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## ~~THE PRC ATTITUDE TOWARD SEABED EXPLORATION IN THE CHINA SEAS~~

### Summary

Peking in 1958 claimed 12-mile territorial waters, but since has claimed seabed resources, "living and non-living," to the edge of the continental shelf off its coast. The territorial and seabed claims include resources in the waters surrounding territories that the PRC now physically possesses--the Chinese mainland, Hainan, the Paracels--and those which it does not but over which it asserts sovereignty--Taiwan, the Senkakus, the Spratlys, and other islands. The Chinese have stated, however, that their claim to seabed resources of the continental shelf is subject to negotiation with littoral states, leaving unclear Peking's position on exactly how much of the shelf opposite Korea, Japan, and Vietnam belongs to China.

Two things are clear, however. One is that until the PRC and the other littoral states have negotiated seabed agreements, Peking will not concede that anyone has a legitimate right to conduct oil exploratory or drilling operations in the Yellow and East China Seas or parts of the South China Sea, even if the location of those activities appears to be comfortably closer to South Korea, for example, than to the PRC. One consequence is that Peking denies the validity of oil concession areas drawn from the Korean coast out to an equidistant line unilaterally determined by the Koreans.

It is equally clear that Peking has no intention of soon entering into seabed negotiations with other littoral states, notwithstanding the fact that it is the PRC which insists on their eventual necessity. The multiple political

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factors--involving Hanoi and Pyongyang no less than Seoul, Tokyo, and Taipei--may require long evolution before the Chinese see the way cleared for negotiations.

The PRC has reacted both to exploratory activities conducted with the backing of US oil companies in Korean and Taiwanese offshore areas and to the announcement of a Japanese-South Korean agreement on a joint development zone in the East China Sea. PRC reaction has consisted of vague yet ominous statements, for example, that the Japanese and South Koreans "must bear full responsibility for all the consequences arising therefrom."

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## THE OVERALL PRC POSITION ON UNDERSEA RESOURCES

### Coastal Boundary

On September 4, 1958, the PRC issued a declaration on China's territorial sea, claiming 12 miles beyond a baseline which it defined. Although in a 1972 study the Department of State's Geographer cautioned that the absence of an official, published PRC map made a comprehensive determination impossible, he concluded:

"Basically, Peking appears to have taken a realistic and non-expansive attitude in drafting its straight baselines. Rather than stating that the lines join the outermost points of the outer islands, the declaration notes that mainland points intervene. This decision would act to shorten the length of straight baseline segments and hence to diminish the claim to internal waters and to territorial sea."\*

### Continental Shelf

China's position on seabed resources, living and non-living, off its coast was spelled out in a PRC statement at the April 1974 Colombo ECAFE Conference:

"All seabed resources in China's coastal sea areas and those off her islands belong to China. China alone has the right to prospect and exploit these seabed resources. All prospecting and drilling activities carried out at will in China's coastal sea areas and those off her islands in disregard of China's sovereignty are illegal.

"Division of jurisdiction of the continental shelf between China and countries bordering on or facing

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\* International Boundary Study, Limits in the Seas No. 43, "Straight Baselines: People's Republic of China," July 1, 1972. (UNCLASSIFIED).

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her should be decided by the countries concerned through consultations on an equal footing. To one-sidedly mark off a large area of the continental shelf as a so-called 'joint development zone' behind China's back is an infringement on China's sovereignty, which the Chinese Government absolutely cannot accept. Anyone who arbitrarily carries out development activities in this area must bear full responsibility for all the consequences arising therefrom."

The PRC's position that shelf resources should be divided "through consultations on an equal footing" is in line with international practice in the North Sea and other areas where several countries share a shelf. Furthermore, it follows the Geneva Convention on the Continental Shelf (to which Peking is not a party), which requires consultations between littoral states.

Oil resources beneath the continental shelf (defined as the seabed and subsoil of adjacent waters which are subject to exploitation, currently less than 200 meters of water depth or about 100 fathoms) are commonly considered to belong to bordering coastal countries. By this standard China might claim the lion's share of the relatively shallow East China Sea (see Map A). In the South China Sea (Map B)--except for the continental shelf off China and North Vietnam and the shallow areas around the various island groups--the water is generally too deep for the seabed to be open to commercial development of oil resources under existing technology. Improved technology, however, could change the picture and open most of the South China Sea to exploitation by the end of the century.

