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Evolution and Operationalisation**

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ABSTRACT

Paradiplomacy as it is conducted by sub-state governments introduces the idea of decentralisation of political power to make regional governments prominent actors in the international sphere. This paper examines the scope for subnational diplomacy in India, as the country seeks to appreciate the significance of federalism and regionalism in promoting local interests, as well as identity, in current international politics. Regional governments operating within the broader international context is to be seen as a natural change to conventional diplomatic relations for subnational diplomacy is a process that can fundamentally alter the definition of ‘agency’ in the international order. In this paper, an attempt is made to highlight the contribution of the peripheries (states) in building foreign relations by understanding the logic of this activity, highlighting key choices that need to be made, and pointing out potential challenges stemming from the development by sub-state units of international relations.

INTRODUCTION

The year 2016 saw significant shifts in global politics, including in India. Defying most predictions, Donald Trump trounced Hillary Clinton in the race to the White House. On the same day, Indian Prime Minister Narendra

Modi, in a groundbreaking economic reform, announced the demonetisation of currency notes of INR 500 and 1000 denominations. In their own ways these events brought to the fore the increasing role of subnational units in diplomacy. In the United States (US), California Governor Terry Brown assured climate scientists that in the event of a federal government led by climate-science denier Donald Trump and an end to NASA's climate research, California would step up to the cause of climate change. Declaring that California would launch its own satellite if Trump turned them off, Brown said, "We've got the scientists, we've got the lawyers, and we are ready to fight."¹ While in the US, paradiplomacy emerged as a reassuring factor owing to its long history, India presented a different picture when, following demonetisation, the Union government led by PM Modi failed to get West Bengal Chief Minister Mamata Banerjee on board to seal the Teesta river pact to share water with Bangladesh. It was only in June 2015 that CM Banerjee had accompanied Modi to Dhaka, thus raising hopes that the Teesta water-sharing pact would finally be signed following an 18-year-long wait. However, owing to the souring of ties between Banerjee and the Centre over demonetisation, the Teesta accord was stalled and remains in limbo, even resulting in the postponement of Bangladesh PM Sheikh Hasina's proposed visit to India in December 2016.

This paper examines the concept and essence of paradiplomacy as it has come to evolve in India over the past few years. The academic discussion on the subject is described, followed by an examination of critical factors that have helped in its emergence in recent years. The Indian experience is then delineated to highlight the institutional changes being ushered in to give policy heft to the concept of paradiplomacy in the country.

'PARADIPLMACY': ACADEMIC UNDERPINNINGS, RATIONALE AND RISE

From a scholarly perspective, subnational diplomacy as a phenomenon is of recent origin. Traditional schools of the study of international relations view states as bona fide subjects, being the only ones that possess

sovereignty, allowing them to engage fellow sovereign states in the realm of diplomacy. Diplomacy, therefore, is rendered as a sovereign function that is neither divisible nor transferrable. Stefan Wolff describes paradiplomacy as the “foreign policy capacity of sub-state entities, their participation, independent of their metropolitan state, in the international arena in pursuit of their own specific international interests.” In Wolff’s writing, paradiplomacy as an emerging policy capacity of sub-state entities can be enjoyed by both the states (or provinces and regions) of federations and the autonomous entities of otherwise unitary states.

Known variously as ‘state diplomacy’, ‘continent diplomacy’, ‘regional diplomacy’, and ‘subnational diplomacy’, paradiplomacy deals with the foreign policy capacity of subnational governments. As opposed to conventional diplomatic relations that fall under the exclusive domain of sovereign nation states exercised by central governments, paradiplomacy—a neologism—makes space for external relations of subnational or federal units that might indulge themselves in international activism in order to promote their own interests.²

Historically, the study of paradiplomacy owes its origin to the study of federalism. Beginning in the 1970s, the study finds its roots in case studies conducted on the federal units of Canada, Australia and the US. Scholars specialising in the study of federalism were the ones who sought to examine the impact of paradiplomacy on federalism and intergovernmental relations.³ Though subnational paradiplomacy also finds place in non-federal countries, until today this federalist dimension has played a leading role in studies on paradiplomacy.⁴

