Ye 2017; Yang 2018).

In a similar context, Modi's foreign policy aims to recover its relationships with its immediate neighbors such as Sri Lanka, Bangladesh, and Myanmar, as well as developing tighter relations with Southeast Asian countries such as Vietnam and performing outreach to Northeast Asian countries such as Japan and South Korea (Interviews, Indian officials, April 21 2017, New Delhi; Baruah 2016; Sridharan 2017; Yang 2018). First, Modi has attempted to repair the relationship with Sri Lanka, which was overwhelmed by China's economic and political influence in 2010s, by making an official visit to Colombo in February 2015 and following up with additional policies to counter the Chinese presence in this strategically critical country in the Indian Ocean. In addition, the AEP pushed India to go beyond its traditional foothold and become directly involved in Southeast Asian issues such as territorial conflicts in the South China Sea between China and other Southeast Asian countries. In fact, the BJP-led national parliament declared that the South China Sea issues are a matter of concern for India (Ministry of External Affairs of India 2016). *The US-India Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region* was issued in January 2015 and contends,

"Regional prosperity depends on security. We affirm the importance of safeguarding maritime security and ensuring freedom of navigation and over flight throughout the region, especially in the South China Sea." (Ministry of External Affairs of India, 2015c)

From India's perspective, this might constitute a form of retaliation against China's expansion to Indian Ocean. Beyond this particular territorial issue, India and ASEAN countries have rapidly expanded security cooperation in multiple dimensions (Interviews, Indian Experts, August 29 2017, New Delhi; Mohan

2018).

This series of Indian foreign policies have moved it away from the non-alignment policy further than under the LEP Phase II. India has strategically cooperated with the US and its allies in the Indo-Pacific region (Interviews, Indian officials, New Delhi, April 21 2017; Indian Experts, New Delhi, August 29 2017; Acharya 2017; Kearn 2014; Sridharan 2017; Yang 2018). The US and its allies such as Japan and Australia have innovated on the geographical concept of the Indo-Pacific region to counter the expansion of China across the oceans that border Asian countries. The Indo-US cooperation was joined by Japan; these two security partners have supported India's entry into the aforementioned Nuclear Suppliers Group and even the United Nation Security Council; in contrast, China has not extended support for India's inclusion.

Under Modi, the government has taken a much tougher stance on bilateral security issues with China than its predecessors. The most obvious case is India's military response to China's provocation during the recent Doklam standoff in Bhutan in 2017. Throughout this on-going territorial conflict, India did not back off; instead it intensified its resistance to China. This line of security policy is consistent with that adopted in other territorially disputed lands in Northeastern Arunachal Pradesh or Jammu-Kashmir; in the case of the latter, the BRI's China-Pakistan economic corridor has consistently irked India. In the Northeast, India invited Japan, a so-called 'like-minded' or 'democratic' country, to build strategic roads, railways, and other infrastructure to neutralize China's growing pressure in the area. India and Japan launched the India-Japan Act East Forum in 2017 together to enforce such cooperation in economy-security nexus (Ministry of External Affairs of India 2017).

Yet, New Delhi been careful in avoiding direct confrontation with Beijing so far. This is a reason why the Modi government has also sought to have symbolic engagement with China at various international forums. For example, like its predecessor, the Modi Administration has maintained its relations with China at the BRICS (Brazil, Russia, India, China, South Africa) bloc. India also maintains its presence at China-led SCO (Shanghai Cooperation Organization). Yet, comparing to other international forums, New Delhi maintained a low-level of presence at above forums. Rather, it is evident in India's recent active participation in the promoting of the Quadrilateral Security Dialogue (QUAD) meetings in 2017 and 2018, where New Delhi, Tokyo, Washington and Canberra discussed the materialization of their security cooperation, a move to counter rising power China, as structural realism predicts. The Modi Administration's recent shift from The South Asian Association for Regional Cooperation (SAARC)-centric regional cooperation in 'South Asia' to the Bay of Bengal

Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)-centric regional integration in 'Indo-Pacific' region, can also be interpreted as New Delhi's new approach to multilateralism to constrain the rising regional rival, China-related risks.

