In a recent book on the Korean question, an American commentator points out the importance of seabed petroleum deposits in the Yellow Sea for both the Republic of Korea (hereinafter, “ROK”) and the Democratic People’s Republic of Korea (“DPRK”). He goes on to suggest that the two Koreas adopt an agreed position concerning Korean median-line claims vis-à-vis China. According to this commentator:

A median-line agreement with China would enable North and South Korea to launch cooperative seabed exploration and development efforts that are now paralyzed by jurisdictional disputes and eventually to join with China in such efforts in those seabed areas where geological structures overlap the median line.

In a separate paper on the East China Sea, I have analyzed the general law of maritime delimitation. In this paper I will begin by discussing how this law plays out in
East Asia (mainly, China, Japan, and the two Koreas) and will then venture some proposals for cooperative arrangements for the joint exploration for and exploitation of oil resources in the Yellow Sea.

**Japan and Seabed Boundary Delimitation**

With respect to the principles and rules applicable to the delimitation of the continental shelf and the exclusive economic zone, the Japanese government has consistently relied on the principle of equidistance. Japan’s adherence to the equidistance principle is reflected in the relevant domestic legislation. Thus, Article 1(2) of the 1996 Japanese Law on the Exclusive Economic Zone and the Continental Shelf defines the outer limit of the exclusive economic zone (hereinafter “EEZ”) as “the equidistance line (if a different line is agreed on between Japan and a foreign state, that line)” when the 200 nautical mile line as measured from the baseline extends beyond the equidistance line. Article 74 of the 1982 UNCLOS makes no mention of the equidistance line and only provides that “[t]he delimitation of the exclusive economic zone … shall be effected by agreement on the basis of international law … in order to achieve an equitable solution”. In contrast, Japanese law puts forth the principle of equidistance as the mandatory rule of delimitation and delimitation based on other criteria effected by agreement is regarded as an exception. The provision appears to be
based on the idea that there exists a high degree of similarity between the equidistance/special circumstances rule as provided for in Article 15 of the 1982 Convention and the equitable principles as articulated in Articles 74 and 83 of the Convention. As discussed above, such an interpretation is in accord with recent ICJ and arbitral jurisprudence relating to maritime delimitation. This position has been adopted by the Japanese government defensively in the face of strong South Korean and Chinese invocation of the natural prolongation theory in connection with continental shelf boundary delimitation in the East China Sea.4

South Korea and Seabed Boundary Delimitation

As far as the delimitation of the continental shelf is concerned, the ROK government has taken a selective or “eclectic” approach. In relation to China, it has invoked the principle of equidistance. In contrast, it has relied on the principle of natural prolongation of land territory as articulated in the 1969 North Sea Continental Shelf cases. As pointed out above, when the ICJ handed down this judgment in 1969, the ROK government lost almost no time in invoking it vis-à-vis Japan. This principle of natural prolongation provided powerful theoretical ammunition to the ROK government in its negotiations with Japan that resulted in the adoption of the joint development zone in the East China Sea.
The ROK position on the principles and rules to be applied in its adjacent seas is sometimes criticized as being inconsistent.\(^5\) In fact, the Chinese government has criticized its ROK counterpart for adopting both methods and applying whichever is most advantageous.\(^6\)

The seabed areas of the Yellow Sea constitute a single continuous continental shelf in contrast to the East China Sea where the Okinawa Trough exists. Therefore, there is little likelihood that China could succeed in challenging an equidistance line as being inequitable.\(^7\) From the standpoint of Article 74 of the 1982 UNCLOS providing for equitable principles, on which China itself places a great reliance, one could justify the ROK position by arguing that equidistance (as no more than a technique employed to achieve an equitable solution)\(^8\) and natural prolongation (as title and a relevant circumstance) are subordinate to the umbrella principle of equity. Also, state A is not necessarily bound to apply the principles adopted in its maritime boundary treaties with state B in relation to other states.\(^9\)

However, the evolution of the international jurisprudence on maritime delimitation law seems to impact on the ROK position. On the doctrinal side, there is an argument that with the introduction of a new concept of continental shelf under the 1982 UNCLOS the Okinawa Trough could not be accorded any significance and that Japan is
entitled to extend its continental shelf beyond the Trough.10