#### Equidistant Line

Both Peking's 1974 ECAFE statement and its response to 1973 Gulf drilling activities in the Yellow Sea (see below) demonstrated that Peking does not concede that a equidistant line drawn without its consent halfway between the territorial water baselines of littoral countries might constitute an acceptable interim basis for dividing the China seas' continental shelf. Certain precedents exist for unilateral division of a continental shelf along an equidistant line (which is what the ROK granting of concession zones amounts to--see Map C).

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But since the PRC has not subscribed to the Geneva Convention on the Continental Shelf, upon which these unilateral delimitations are based, and since China has expressed its willingness to negotiate with adjacent states as required by the convention, Peking has grounds for rejecting the South Korean equidistant line. Furthermore, even if the PRC eventually accepted the equidistant line concept, the precise location of the line could be controversial.

### "Exclusive Economic Zone"

The PRC publicly supports the right of other countries to claim territorial sea or an "exclusive economic zone" up to 200 miles beyond its baseline, provided such a claim is in conformity with a country's "geographical and geological conditions." Oil resources would fall within the "all natural resources, living and non-living" that China defines as belonging "exclusively" to the country claiming the "economic zone."

The PRC itself has based its resource claims on the continental shelf off its coast, not on a limit of 200 miles. Peking's insistence that "geographical and geological conditions" be considered in determining economic zones is aimed at Japan, which supports the 200-mile zone. Japan is separated from much of the East China Sea continental shelf by a deep undersea trench, which runs west of the Ryukyus.

## THE PRC VIS-A-VIS OTHER LITTORAL COUNTRIES

### Republic of Korea

Peking has twice protested oil-drilling activities in ROK concession areas. In early 1973, a Gulf-chartered ship with a non-US crew and registry began test drilling at a location in Concession Area 2 (Map C) which, though far out in the Yellow Sea, would fall on the Korean side of any equidistant line. On March 15, 1973, a PRC Foreign Affairs Ministry statement attacked "intense drilling in the Yellow Sea and the East China Sea" undertaken by "United States oil companies" with the "consent of the South Korean authorities" as a "new step taken by the international oil monopolies...to grab China's coastal seabed resources." Reasserting the PRC's right to participate in delimiting the Yellow and East China Sea continental shelf, the protest concluded:

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"The South Korean authorities have flagrantly and unilaterally brought foreign oil companies into the aforementioned region for drilling activities. The Chinese Government hereby reserves all rights in connection with the possible consequences arising therefrom."

The PRC did not respond to a subsequent Republic of Korea offer to enter into discussions to negotiate a delimitation line.

On February 4, 1974, the Chinese protested an ROK-Japan agreement, signed in Seoul on January 30, that provided for joint development of a zone of the East China Sea continental shelf between Korea and the Ryukyus (red area on Map C). The Foreign Affairs Ministry statement called the "so-called agreement" an action "unilaterally" taken "behind China's back." Once again asserting China's right to be a party in the division of the shelf, the protest concluded:

"This act is an infringement on China's sovereignty which the Chinese Government absolutely cannot accept. If the Japanese Government and the South Korean authorities arbitrarily carry out developments in this area, they must bear full responsibility for all the consequences arising therefrom."

#### North Korea

North Korea has laid claim to its share of the continental shelf and has asserted that the boundary should be settled by consultation on the basis of a median (equidistant) line. Pyongyang has also protested South Korean oil exploration concessions granted to foreign companies, on the unsurprising basis that the ROK has no "right or competence to strike a bargain with anybody about our continental shelf."

Pyongyang's hostile attitude toward Seoul's concession areas means that China can continue to oppose exploration activities on the South Korean side of any median line without complicating PRC relations with North Korea, even though Pyongyang has expressed general support for the median-line principle. North Korea's position otherwise parallels that of the PRC: the Yellow Sea continental shelf should not be open to foreign exploration in the absence of a general agreement among the littoral countries as to how it should be divided.

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Japan

Apart from the Chinese protest over the Japan-ROK Joint Development Area agreement--which the Diet has yet to ratify-- Peking and Tokyo have avoided open friction over seabed claims since their 1972 normalization of relations.

Earlier, however, at the time Okinawa and the Ryukyus reverted to Japan, the PRC clearly staked its claim to the Senkakus, uninhabited islets at the southwestern end of the Ryukyu chain (Map A). The Senkakus had been considered part of the Ryukyus by the US occupation authorities, but unlike the Ryukyus they are situated on the Chinese side of the trench lying between the PRC and Japan. In a May 1971 People's Daily Commentator article, Peking accused the Japanese of working with "the Pak Chong-hui clique" and the "Chiang Kai-shek bandit gang" to "jointly" develop "the seabed and subsoil resources of this area." The Commentator warned that such collusion to "plunder" PRC resources could "only arouse burning wrath among all the patriotic Chinese."