While examining the essence of paradiplomacy, Canadian scholar, Panayotis Soldatos called it “a result of a crisis at the level of the nation-state’s systemic process and foreign-policy performance”, as well as a process of reacting to and attempting to remedy this crisis, the ‘many voices’ phenomenon in foreign policy (here, called ‘segmentation’) appears most often within advanced industrial federations in which individual

federal governments and federated states compete for foreign policy roles.⁵ Soldatos further argued that “a coordinated, decentralized process in foreign policy is present when the federal government joins forces with the subnational unit, co-ordinates or monitors subnational international initiatives, and manages to harmonize the various trans-sovereign activities with its own policies.” He concluded that “decentralization could enhance unity and efficiency in external relations”, as “actor segmentation does not become policy segmentation and a subnational paradiplomacy helps to rationalize the whole foreign policy process”.⁶ First introduced by Soldatos, the concept of ‘paradiplomacy’ was then developed by US scholar, Ivo Duchacek. Duchacek echoed Soldatos and argued that segmentation of policies and actors seems natural to all democratic federal systems, and especially to their foreign-policy making.⁷

For paradiplomacy, the autonomous nature of sub-state units appears to be a precondition. Stefan Wolff enumerates five elements of autonomy: demographic distinctiveness of autonomous entity; devolution of power; legal entrenchment; limited external relation powers; and integrated mechanism. All of these elements are essential to make sub-state units autonomous, thereby allowing them to undertake paradiplomacy.⁸ Though sub-national entities seldom enjoy power to conduct foreign affairs, they do have limited powers to forge international connections. Such entities are granted limited capacities to pursue policies in the international arena in areas where they have substantive competencies to make decisions independently, but within the existing constitutional framework, of their metropolitan state.

Although paradiplomacy is not an essential attribute of federalism, the latter remains not only a key contributor but also a determinant in the growth of paradiplomacy. The most important attribute of federalism—i.e., division of power between the Union and federating states/sub-units—provides an opportunity to the state governments to pursue paradiplomacy. “Sub-national actors, such as states and provinces that have a formal legal personality, are more likely to engage in

international activities designed to promote and protect local and international interests and prerogatives.”⁹ Foreign policy issues pertaining to national security fall under a sovereign’s realm to work upon, and thus, fall in the exclusive zone of a state’s functions. Though exceptions such as Argentina and Spain do exist where considerable freedom is given to their federal governments, even in federal states, sub-state entities are not treated as ‘legitimate international actors’. The same is true of India.¹⁰

In many ways, globalisation has contributed to the growth of paradiplomacy. With the world economy becoming increasingly global and thus, more integrated in a variety of ways, sub-national units (regions, states, provinces, and even cities) find their functions and activities circumscribed by the global system. Paradiplomacy can, therefore, be used for purposes ranging from making space for a ‘decentralised dimension to international debates’, to ‘internationalisation of domestic issues by bringing regional issues on the global stage, promoting trade, tourism, cultural ties and even post-conflict reconciliation, and to local political activism being sought for international support.’¹¹ Sub-national relations can also be conducted to promote and attract investments seeking region-specific economic advantage.

Paradiplomacy also comes with an economic logic. In a federal system, the resources of the Union are limited. In a democratic set-up where periodic elections decide the fate of ruling parties, a dynamic chief minister cannot remain complacent and simply rely on assistance from the centre. They would like to exploit the globalised market economy for the development of their state.

INDIA’S EXPERIENCE WITH SUBNATIONAL DIPLOMACY

India has seen a sudden boost in its subnational diplomatic activities in the last few years. In early 2015, the Ministry of External Affairs (MEA) asked the Chief Minister of Andhra Pradesh, Chandrababu Naidu, to lead a high-profile delegation to China in April of that year, a month before PM Modi’s

state visit to China.¹² On his visit to Bangladesh in June 2015, PM Modi included Mamata Banerjee, Chief Minister of West Bengal in his official delegation.¹³ PM Modi's predecessor, Manmohan Singh, did the same for his visit to Bangladesh in September 2011, where he included four chief ministers from India's northeastern states bordering Bangladesh. The inclusion of chief ministers in prime ministerial visits overseas, or the MEA asking a chief minister to lead an overseas delegation in advance of a prime ministerial visit, is a relatively recent practice in the official conduct of India's foreign relations.¹⁴