INDIA'S POLICY TOWARD JAPAN AND ITS ENSUING INTERACTIONS

This India-Japan Act East Forum symbolically demonstrates the extensiveness and depth of the Indo-Japan bilateral relation to the extent that they share the AEP. This contrasts sharply to the Indo-Sino relation and even the newly emerging Indo-South Korean relation. Japan and India refer to each other as a 'natural ally', meaning that their overall economic and security interests largely converge at this particular point of time in the world (Basrur and Kutty 2018). In this context, Japan draws much more attention from Modi, who elected Japan as the destination for his first bilateral visit outside South Asia and contended, "India considers Japan among its closest and most reliable partners and that India's relations with Japan is of the highest priority for my Government." (Prime Minister's Office 2014)

ECONOMIC PRESPECTIVES

Such a close bilateral relation begins with economic cooperation. Under the AEP, India sees Japan as not only conventional but also as a strategic economic partner. Japan was a primary trading partner, aid donor, investor, and cooperator in strategic industries before the AEP was even launched. The Japanese inputs, however, have rapidly risen since Modi and Japanese Prime Minister Abe Shinzo further developed the strategic cooperation in the last few years. The trading volume between the two countries has been relatively high but has stagnated recently. Similar to the trade situation with China, India suffered from a large trade deficit in 2016-2017 which amounted to approximately 5.9 billion USD, but is still much less than the 51 billion USD trade deficit with China; it is less than half when we consider the difference between the trade volume difference, 1:10. However, unlike China, Japan compensates for this imbalance with significant quantities of aid and investments into India's diverse sectors.

It is apparent from these policy initiatives that their economic cooperation is deepening in almost every dimension, beginning with the Japan's direct investment into India's developing industrial sectors, in particular manufacturing and infrastructure. As an in-house producer and technology transferor for the last a few decades, the Abe cabinet-backed enterprises pursued a more comprehensive economic portfolio in India. For example, according

to a survey by Reserve Bank of India (RBI), Japan tops in tech transfer pact with India, followed by the USA and Germany (Live Mint 2015). The Japanese government has urged Japanese industrial powerhouses such as Hitachi, Toshiba, Mitsubishi, Marubeni, Itotzu, Kokuyo and the already thriving Suzuki and Sony to invest more into building the most high-profile industrial corridors and to participate in Modi's ambitious Make in India and Smart City India policy initiatives. The Japanese industrial complexes, often labeled as 'Japan industrial townships' in Gujarat, Modi's political stronghold, are under construction (Chaudhury 2017). This government-enterprise collective of Japan contributes significantly to realization of delayed flagship infrastructure projects such as the Delhi-Mumbai Industrial Corridor, the Western Dedicated Freight Corridor and the Chennai-Bangalore Industrial Corridor. Japan's latest mega-infrastructure investment was initiated through the Memorandum of Cooperation to construct Japan's high-speed railway systems between Mumbai and Ahmadabad, which included a generous loan of 8.2 billion USD to India (Shepard 2017).

In terms of cumulative inflows from 2000 to 2017, Japan is the third largest investor (25.7 billion USD, 7% of total inflow) behind Mauritius (34%) and Singapore (17%), while China ranks 18th (1.7 billion USD, 0.49%) even lower than the US, which ranks 6th (20.3 billion USD), and South Korea which ranks 16th (2.3 billion USD, 0.66%). Also, India has continued to be Japan's largest aid recipient country in South Asia. The steady increase of Japanese aid to India reached 867 million USD in 2016. It is likely to increase because Abe committed 35 billion USD of public and private investment and financing to India from 2016 to 2020, with the aim of doubling Japan's direct investment and the number of Japanese enterprises during this time span (Ministry of Foreign Affairs of Japan 2017)