In his March 3, 1972, speech to the UN Committee on the Peaceful Uses of the Seabed, at a time when the Sato government was still in office, PRC representative An Chin-yuan issued a similar warning. In an apparent reference to activities in the Senkakus area, he charged Japan and others (including the US) with making "frequent 'submarine' explorations in China's coastal seas in an attempt to further plunder China's coastal seabed resources." An reiterated Peking's claim to the Senkakus, adding that:

"The seabed resources of the sea around these islands and of the shallow seas adjacent to other parts of China belong completely to China and it is absolutely impermissible for any foreign aggressor to poke his fingers into them. No one whatsoever is allowed to create any pretext to carve off China's territory and plunder the sea resources belonging to China. And no one will ever succeed in doing so."

But at the Chou-Tanaka normalization summit of late 1972, and in current negotiations looking toward a Sino-Japanese peace treaty, both sides have chosen to shelve the Senkakus problem. Nonetheless, it may be a significant portent of PRC seabed claims. Peking's claim to the islets apparently rests in part on their location on the Chinese

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side of the Ryukyu trench, and it would be consistent with that position to contend that the entire East China Sea continental shelf--running down almost to the Ryukyus--rightfully belongs to the PRC. Japan, however, could counter that it is also located on the East China Sea continental shelf.

### Taiwan

Peking claims Taiwan and all its undersea resources. The PRC formulation (as restated at the April 1974 ECAFE Conference) absolutely rejects the Republic of China's right to award oil concessions:

"All agreements and contracts concerning prospecting and exploration of China's seabed resources concluded by the Chiang Kai-shek clique in Taiwan with any country, international organization, or foreign state or private enterprise are illegal and null and void. None of them will be recognized by the Chinese Government."

Foreign-registered rigs, operating under an exploration agreement between the ROC's Chinese Petroleum Company (CPC), Continental Oil Company, and American Oil Company, discovered natural gas off Taiwan's southwest coast last summer (CONOCO concession on Map C).

Peking indicated displeasure in a November 1, 1974, broadcast to Taiwan labeling the CPC "a joint organization of six US petroleum companies" to which "the Chiang gang" had "sold out the natural resources and rights and interest of the motherland in the name of China." The broadcast noted that ROC actions allowed foreigners "to put up a Chinese signboard to do prospecting in our land and territorial waters" but stopped short of threatening to interfere with such efforts.

### Southeast Asia

The PRC has laid claim to the continental shelf of, and all island groupings in, the South China Sea (Map B).<sup>\*</sup> Peking occupies the Paracels and, like the ROC, has laid claim to adjacent Macclesfield Bank, which does not rise above the high

<sup>\*</sup> See also INR Research Study RGE5-5, "South China Sea: Up for Grabs," September 14, 1971 (SECRET/NO FOREIGN DISSEM/CONTROLLED DISSEM).

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water line and thus cannot be formally occupied. Macclesfield Bank has geologic structures that hint that it may contain potentially valuable petroleum resources, possibly the richest in the South China Sea. The PRC also claims Pratas Reef, which the ROC now occupies.

The PRC (and ROC) claim to the islets known as the Spratlys dates from the 15th century and from the Sino-French Convention of 1887, which delimited territory between Tonkin and China. The Philippine Government has never formally claimed the Spratlys, but has informally suggested that its geographical proximity to islands that the Japanese formally relinquished (to nobody in particular) in 1951 entitles it to claim the islands on behalf of the Allied Forces. The Philippines (as well as the ROC) has occupied certain of the islets. South Vietnam also claims the Spratlys, claiming successor rights to a 1933 French assertion of sovereignty over the islands.

Peking's claims to all the island groupings in the South China Sea are included within a dotted line (marked "Limit of Chinese Claim" on Map B) that has appeared on unofficial PRC maps since the early 1950's but has never been mentioned in official PRC statements. The line may amount to no more than a pictorial depiction of PRC claims to the South China Sea islands. Should it prove to have greater significance, the fact that the line runs east of the South Vietnamese and west of the Philippine continental shelf (100-fathom line on Map B) would suggest that the PRC would not be likely to contest GVN or Philippine offshore drilling activity. To the south, however, the PRC claim line reaches all the way to the Malaysian continental shelf, in order to encompass the southernmost Spratly.