China and Seabed Boundary Delimitation

In stark contrast to Japan, the Chinese government has been an ardent proponent of equitable principles and has persistently denied the customary law status of equidistance since the controversy over the seabed boundary broke out in the early 1970s. Shortly after the controversy occurred, the Chinese government consolidated its views on the territorial sea, EEZ and continental shelf into a working paper submitted to Subcommittee II of the Seabed Committee. This document, titled “Working Paper on Sea Area within the Limits of National Jurisdiction”, provided in the second section dealing with EEZs or exclusive fishery zones that “A coastal state may reasonably define an exclusive economic zone … beyond and adjacent to its territorial sea in accordance with its geographical and geological conditions, the state of its natural resources and its needs of national economic development.”11 It was apparent that the inclusion of the geological conditions was closely related to China’s characterization of the continental shelf as a natural prolongation of land territory.12 In the same document, the importance of consultations in maritime delimitation was emphasized. In the section dealing with the continental shelf, it is provided that “States adjacent or opposite to each
other, the continental shelves of which connect together, shall jointly determine the delimitation of the limits of jurisdiction of the continental shelves through consultations on an equal footing.”

The Chinese stance of emphasizing the principle of natural prolongation and the need for consultations was reconfirmed when the Chinese government leveled a sharp criticism against the Korean-Japanese agreement of 30 January 1974 on the joint development of the continental shelf in the East China Sea. While criticizing the agreement as “an infringement on China’s sovereignty, which the Chinese Government absolutely cannot accept”, the spokesman for the PRC Foreign Ministry issued a statement arguing that “according to the principle that the continental shelf is the natural extension of the continent, it stands to reason that the question of how to divide the continental shelf in the East China Sea should be decided by China and the other countries concerned through consultations.” In the substantive sessions of UNCLOS III after 1974, China expressed firm support for equitable principles in relation to EEZ/continental shelf delimitation. For instance, at the Resumed Ninth Session (28 July – 29 August 1980), the PRC stated that delimitation should be effected through negotiations between the parties concerned on the basis of equity, taking into account all factors concerned; the median line can be employed only when its use is in accordance
with equitable principles.\textsuperscript{15}

Now the question is how the Chinese position on the principles and rules of maritime delimitation is applied to the Yellow Sea and the East China Sea. In the former, the Chinese side tries to avoid the application of the equidistance principle by invoking various geological or geomorphological features of the sea. The official position of China is still not clear in this regard. However, various geological or topographical criteria have been suggested by a number of scholars and researchers. Thus, a description of the seabed topography, such as the fact that a smooth gentle slope (1:26,000) from the west meets the steep and less regular slope (1:6,000) from the east in an axial valley two-thirds across on the Korean side of the Yellow Sea, or the fact that the eastern third of the sea is floored by sand originating from the mountains of Korea while the rest (2/3) on the western side is floored by clay discharged by the two rivers of China, i.e., the Huanghe and the Yangtze,\textsuperscript{16} is cited with approval as the basis of title.\textsuperscript{17} Also, China may have hoped to argue that the continental shelf in the Yellow Sea is a prolongation of the Chinese landmass in an eastward direction and not a prolongation of the Korean peninsula westwards.\textsuperscript{18}

In the East China Sea, China is taking almost the same position as it takes toward Korea. In relation to Japan, it puts forth the principle of natural prolongation of
land territory which the ICJ endorsed in its 1969 *North Sea Continental Shelf* cases. In this connection, the existence and legal significance of the Okinawa Trough looms large.

Basing itself on the principle of natural prolongation, China contends that this geomorphological feature constitutes the natural frontier between the continental shelves of China and Japan.  

It was pointed out above that the adoption of the 1982 UNCLOS has brought about a substantial change to the international jurisprudence relating to the EEZ/continental shelf delimitation. How has China responded to this important development which impinges directly on its claims in the Yellow Sea and the East China Sea? Of course, in China a keen attention has been paid to the evolution of the jurisprudence of the ICJ and other arbitral tribunals. Faced with the increasing erosion of the principle of natural prolongation and equity in international jurisprudence, a strenuous effort has been made to preserve the tenability of its original position.

Let me first summarize the Chinese position and, in so doing, point out its methodological approach and strategy. First, China still adheres faithfully to the international law of maritime delimitation as articulated in the 1969 *North Sea Continental Shelf* cases, which “could have hardly have been more timely to China”. This position is also consistent with the stance taken by the Chinese government in the
UNCLOS III negotiations.

Secondly, in its interpretation of the customary international law of maritime delimitation as embodied in the 1969 ICJ cases and the relevant articles (in particular, 74(1) and 83(1) of the 1982), China emphasizes the principle of equitable solution through consultations. This principle is concretized by taking into account and giving due weight to all the relevant factors in a given delimitation case. In contrast to the international jurisprudence’s “lionizing” geographical factors to the virtual exclusion of other factors, China takes a more expansive and inclusive view of relevant circumstances to be factored into maritime delimitation, including geological or geomorphological factors and economic factors.