Unlike China, under the AEP framework, Japan is a cooperative partner for India's strategically critical industrial sectors, especially the civilian nuclear industry. Although India and Japan agreed to cooperate in the sector under the previous Singh government, no significant development took place. However, since Modi came into power, he pushed hard for a memorandum to be signed to formalize the agreement in December 2015 (Khan 2016); it was finally formalized during the Modi-Abe summit in November 2016, and came into effect in July 2017. The Abe cabinet took a significant risk on the deal given the strong domestic opposition to it. Japan allowed India to become the first country that has not joined Non-Proliferation Treaty (NPT) but (together with Japan) has signed a civilian nuclear agreement; meanwhile, Japan and the US, unlike China, supported India's entry into the aforementioned Nuclear Suppliers Group. The Indo-Japan economic cooperation is deeper and more all-encompassing than

its Indo-Sino counterpart. The aforementioned India-Japan Act East Forum's second clause summarized the nature of the relationship well and connected the economic dimension to that of security.

The Act East Forum aims to provide a platform for India-Japan collaboration under the rubric of India's "Act East Policy" and Japan's "Free and Open Indo-Pacific Strategy". The Forum will identify specific projects for economic modernization of India's North-East region including those pertaining to connectivity, developmental infrastructure, industrial linkages as well as people-to-people contacts through tourism, culture and sports-related activities. (Ministry of External Affairs of India 2017)

SECURITY PRESPECTIVES

Modi government has quickly enforced its security cooperation with Japan, primarily responding to the growing influence of China across the Indo-Pacific region on both bilateral and multilateral levels (Joshi and Pant 2015). As Modi's government began formulating its cooperation, if not alignment, with the US in the region, Japan, a key ally of the US in Asia, was a natural security partner for India. For example, New Delhi and Washington made "landmark" progress last year to bolster their strategic ties – from holding the maiden trilateral meeting with Japan to the first-ever 2+2 dialogue during which they signed the long-pending the Communications Compatibility and Security Agreement (COMCASA) agreement that would open the way for sales of more sensitive US military equipment to India.

Equally significant, as soon as Modi took charge, he established the "Special Strategic and Global Partnership" with Japan in 2014 and upgraded it to the "Special Strategic and Global Partnership Working Together for Peace and Prosperity of the Indo-Pacific Region and the World" in 2015 through the "India and Japan Vision 2025" (Ministry of Foreign Affairs of Japan 2015). India and Japan established a number of security initiatives to strengthen their bilateral and multilateral security cooperation against China and every annual summit between India and Japan addresses their in-depth cooperation on security-related topics.

India has also pushed for the multilateral security cooperation with Japan through its formation of an alignment with the US and its major allies. In September 2015, India started the India-Japan-US trilateral ministerial dialogue on security issues directly following the India-Japan-Australia dialogue at minister and vice-minister level in June 2015. Japan was also accepted as a permanent member of the India-US Malabar exercise in 2016. In a similar vein,

India has also intensified its multilateral cooperation with Japan by the revival of the Quadrilateral Security Dialogue in 2017 and subsequent meetings of this grouping in 2018. What is more, Prime Minister Modi recently coined the term "JAI" (Japan-America-India), which in the Hindi language translates to success or victory, at the first-ever trilateral summit between India, Japan and the US in December 2018. Such move can also be interpreted as India's pushed for the multilateral security cooperation with Japan and other like-minded countries.