The PRC claims to the island groupings are significant for the seabed because:

- as the Geographer points out,\* if precedents from the North and Adriatic Seas and the Persian Gulf are followed, the whole of the South China Sea is "most likely" to be treated as a semi-enclosed sea with "jurisdiction over the resources to be assigned to bordering states";
- the PRC's size and strength, demonstrated in the 1974 Paracels operation, suggest an eventual capability of

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\* See RGES-5.

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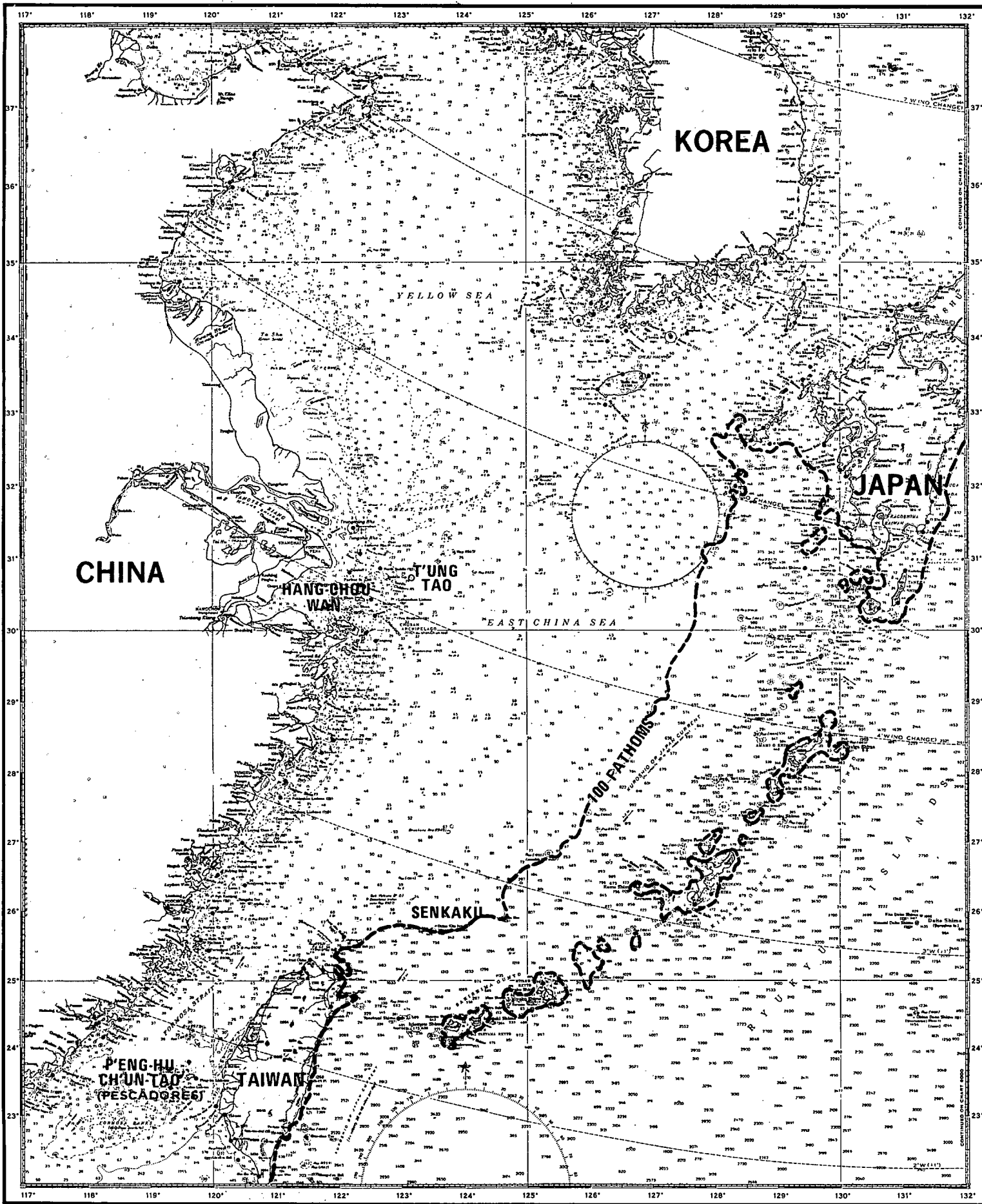
overriding its smaller neighbors' claims to the sea's various island groupings.