Globalisation and economic liberalisation in the 1990s played a significant role in bringing the practice of paradiplomacy to the fore. In the aftermath of Partition, the framers of the Indian Constitution incorporated in the fundamental law a strong unitary feature to ensure that the federating sub-units had a limited and workable autonomy.¹⁵ The Indian Constitution thus envisaged and made space for a federal structure with a unitary bias. The distribution of powers between the Union and states in India was such that a threefold distribution of legislative powers between the two (Art 246) was envisaged in the Indian Constitution.¹⁶ The areas where only the Union government is competent to legislate are foreign affairs; diplomatic, consular and trade representation; participation in international conferences; entering into treaties and agreements with foreign countries and implementation of treaties, agreements, and conventions with foreign countries; foreign jurisdiction and trade and commerce with foreign countries; and import and export. This constitutional bias worked well in the initial decades following Independence, with both the Centre and state governments being ruled by the India National Congress party. In such a setting, Centre-state tensions remained circumscribed by the dominance of the Congress Party in the Indian polity.

However, the emergence of a coalition and minority governments in 1967 exerted enormous pressure on the federal structure of India, with the institution of the seat of governor and the issue of state autonomy gaining prominence. Regional party governments in states like Tamil Nadu, West

Bengal, Orissa and even in the key state of Uttar Pradesh brought the issue of paradiplomacy to the forefront. Despite the emergence of a conducive environment for paradiplomacy, its growth remained lackluster in the 1970s with even unitary neighbours like China and Japan taking the lead.¹⁷

The distribution of legislative powers between the Union and states in India is quite explicit. Article 246 of the Indian Constitution envisages a threefold distribution of legislative powers between the Centre and states, “with foreign affairs, diplomatic, consular and trade representation, participation in international conferences, entering into treaties, agreements and conventions with foreign countries, foreign jurisdiction and trade and commerce with foreign countries, import and export being the areas where only the Union government is considered competent to legislate. In this context, the federalization of foreign policy is a development of significant import. First, due to the erosion of traditional boundaries owing to globalization, the Union government by itself is not fully equipped to meet the challenges posed by new political, economic and social forces. It is here that subnational involvement in international affairs could help push forward India’s stand on key issues. In a country as sizeable as India (a sub-continent), there is a definitive need for decentralisation of foreign policy implementation in select areas of diplomacy. Second, it can be argued that states are often better equipped than the central governments to undertake diplomatic measures in areas of trade, commerce, foreign direct investment (FDI), education, cultural exchanges even also outsourcing of business.”¹⁸

The formation of coalition governments led either by regional parties or the opposition presented these state governments with significant challenges. The partisan behaviour of central governments to these states forced them to look for alternative models of development for their respective states.¹⁹ This led them to look beyond their border for investment and trade promotions. Similarly, faltering on balance of payment issues, the then Union government of Narasimha Rao was forced to liberalise the economy. But the important sectors of liberalisation—such

as development of industrial infrastructure, power, agriculture and irrigation, health and education—all fell under the jurisdiction of states.²⁰ Thus, liberalisation would have been meaningless without the active participation of states. In 1992 when India first opened its power sector to private foreign investors, the Maharashtra government entered into an agreement with Texas electric giant, Enron, and General Electric to finance its Dabhol Project.²¹ The project saw the light of the day only after the active support of the then Central government. The government of Maharashtra not only received adequate financing from Enron but also managed to get sovereign guarantee from the Union of India. Similarly, the issue of the sharing of Farrakka dam water between India and Bangladesh was resolved in 1996 only after the visit of Jyoti Basu, the then chief minister of West Bengal, to Bangladesh, later paving the way for the Farrakka water-sharing treaty.²²

A paradigm shift in the Central government's policy became clearly visible when the Centre encouraged border-states to establish border *haats* to market local produce to accessible markets across the borders. The aim was to encourage transborder trade along the traditional trade routes and such *haats* went a long way in encouraging local prosperity and cultural exchange. The Central government facilitated such trade interactions both on the western and eastern borders; and from 1990 onwards, even the World Bank started extending loans to select states of India like Andhra Pradesh, Tamil Nadu and Karnataka for the same purpose. The Government of India played the role of a facilitator by extending sovereign guarantees in those loans.