The India-Japan security cooperation has often been combined with their economic cooperation in both domestic and international arenas. In the domestic arena, Japan provides India with aid for constructing essential infrastructure in Northeast India where China also claims its sovereignty. Japan is helping India's security interests through its economic assistance used to develop the Northeast region (Interview, Japanese official, February 4, 2017, New Delhi; Chansoria 2017; Das and Thomas 2016) As briefly mentioned above, in 2016, Japan pledged 10 billion USD in an aid and investment package to improve roads in the Indian Northeast Mizoram State and Meghalaya State to provide vital links to Bangladesh and Myanmar. In addition, Japan is also giving a substantial grant for a hydro power generation project which will require the construction of a dam on the Brahmaputra river in the Himalayan region in Assam State. This is significant because it compromises China's capacity to block the water supply in India's Northeast Region. The India-Japan Act East Forum's second clause quoted above clearly supports this economy-security nexus.

In the international arena, such dual-purpose cooperation has gained momentum across the Indo-Pacific region and even other parts of the world under the AEP framework. One of the most important examples is their joint effort to coax a key Indian Ocean country, Sri Lanka, out of its economic overdependence on China and its corresponding China-imposed political constraints. Also, beyond the subcontinent, Japan urged India to play a proactive role in Myanmar, which has been heavily influenced by China with regard to its economy and security for the last two decades (The Irrawaddy 2018). Two other key actions serve as examples of Indo-Japan cooperation. India made the decision to develop the Chabahar port in Iran with significant financial and political help from Japan. They intend to counter China's OBOR strategy which will allegedly entail bypassing India to connect China with the Middle East and Africa, which are combined in the 'String of Pearl' strategy which encircles India on its borders along the sea (Pant and Mehta 2018). The Chabahar port is a tit-for-tat tactic against China's new Gwardar port in Pakistan, which connect the Middle East and Africa to China via the China-Pakistan Economic Corridor, which is strongly opposed by China (Mahajan 2017). In a similar vein, India

recently accepted Japan as a major partner for its Asia-Africa Growth Corridor initiative, demonstrating that India's AEP collaboration with Japan is not just rhetoric but also has materialized in multiple regions in which India's core national interests exist.

INDIA'S POLICY TOWARD SOUTH KOREA AND ITS ENSUING INTER-ACTIONS

South Korea began gaining more attention from India under the Modi government. Unlike the Indo-Sino relation in the past, which was historically intertwined or the previously established Indo-Japan relation, the development of the Indo-South Korea relation was relatively late. South Korea became more important because India needs more viable economic and political partners in Northeast Asia. As a complementary economic and potential security partner, to a lesser extent than Japan, South Korea has caught the attention of Indian decision makers including Modi himself (Ministry of External Affairs of India 2015b; Paik et al. 2018).

ECONOMIC PRESPECTIVES

Under the AEP, India values South Korea's economic capacities as a trade partner, investor, technology transferor, aid donor, and strategic industrial partner. It is not surprising that this bilateral economic cooperation is very similar to that of India and Japan, albeit to a lesser extent. In comparison to Japan, South Korea's economic relation with India is more oriented to the private sector, with little public or governmental involvement from either side during the LEP period and even after the AEP was launched. The South Korean global brands such as Hyundai Motors, Samsung Mobile Phone and LG Electronics, which have heavily invested in India and became in-house producers over the last couple of decades, led the economic bilateral relation before Modi assumed power. India has highly valued the South Korean global brands because many global enterprises have been reluctant to invest in India's leftist economy in the past.

Modi's India has significantly reevaluated the economic value of South Korea to its comprehensive pro-growth policies. Modi acknowledged South Korea as an indispensable partner of his AEP during his state visit to Seoul in May 2015 and invited it to become a critical partner in his 'Make in India' initiative (Ministry of External Affairs of India 2015c). Beyond the steady trade volume which was approximately 17 billion USD a year in the AEP era, India's economic planners see great potential for deeper cooperation with South Korea in areas such as shipbuilding and infrastructure development, in addition to the diversification

of manufacturing industries. South Korean counterparts valued the 'Make in India' initiative and pledged to provide 10 billion USD for mutual cooperation in infrastructure developments, which became more concrete during the Indian Finance Minister Arun Jaitley's visit to Seoul. These direct investments are expected to materialize beginning in 2018 (Interviews, Korean officials, January 16, 2018, Seoul).