Thirdly, China has attentively followed the evolution or transformation of the international jurisprudence on maritime delimitation. Rather than accepting that this jurisprudence is binding on it, however, China has tried to “localize” or “parochialize” the normative impact of the jurisprudence, inter alia, by invoking still widely diverging state practice which China seems to regard as a more authoritative and fundamental source of international normativity. If this strategy of localization or parochialization should prove unsuccessful, it is submitted, it could fall back on the principle of persistent objector and thereby exempt itself from the binding force of the international
Fourthly, in trying to confine the normative reach of the international jurisprudence concerning maritime delimitation, China places emphasis on the unique factual matrix of each given delimitation case. In doing so, the principle of equidistance is discounted as a principle valid for a limited category of delimitation or no more than a mere technique which has not attained the same normative status as the principle of equity.

As such, the Chinese position shows a wide discrepancy with the international jurisprudence on maritime delimitation. How is this discrepancy to be explained and overcome? By stubbornly sticking to the principle of equity in defiance of the newly consolidated international “case-law”, does China violate international law? Or is China fully justified in adhering to equitable principles either as a persistent objector or because another source of international normativity, i.e., state practice is still on its side? What are the implications of this discrepancy (between international jurisprudence and Chinese practice) for international dispute settlement in East Asia? Will China stay its course by preferring bilateral consultations or negotiations to multilateral or third-party settlement? A detailed discussion of these questions is beyond the remit of this short paper. Let me just allude to an important point for our purposes. Based on the above
analysis, it can be argued that the states in East Asia (especially China), in their efforts
to manage or resolve maritime delimitation issues within the region, have room for
maneuver even outside the normative framework structured by the ICJ’s jurisprudence.

Given the wide discrepancy between the (tenable, in the light of the foregoing
discussion) position of some states in the region and the jurisprudence of the ICJ and
arbitral tribunals, it will be difficult to expect the states concerned to refer their disputes
relating to maritime delimitation to international tribunals in the near future.

**Continental Shelf Delimitation in the Yellow Sea**

*South Korea and China*

As was pointed above, in the delimitation of the continental shelf in its coastal
areas, the ROK government has taken a selective or “eclectic” approach. In contrast, the
Chinese government has consistently contended that the principle of equity is the
governing principle of the law of maritime delimitation. It persistently denied the
customary law status of equidistance since the controversy over the sea-bed boundary
broke out in the early 1970s. Various geological or geomorphological criteria relied on
by Chinese scholars and researchers in delimiting continental shelf in the Yellow Sea
were already discussed above.

In the light of the fact that the seabed areas of the Yellow Sea constitute a single
continuous continental shelf, in contrast to those in the East China Sea, where the
Okinawa Trough exists, there is a scholarly opinion on the Chinese side that disregards
natural prolongation as the criterion of continental shelf delimitation in the Yellow Sea.
Instead, the emphasis is placed on economic and humanitarian factors, such as the size
of the population, and energy needs. However, the end result of this approach appears
similar to that of the position emphasizing the geological or geomorphological factors;
i.e. that preferential consideration should be given to the Chinese side in the
delimitation of the continental shelf in the Yellow Sea.

Another difficult question is the legal status of islands or islets off the coasts of
the ROK and China. As is pointed out in Judge Park’s paper submitted for this
workshop, the ROK, in drawing the median line vis-à-vis China, gave full effect to all
outlying islands, inhabited and uninhabited, along its coasts in the Yellow Sea as base-
points. In contrast, it ignored an outlying rock located east of the Yangtze River, called
Dongdao or Haizhao (or “Barren Island” in English), in determining the outer limit of
its Block 4. A similar question arises over a even a smaller rock called Dongnanzhao
which is used by China as Basepoint 13 in its Baseline Declaration of 15 May 1996.
What effect (full effect, half-effect, no-effect, etc) is given to the island or rock in
question impacts greatly on the overall delimitation of the respective continental shelves.
Therefore, it is necessary for China and the ROK to reach consensus on this difficult question of the legal status of islands and rocks in order to articulate a cooperative regime for the exploration and exploitation of the oil resources in the Yellow Sea. Again, international law of the sea is riddled with lots of (intentional) ambiguities in this respect. So it behooves the parties concerned to settle the question among themselves, taking into account all the relevant circumstances existing in a given case. In other words, they have to flesh out the skeletal normative cues provided for in the 1982 UNCLOS, taking account of a *sui generis* factual matrix of a given case.