The establishment of the India Trade Promotion Organization in 1977 led to the setting up of similar regional trade promotion centres in Karnataka, Tamil Nadu, and later in Kerala. The measures provided a fillip to increased paradiplomatic activities, and many bilateral agreements between the Indian states and foreign countries were signed. To efficiently coordinate the issues related to the World Trade Organization (WTO), the Central government advised states to establish WTO cells at the state level.

Established between 2000 and 2004, the WTO cells were meant to address the problem of acute shortage of information with respect to various implications of the WTO regulations. The long-term aim of these cells was to “keep the agriculture sector of the states in line with the changing world in the wake of the WTO”²³ These developments both at the central and state level demonstrated the willingness of the central government to integrate the sub-units (i.e., states) in foreign-policy making.

The state governments were also willing to utilise this opportunity to pursue economic reforms and outreach. Some state governments did remarkably well to showcase their strengths to prospective global investors. For example, the campaign of ‘Vibrant Gujarat Global Investor’s Summit’ started in 2003 and illustrated the meaning of aggressive paradiplomacy as the government of Gujarat marketed its brand of good governance to prospective investors, showcasing its investor-friendly and single-window clearance facility, as well as world-class infrastructure. The then Gujarat CM, Narendra Modi, became a trailblazer in the realm of paradiplomacy; many other prosperous Indian states followed suit soon after. The chief ministers of Uttar Pradesh, Rajasthan, Punjab, Chhattisgarh, Maharashtra and Kerala started making beelines to woo prospective foreign investors. In response, prospective investor nations like China and Japan quickly accorded these chief ministers special welcomes usually reserved for heads of state.

States like Andhra Pradesh, Telangana and Tamil Nadu, ruled by regional parties, have taken the lead in collaborating with foreign companies in managing some of their municipal services. The story of Kerala’s economy’s dependence on NRIs is another shining example of paradiplomacy, “where nearly 5 million Keralites serving in the Gulf region and other foreign countries make the economy of the state heavily dependent on non-resident Keralites working outside its borders”^{24,25}

Despite their relative autonomy in carrying out these activities, however, Indian states still do not have an independent role in foreign

policy as it is still under the jurisdiction of the Centre and will likely remain so in the foreseeable future.²⁶

PARADIPLOMACY BEYOND ECONOMICS

The role of Indian states in conducting diplomacy is not confined to the economic realm and extends to security, environment and resource management. Although Bangladeshi PM Sheikh Hasina's visit to India was deferred in late 2016, negotiations for the Teesta water-sharing accord began showing more promise after CM Mamata Banerjee's visit to Hasina in 2015. The accord was stalled under former PM Manmohan Singh's UPA regime precisely because of Banerjee's stiff resistance. In 2015, the Land Boundary Agreement of India-Bangladesh was finally signed after a wait of four decades, after which the two countries started their successful exchange of 162 adversely held enclaves. There is also the Jaitapur nuclear power project in Ratnagiri district of Maharashtra, which is now underway after having been stalled by opposition from the state government buoyed by protests from anti-nuclear activists worried about the project's environmental effects. These are some of the instances that underscore the importance of states and regional players in the implementation of foreign policy commitments made by Central governments. Another instance of cooperation is the Kundankulam nuclear project that earlier faced opposition from the Tamil Nadu state government and got commissioned only in 2013 after PM Manmohan Singh reached out to the then Chief Minister of Tamil Nadu, J Jayalalitha.²⁷ In a similar vein, the UPA government, coming under pressure from its ally DMK, was forced to vote with the US against a friendly neighbour, Sri Lanka, over a resolution before the UN Human Rights Council (UNHRC) in Geneva.^{28,29}