To develop its manufacturing industries, Modi's BJP government needs more investment, aid, and technology from other potential sources, beyond Japan and other advanced but reluctant countries. In this context, the South Korean mainstays in India, LG, Samsung, and Hyundai, announced their plans to make India a new manufacturing hub just like their Japanese counterparts in India (Interview, Korean officials and entrepreneurs, 30 August 2017, New Delhi; Indian Experts, New Delhi, 29 August 2017). These South Korean enterprises have increased their production capacity to cover not only the Indian domestic market but also other international markets. It fits into the AEP's goal to promote exports overall to Asia, Europe, the Middle East, Africa, and Latin America. Although the South Korean small and medium-sized enterprises still hesitate to enter India due to many unfriendly business environments, larger companies such as Kia and Lotte are already investing and producing in India (Interviews, Korean official, August 30, 2017, New Delhi). The cooperation at the sub-national or local levels has deepened, too. South Korean manufacturers positively responded to the efforts of India's local governments to attract foreign direct investments into their jurisdiction.

In 2017, India decided to receive aid or official development assistance from South Korea for the first time as a non-G7 country (Interviews, Korean and Indian officials, August 21, 2017, Seoul; Paik et al. 2018). Unlike Japan, South Korea was previously unable to be a major aid donor for India due to India's often criticized policy to accept aid only from G-7 countries (Interview, Indian former officials, August 21, 2017, Seoul) despite the South Korean government's strong interest. Nevertheless, South Korea's contribution to Indian economic development, in particular, to that of infrastructure and other essential sectors, has been and will continue to be less than that of Japan. This means that India's trade deficit of 8.3 billion USD in 2016-17, a difference its export (4.2 billion) to and import (12.5 billion) from South Korea would not be enough to balance the deficit with the aid unlike the case of Japan in a foreseeable future, even though it would be improved once South Korea provides a significant amount of aid in conjunction with more government-led direct investment.

The last feature of South Korea in the AEP economic scheme resides in the strategic industries, in contrast to China. Even before its agreement with

Japan, India and South Korea signed a civil nuclear deal in 2011. This was a significant move, given that Korea became the first major country to sign this kind of nuclear pact with India. Under the AEP, these two countries decided to operationalize the nuclear agreement and held their first official talk on the issue in December 2014; they have since furthered the process. Nevertheless, such positive economic cooperation is not directly correlated with security cooperation as follows. Indian PM Modi's South Korea visit in 2015 and President Moon's India visit in 2018 also highlighted to cooperation in defense industries.

SECURITY PRESPECTIVES

Under the AEP framework, which eagerly embraces the Indo-Pacific alignment to counter China's expansive influence, India wants South Korea to be a part of the alignment (Interviews, Indian experts, August 29, 2018, New Delhi; Maini 2015; Panda 2016). The Indian Ambassador to South Korea, Vikram Doraiswami, said, "The two countries (i.e., India and South Korea) don't have historical baggage so can start from a clean slate to do a lot for each other and the world" (The Korea Times 2017), referring to both countries' more complicated historical relation with China. Under Modi, the government has begun a number of initiatives to strengthen its security ties with South Korea, similar to those it established with Japan. India established the "Special Strategic Partnerships" with South Korea but has not upgraded it to the highest level, but both countries agreed to hold their diplomatic and security dialogue in the "2 + 2 format" at the vice-ministerial level, which would take place in 2018 (Interview, Korean officials, Seoul, November 14, 2017 and January 31, 2018; The Korea Times 2017; Paik et al. 2018). They began their joint naval exercises in November 2014 when South Korean naval ships visited India's Southern port Chennai, a key region for the security of the Indian Ocean (The Economic Times 2014). However, South Korea was not invited to higher level naval exercises such as Malabar. India also wants to push another type of military cooperation further, and has repeatedly invited South Korea to invest and transfer key technologies in its defense industry (Interview, Indian expert, New Delhi, August 28, 2017; Indian former officials, August 21, 2017, Seoul; Korean officials, November 14 31, 2017 and January 31, 2018, Seoul).