*South Korea and North Korea*

Since the late 1960s, the ROK government has shown a keen interest in the exploration and exploitation of its offshore hydrocarbon potential in the Yellow Sea. As a rapidly industrializing economy that relies heavily on imported energy sources, it has made a strenuous effort to realize its “dream to become an oil-producing nation”. As Kook-sun Shin elaborates in his paper, for instance, 5 exploratory wells have been drilled in an area called the Kunsan basin.

On the DPRK side, it is generally recognized that the shortage of energy supplies is one of the fundamental problems it is confronted with. The dire situation in
the DPRK is well summarized by an American scholar as follows:

In the past, North Korea had obtained oil from the Soviet Union at subsidized prices. In the early 1990s, when the Russians began demanding payment in hard currency at world prices, China emerged as North Korea’s principal supplier of both oil and coal. As China shifted from a net exporter to a net importer of oil, its willingness to finance North Korea’s consumption withered, and it too began to demand that North Korea pay full price. The Chinese reversed course, however, once the famine intensified and large numbers of refugees began crossing into China. …

Williams, Hayes, and Von Hippel [“Fuel and Famine: North Korea’s Rural Energy Crisis” (Paper presented to the Pentagon Study Group on Japan and Northeast Asia, Washington, 22 October, 1999)] estimate that energy supplies from all sources have fallen more than 50 percent since 1990.22

Under the circumstances, it is not surprising that the DPRK has recently stepped up its exploratory activities for oil which it had embarked on as early as 1960s, as is well analyzed in a paper submitted for this workshop.23 In the ROK, the prospect of the DPRK emerging as an oil-producing economy attracted intense media attention when the late Chung Ju Yung, the founder of a ROK chaebol Hyundai Group, announced in October 1998 on return from his visit to Pyongyang that the capital city
of the DPRK was “floating on a sea of oil”. At that time, it was reported in the ROK media that the oil reserve at the Seohanman (West Korea Bay) basin was estimated to reach 5-40 billion barrels. It was also reported in 2001 that the DPRK succeeded in producing 300,000 tons of crude oil per year from the Anju basin. According to the Korea Trade Investment Promotion Agency, the DPRK exported at least $10 million of oil to countries such as Japan, China and Thailand. In the light of the fact that the DPRK imported only 389,000 tons of oil in the same year, oil export to the tune of $10 million could be explained only on the basis of a substantial amount of domestic oil production. Given the highly sensitive nature of the question, both the ROK and DPRK governments have been highly secretive about the exploratory and exploitative activities within the DPRK. Once it was expected that the 2001 summitry between the leaders of the ROK and the DPRK would achieve a breakthrough for the North-South cooperation on the development of oil resources within the DPRK. However, a serious cooperation for the joint development of the oil resources has yet to be undertaken.

One of the biggest hurdles for the North-South cooperation is the question of maritime jurisdictional limits between the ROK and the DPRK. As is well known, the “Northern Limit Line” which had been unilaterally established by the Commander of
the United Nations Command in August 1953, i.e., immediately after the conclusion of
the Korean Armistice Agreement on 27 July 1953. Although, formally speaking, the
status of the line was founded on no more than the internal (i.e., addressed to the United
Nations forces only) rules of operation, it functioned as a kind of *de facto* demarcation
line between the ROK and the DPRK until 1973. In that year, the DPRK raised
jurisdictional claims over the maritime area surrounding the 5 islands lying close to its
western coasts. Since then, a heated controversy has raged between the ROK and the
DPRK over the legal nature and legitimacy of the Northern Limit Line. This question
was addressed, if on a provisional basis, by the 1991 North-South Basic Agreement and
the 1992 Supplementary Agreement for the Implementation and Observance of Non-
Aggression between the North and the South. In particular, Article 10 of the latter
document provides that “Until the final determination of the maritime boundary of non-
aggression, both sides shall respect the [involatility of] areas heretofore administered
by the other side.” According to the ROK government’s interpretation, this article
provides for the validity or opposability, if provisional, of the Northern Limit Line *vis-
à-vis* the DPRK. Despite this agreement, there were two major naval incidents over the
question of this line in 1999 and 2002. For there to be a cooperative arrangement or
regime for joint development of oil resources between the ROK and the DPRK, this
thorny question should be resolved in an amicable and forward-looking way within the framework of the replacement of the present armistice regime by a peace agreement.

**The Path to Joint Development**

As compared to the situation in the East China Sea, the trilateral (i.e., China, the ROK and the DPRK) or bilateral (i.e., between the ROK and the DPRK or between the DPRK and China) cooperation for the exploration for and exploitation of oil resources in the Yellow Sea has a high “issue density”. It is not just about securing energy resources needed for economic development. It is closely related to the question of alleviating the acute socio-economic crisis now confronting the DPRK. The issue also has a lot to do with laying the groundwork for a close long-term economic cooperation among the parties concerned, in particular between the ROK and the DPRK. If one goes one step further, a smooth and productive conduct of the cooperative regime will go far towards the establishment of a permanent regional system of peace and security.