Chinese control over the Spratlys would presumably provide the basis for a PRC claim to accessible seabed oil in all parts of the central South China Sea.

Peking's views may be affected by North Vietnamese considerations. The dotted line on the unofficial PRC maps, apparently out of deference to Hanoi's sensitivities, does not extend north of the 17th parallel boundary between North and South Vietnam. Hanoi has not openly claimed any of the disputed South China Sea islands and stood by while the PRC drove South Vietnamese forces off the Paracels last January. However, a DRV diplomat recently revealed that his government had privately protested the PRC's Paracels actions, and still considers ownership of the islands a Vietnamese "family affair."

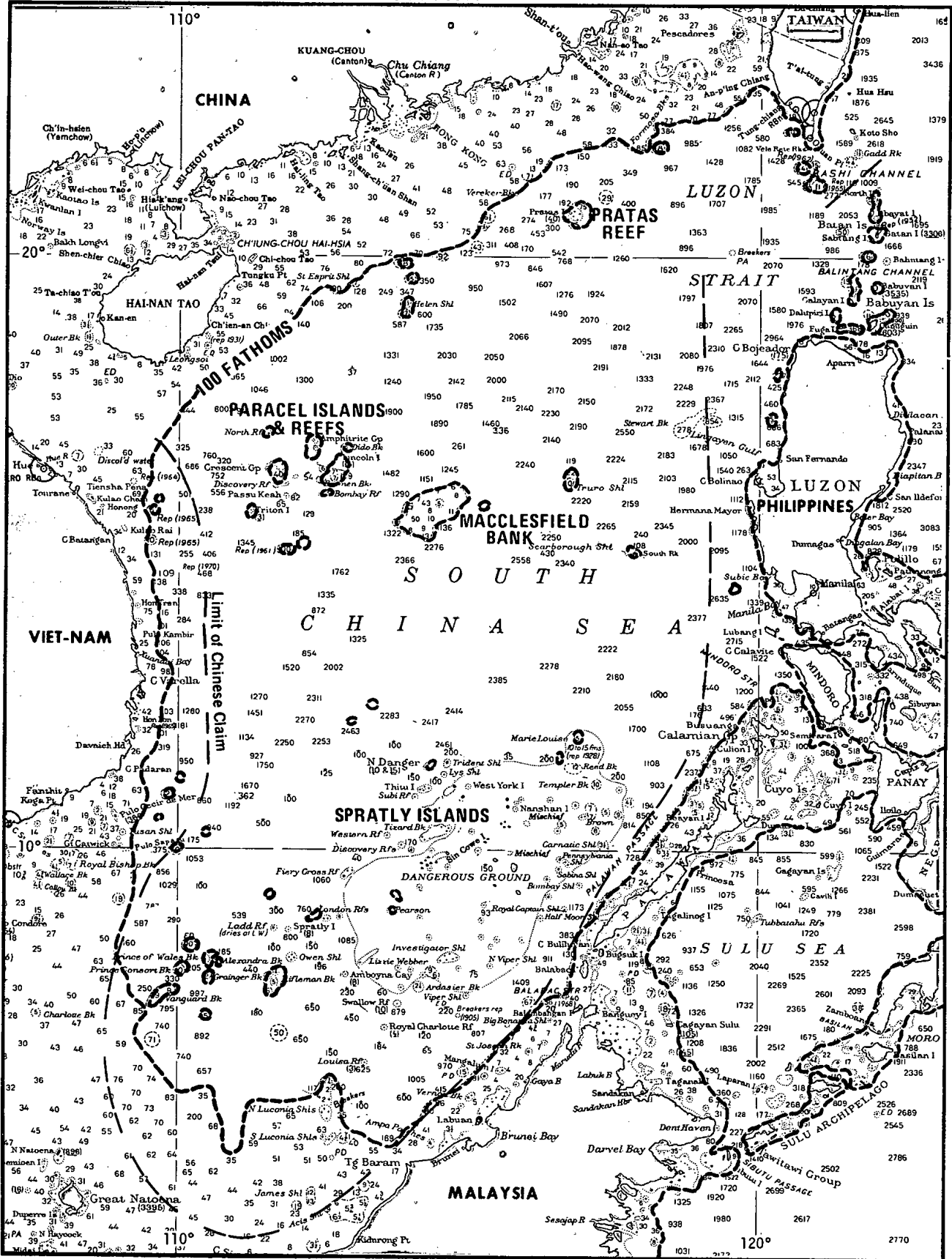
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# YELLOW SEA and EAST CHINA SEA: 100 FATHOM ISOBATH