Modi's India has become a major player for the US and its allies across Asia. India believes that South Korea is an important piece of the US-led security alliance system in Northeast Asia, making it another security partner for India in the Indo-Pacific geopolitical framework. As one of the so-called, 'like-minded countries', South Korea is a leading democratic country (The Korea Times 2017)

and might eventually become part of the so-called 'quadruple' security alignment system that includes India, the US, Japan, and Australia under the Indo-Pacific strategic scheme in the Modi's eyes. India has also demonstrated its interests in cooperating more closely with South Korea at various regional security forums such as the ASEAN Defense Ministers' Meeting Plus (ADMM-Plus), the ASEAN Regional Forum (ARF), the Tokyo Defense Forum (TDF), the Seoul Defense Dialogue (SDD), the Asia Security Summit (ASS), the Jakarta International Defense Dialogue (JIDD), and Indian Ocean Rim Association (IORA).

Despite efforts to enforce the New Delhi-Seoul security ties, it is clear that this bilateral relation has been less important and intense than that of New Delhi-Tokyo. Many indicators point to this subtle but critical distinction. A rising number of high-profile governmental meetings between India and Japan, including annual summits between heads of state, is contrasted with the lack of such types of political interactions between India and South Korea. Unlike Japan, South Korea hesitates to strengthen its security ties with India, despite its status as a key ally of the US and a virtual ally of Japan in Northeast Asia. The South Korean decision makers have also not yet embraced or supported the concept and realization of Indo-Pacific strategy. Rather, the South Korea's new Moon Jae-in government launched a "New Southern Policy," which aims to strengthen South Korea's multi-faceted relations with Southeast Asian countries (ASEAN) and India, and has just begun to cautiously view India as a more comprehensive partner with opportunities beyond the economic perspective (Interview, South Korean officials and experts, August 18, 2017, Kyungju; Paik et al. 2018) as we can see the matching the AEP and New Southern Policy during the Modi-Moon summit in July 2018 (Ministry of External Affairs of India (2018).

More specifically, the security interests that revolve around the expansion of China might diverge somewhat between India and South Korea. South Korea needs to maintain a positive relation with China, as China is North Korea's one and only military ally and accordingly, an ironically valuable resource, which could constrain North Korea's conventional and nuclear threats in the Korean peninsula. In this view, South Korea is less capable than Japan of actively cooperating with India to counter China in wider regions. At the same time, from the perspective of military maneuvers, its state capacity simply does not allow it to extend as far as Japan does beyond Northeast Asia. Moreover, China has substantial economic leverage over South Korea, which has a level of economic overdependence on China as well as has already applied corresponding political pressure which has alarmed South Korean elites and the public in recent years. The security conflicts that revolve around the US's Terminal High Altitude Area

Defense (THAAD) system deployment on South Korean soil between China and South Korea led the former *to place de facto* economic sanctions on the latter in 2017. At present, this type of economy-security nexus prevents South Korea from developing closer political and military ties with India (Interview, Korean experts, Seoul, January 25, 2018; Korean officials, Seoul, January 31, 2018). In contrast to the situation with Japan, this underlying condition limits further bilateral development by mixing economic and political dimensions, although the opposite strategy could be adopted to align South Korea against China and emerges as a potential approach in government and policy communities as well. (*Joongang Daily* 2017).

CONCLUSION

Since the rule of Modi's BJP government in 2014, India's foreign policy has articulated and enforced its foreign policies and interactions with many international actors, further its developmental economic strategy as well as proactive security framework with more external engagement in its East. These changes stem from India's domestic and international causes. Modi government's pro-growth, pro-market, and pro-globalization drive as well as growing dominance in national and local politics, in which leftist parties are declining, have made India want to attract more investment, favorable aid, and technology transfer from outside partners, in addition to generating larger trade volume. The rise of China and the growing pressure from borders on land and at sea have pushed the current BJP government to pursue security cooperation, if not alignment, with the US and its allies in the Indo-Pacific region, such as Japan and potentially, South Korea.