It is true that the persistence of the North Korean nuclear crisis is a major stumbling block to the emergence of regional cooperative regimes in East Asia. However, it should be noted that as far as China, the ROK and the DPRK are concerned,
the rivalry and tension of the Cold War period has substantially decreased. If the parties concerned approach the question of oil resources in the Yellow Sea from the perspective of a win-win strategy rather than from that of a zero-sum game, they can resolve a number of difficult questions some of which go far beyond the acquisition of energy resources.

In devising an equitable and amicable resolution of maritime delimitation in the Yellow Sea, the following points should be borne in mind:

(a) The parties concerned should make their best efforts not to aggravate the present situation by refraining from action or measures which could adversely affect their respective positions or interests.

(b) When a party considers taking measures which could affect the position or interests of other parties, it should give a prior notification or enter into a prior consultation with them.

(c) The parties concerned should promote the formation of an “epistemic community” in the region and an active exchange and cooperation between the members of this community in the form of, among others, data exchange and workshop, as is suggested by Susumu Yarita in his paper. Building on such exchange and cooperation, the parties concerned can go further by jointly conducting joint seismic shooting and ultimately
joint exploration for and exploitation of oil resources.

(d) The parties concerned should devise ways for a smooth and equitable resolution of disputes relating to oil exploration and exploitation.

In moving toward joint development, the following principles should be kept in mind:

(a) The parties concerned should reciprocally make concessions regarding the most difficult question of the principles and rules to be applied in maritime delimitation. In other words, China should not insist on the natural prolongation as its basis of continental shelf claim. In any case, given the geological or geomorphological nature of the seabed in question, it will be extremely difficult to determine the Chinese continental shelf margin. The ROK should reciprocate by dropping its support for the median line. As was pointed out above, the ROK position arguably suffers from the lack of consistency. In other words, given its insistence on the principle of natural prolongation vis-à-vis Japan, the ROK will find it difficult to put forth the principle of median line against China as forcefully as it would like to. Since the DPRK appears not to have clarified its position on the principles and rules of maritime delimitation in the Yellow Sea, it has an expansive room for maneuver.

It should be noted that such a reciprocal concession is without prejudice to the
official and final position of the respective parties on the question of maritime
delimitation. China and the ROK can avoid the embarrassment of appearing to back
down from their original position by choosing the eastern limit of the joint development
zone somewhere between the median line (the ROK position) and the silt-line (the
putative Chinese position). In so doing, they need not mention either natural
prolongation or the median line.

(b) The joint development zone, either trilateral or bilateral, needs to be of a substantial
size. It also needs to straddle the putative median or equidistance line. If the zone were
to be of a small size, the parties concerned would have difficulty shelving the thorny
and divisive question of which principle or rule of delimitation (equidistance or natural
prolongation) to apply in the Yellow Sea. For instance, a small size joint development
zone falling between the putative median line and the silt-line will be unacceptable to
the ROK, and to the DPRK for that matter. On top of this, a joint development zone of a
substantial size will testify to the seriousness of the parties concerned about cooperation.
NOTES


20 *Ibid.*, pp. 245-248. This book represents a scholarly view only. However, in light of the continuity between the
view expressed in the book and the traditional official position and other circumstances, one could surmise that there
is not much discrepancy between this view and the official stance of the Chinese government.

21 Park, supra note 29, p. 258.

22 Marcus Noland, *Avoiding the Apocalypse: The Future of the Two Koreas* (Washington, DC: Institute for

23 Keun-Wook Paik, “North Korea’s Approach for Oil Exploration and Production”.


28 In a 1992 international law textbook, it is stated that the decree on the establishment of the 200-mile economic zone
of 21 June 1977 provided for the median line where it was impossible to demarcate this zone to its full extent. *Gukje
is also mentioned in a recently published encyclopedia on international law. *Gukjebeop sajeon* [International Law
Encyclopedia] (Pyongyang: Social Science Press, 2002), p. 12. However, both books are curiously silent on the North
Korean practice relating to the continental shelf. The latter only mentions that “Our country has a wide expanse of the
continental shelf (approximately 500,000 square kilometers) in the East, West and South Sea which contain various
subterranean resources such as crude oil and manganese. These resources are an important capital for the economic
development of our country and the betterment of people’s life.” p. 165.