Paradiplomacy of border states poses a different problem for the Union. Due to the acrimonious legacy of Partition and the continuing border disputes with its neighbours, India has to tread the path of paradiplomacy rather cautiously. Border management being a complex issue, the Union government can ill afford to delegate this power to states in the name of

globalisation and market forces. Most Indian states, barring only five, have either land or maritime borders with neighbouring countries.³⁰ India's foreign policy engagements with its immediate neighbours thus have implications with its own bordering states. For one, the historically strained relations with neighbouring Pakistan have resulted in cross-border terrorism. Indeed, though border-states are important stakeholders, they continue to have a limited say in border management if the nation-state across the border is hostile. However, when it comes to the security of national borders, states have a highly important role to play. Sometimes the Union government is guided by broader international issues and overlooks the local conditions while resolving the border disputes. State governments can play a proactive role and preempt the Union government in such settlements. The stand taken by Mamata Banerjee in the Teesta water dispute that the proposed quantum of water to be given to Bangladesh would harm the interest of West Bengal³¹ exemplifies the constraints of national foreign-policy making. So too does the position taken by Narendra Modi (then the CM of Gujarat) over the Sir Creek dispute, opposing the handing over of Sir Creek to Pakistan as it would severely impact the security of Gujarat.

What further adds to the significance of subnational diplomacy is that there might be cases where the Central government could differ with state governments on ideological and political grounds, which makes it likely that some judgments of New Delhi may not be viewed in the best interest of states, and vice versa. Moreover, given India's size, provincial governments are often better placed to enhance diplomatic relations with national governments in their neighbourhood because of geographical, cultural, historical and economic reasons. For instance, West Bengal can potentially have more successful paradiplomatic relations with Bangladesh and Bhutan, than an MEA official sitting in the country's capital. Similarly, Kerala has vested interests in engaging in diplomatic relations with the Gulf countries as a large number of the state's residents find employment in those countries.

More recently, ‘city diplomacy’ has also gained increased usage and acceptance, particularly as a strand, if not a variant, of paradiplomacy and public diplomacy. ‘Town twinning, as it is more commonly called, is a concept where cities develop their own foreign relations based on cooperative agreements. These pairings can be conducted for cultural or economic exchanges, which, in turn are beneficial to both cities/towns. While such city-to-city relationships or twinning model is not entirely new to India, there is a need for India to substantially increase its engagements with other nations at the subnational level. Paradiplomacy has the potential to not only strengthen the federal structure of the Indian state but also radically alter the trajectory of Indian foreign policy by helping regional governments to realise their potential in the conduct of cross-border relations.’³²

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INSTITUTIONAL ASPECTS

Despite resulting in fresh challenges for the Union, the involvement of state governments in the domain of foreign policy addresses in greater depth the challenges in federal governance in India. Admittedly, institutional mechanisms and means to interact with states are still premature.³³ The Centre, in order to address this, needs to come up with effective institutional mechanisms to galvanise paradiplomacy in the country. One way of doing this is through the creation of consulates or consular offices in individual states. Yet another way of bringing paradiplomacy to the fore is through the setting up of federal foreign affairs offices under the supervision of the MEA. To this end, officials stationed at these regional offices can be trained to better handle security issues and they can also be groomed to take the Centre’s goals forward. Thus, better coordination between the MEA and local offices by means of regular consultations and

bureaucratic interactions could prove effective in taking the goal of paradiplomacy forward. The Centre, at a later stage, could also take steps to introduce formal legislations acknowledging the essence of paradiplomacy and its implementation in various states. The Union government could then formalise the legislations after overall monitoring in order to push forward India's stand on key issues of global importance.³⁴

After coming to power in May 2014, PM Modi announced his desire to integrate and enlist the cooperation of state governments in the foreign policy-making process. The MEA instituted some significant institutional changes, including the creation in October 2014 of a 'States Division' headed by a Joint Secretary-level official. The aim of the States Division is to "serve as the Ministry's single avenue for outreach to states"³⁵ and to coordinate with states and Union Territories (UT) "for further facilitation of their efforts to promote their exports and tourism and attract more overseas investments and expertise."³⁶ The States Division aims to assist states and UTs by sharing with them, where required, MEA's "experience and expertise through training and capacity building in areas relating to external linkages relating to trade, investment, cultural and other such areas."³⁷

The States Division activities can be broadly summarised under the following categories: 1) Connect and Communicate; 2) Coordinate and Facilitate; 3) Create institutional means to interact with states; 4) Build capacity (better familiarisation with states and of states with the MEA and its functioning); and 5) Promoting (a) outreach of states, (b) connectivity with neighbors, and (c) twinning arrangements between states/ cities of India with foreign entities.³⁸ With the creation of this Division, political executives from Indian states can be better equipped to assess investment opportunities in a target foreign nation. To further this objective, states and UTs are required to appoint nodal officers for maintaining liaison with Missions/posts abroad. For its part, the MEA has taken a major initiative of asking Indian ambassadors to visit state capitals to interact with local governments and explore communication channels. For instance, in July