In this context, India's AEP, which is more articulated and proactive version of LEP, illuminates India's overall strategic approaches toward its Eastern neighbors, especially those in Northeast Asia—China, Japan, and South Korea. We analyzed the economy-security nexuses between India and these three countries. First, China is a much more important economic partner in terms of trade volume than the other two countries. Although its direct investment is very limited and aid is zero thus far, the expected rapid increase of its investment in Indian industries and the sheer volume of trade despite India's largest deficit to China make it a cooperative economic partner. However, once economic interests are involved in security implications such as the civilian nuclear industry and many infrastructure projects, it becomes difficult for either party to materialize the cooperation. Moreover, as emphasized in this paper, China is a security threat for India both on land and at sea. The Modi-led government proactively counters nearly every Chinese attempt to compromise its security,

for example, China's BRI and the Doklam border struggle.

The cooperation with Japan is more comprehensive because most economic and security interests of India and Japan converged. Japan's economic support in terms of both investment and aid is essential for Modi's diverse pro-growth initiatives and compensates for India's lack of financial resources to counter China's expansive influence at its domestic border and overseas. Also, in contrast to China, Japan is deeply involved in the strategically important civilian nuclear industry and major infrastructure development. It is directly connected to the security cooperation with the US and its allies, which are gradually forming an anti-China alignment across all of Asia, especially from the sea, as the 'quadruple' security alignment in the Indo-Pacific region. Such a relation is summarized with the launch of the Act East Forum that aims to provide a platform for India-Japan collaboration which is guided by the rubric of India's "Act East Policy" and Japan's "Free and Open Indo-Pacific Strategy". Japan is a natural ally of India at this moment.

Similar to but also slightly different from Japan, South Korea has emerged as a significant economic and potential security partner for India. Its economic resources as investor and soon-to-be aid donor make it valuable to the Indian pro-growth economy, which has already experienced the positive impacts of South Korean private enterprises on the Indian market. In addition, South Korea is already a cooperator in strategic industries just like Japan. However, this economic cooperation cannot be easily intertwined with their security alignment because South Korea's security interest revolves around China and might diverge from those of India and Japan due to the existence and threat of North Korea. The new Moon government's proactive approach towards India under the 'New Southern Policy' might change this gradually evolving economy-security nexus in the long term.

Against that background, we can comprehend India's security and economic relations with Northeast Asian countries in the table 2.

**Table 2. A Comparison of India's Security and Economic Relations
with Northeast Asian Countries**

	Security	Economy
China	Competitor	Investment Partner but Strategic Industry Competitor
Japan	Security Partner	Economic Partner
South Korea	Potential Security Partner	Economic Partner

In sum, this paper provides a preliminary comparison of the three countries in the India's foreign policy in an effort to understand the Modi government's overall strategic positions and policies toward Northeast Asia. The order of the three countries organized by degree of strategic interest convergence with India might be Japan, South Korea, and China. Japan is a natural ally. South Korea is a comfortable partner. China is an ambivalent partner and competitor. As long as the Modi's BJP government remains in power, the AEP will likely enforce these frameworks of the economy-security nexus with the three Northeast Asian countries. Certainly, we cannot make any definitive statements about the future at this unpredictable time in history. Nevertheless, one clear prediction is that India, based on the AEP to Northeast Asia, will have momentum as a regional power to overcome the current limitations (Bajpae 2017; Mohan 2013; Sridharan 2017) and make an even greater impact on geographically expanded regions, in terms of economy and security in the foreseeable future.

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[Received Jan 24, 2019; Revised Apr 6, 2019; Accepted Apr 23, 2019]