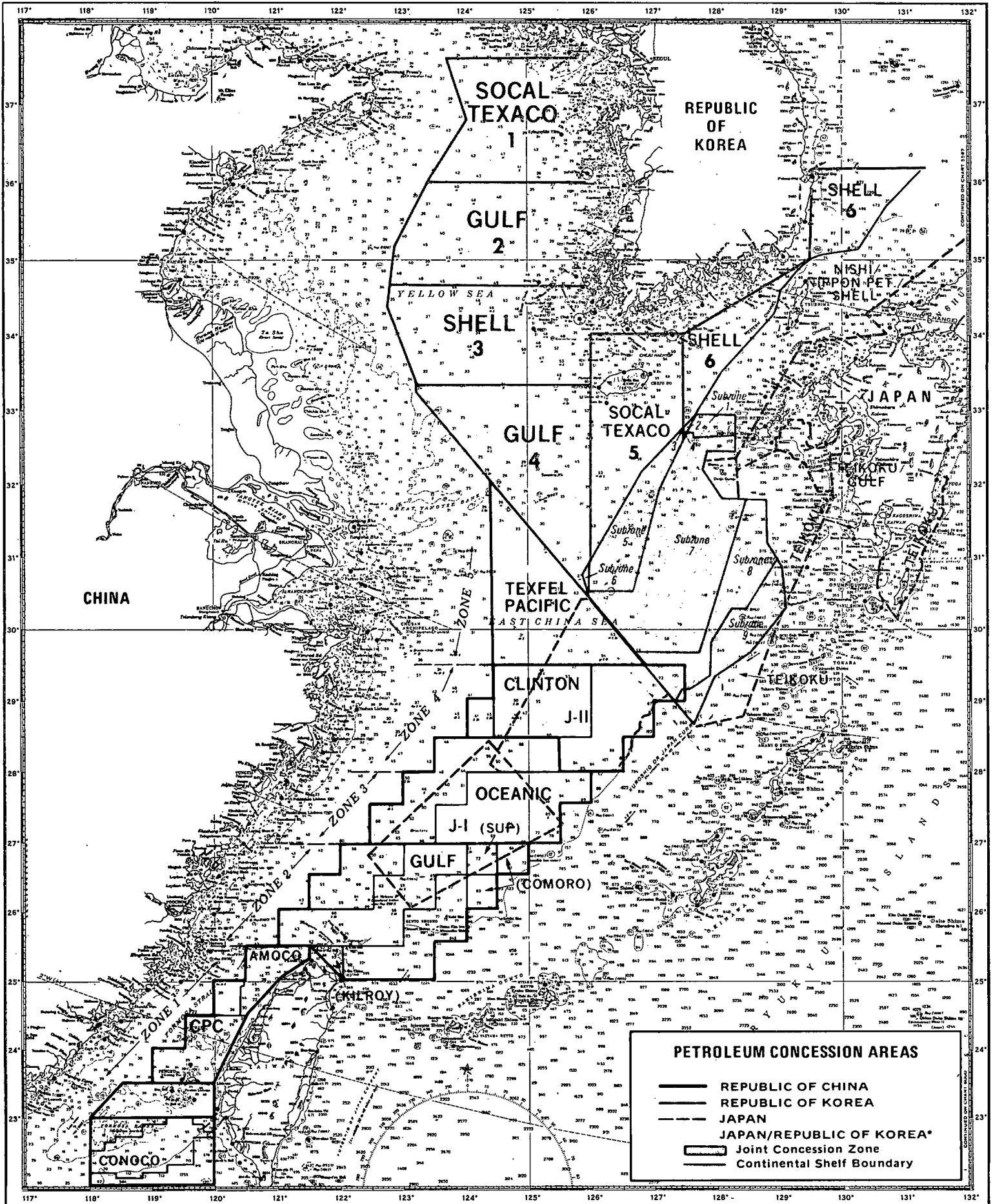


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### SOUTH CHINA SEA: 100 FATHOM ISOBATH



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\*Japan and the Republic of Korea have signed, but not ratified, the Agreements Concerning Joint Development of the Southern Part of the Continental Shelf Adjacent to the Two Countries and the Establishment of Boundary in the Northern Part of the Continental Shelf.