2015 the MEA facilitated the visits of S. Sukhbir Singh Badal (the Deputy Chief Minister of Punjab) to Poland and Hungary to attract investment in the state. A month later, the MEA arranged for the visit of Manohar Lal Khattar (Chief Minister of Haryana) to the US and Canada in a bid to project Haryana as an investment destination. These are efforts towards pushing states to occupy a more grounded role in conducting foreign policy. Other foreign visits of state leaders include that of Maharashtra's Chief Minister Devendra Fadnavis to Watyaru, Telangana's Chief Minister's K Chandrashekhar Rao to China in September 2015, Shivraj Singh Chauhan's to Japan and Korea in October 2015, and Mamata Banerjee's to the UK "to promote investment partnerships and to sign a number of MOUs pertaining to urban development and education further expanded upon and extended the government's motives to strengthen roles of states in foreign affairs."³⁹

Gopal Baglay, former Joint Secretary in the States Division of the MEA, underlined that "more and more interaction of states in the context of conduct of foreign affairs too would lead to 'cooperative and competitive federalism' as envisioned by Prime Minister Modi." This vision is now being realised by the State's Division in the MEA which puts "sharper focus on states, closer familiarization with their requirements regarding commerce connectivity, community abroad, capacity building (experience sharing) and cultural ties, and effective communication among the Ministry, Missions/Posts and state governments."⁴⁰ It was due to PM Modi's initiative of promoting paradiplomacy that for the first time ever, the chief ministers of Gujarat and Andhra Pradesh addressed 130 heads of Missions during the HoM Conference in February 2015.

CONCLUSION

Paradiplomacy is still in its nascent stages in India. However, it is clear that the current administration is keen to encourage state governments to develop paradiplomatic relations. It will take some time and may require the emergence of dynamic leaderships at the state level to imitate the

success story of Sao Paulo and Macau. Nevertheless, some states like Maharashtra, Karnataka, Andhra Pradesh, Telangana and Gujarat are already taking long strides in this direction. While the MEA has established a 'States Division', the government must engage in better policy formulation and institute clearer guidelines in order to see the fruits of pursuing subnational diplomacy.

Paradiplomacy is not an end in itself. Nor can it be a means to enhance Centre-state relations or strengthen federalism. Sub-unit diplomacy or paradiplomacy is key where the imperative of interdependence acts as the main guiding factor. To quote Governor Bruce Babbitt of Arizona in the US, who as chairman of the Advisory Commission of Intergovernmental Relations had expressed in the autumn of 1983, "states will probably have to assert themselves as never before in modern times...The message is clear: national governments will no longer bail us out".⁴¹ Thus, despite paradiplomacy resulting in what other scholars have called the "globalization of localism",⁴² this decentralisation of foreign policy could allow Indian states (or federating units) to successfully do the following:

- Promote their interests internationally, but in accordance with the overall national interests;
- Share the costs and to pool the forces and resources of foreign policy-making with federal governments; and
- Look for complementarities.

Barring the few policy disagreements of the kind seen between the Union and Tamil Nadu over Sri Lanka, and with West Bengal over the Teesta accord with Bangladesh, paradiplomacy, as an established mechanism is only bound to gain strength in the years to come. The scope of subnational diplomacy extends beyond regional considerations. Setting an economic trajectory to developmental goals and balancing interests of different parties involved remain the two prime narratives for the Union to define. Playing a two-level game by not alienating state-level considerations, keeping interests of all parties and negotiators in mind, could help the

Union push India's diplomatic goals. Expanding international opportunities by means of town twinning and overseas investments makes for a viable option for the Union government to consider in helping paradiplomatic relations shape India's diplomatic trajectory. Given India's future global requirement firmly ensconced in seeing a reformed and more liberal economy today, it is important for India's leadership to strengthen its political presence by making space for a more inclusive federal structure. Inclusion of public-private partnerships in overseas projects by keeping regional political contexts in mind can be a precursor to more ambitious undertakings in the realm of paradiplomacy. 

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