

Opinion – Extending South Korea and Japan’s Joint Development Zone Agreement

Written by SeungHwan Kim

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On June 3, the South Korean president Yoon Suk-yeol released a recent geophysical survey suggesting substantial deposits of natural gas and oil off the coast of Yeongil Bay in Pohang. The Presidential Office stated that the oil and gas reserves reported by ActGeo of the United States at the end of last year are estimated to be at least 3.5 billion barrels and up to 14 billion barrels. The gas reserves are estimated to be between a minimum of 320 million tons and a maximum of 1.29 billion tons, while the oil reserves are estimated to be between a minimum of 780 million barrels and a maximum of 4.22 billion barrels. It is indeed a significant opportunity for South Korea to bolster its energy security and self-sufficiency rate, considering its heavy reliance on oil imports and 19% of energy self-sufficiency rate.

However, this abrupt announcement brought some backlash politically. The opposition parties believed that the Yoon administration was trying to take a new turn amidst its record low approval rate of 21%, along with its political controversy regarding the probe of the death of a young marine. Others said that this should be approached with caution, considering the low drilling success rate that is around 20% and precedents of failures in the past. The discovery of oil in Yeongil Bay was first announced by President Park Chung-hee on January 15, 1976. The people, who had recently suffered from the first oil shock (1973–1974), were filled with hope that the dream of becoming an oil-producing country would come true. However, within a year, it was found to be economically unviable, and the development was halted. Simultaneously, the expected cost of drilling alone exceeds 500 billion KRW, indicating that the government must not solely rely on this opportunity and prepare for a Plan B to strengthen its energy portfolio.

In 1974, South Korea and Japan signed an agreement to jointly develop the entire Block 7 and parts of Blocks 4, 5, and 6, designating them as the Joint Development Zone (JDZ). This agreement, effective since 1978, is approaching a critical juncture in June of next year, when it will either be extended or terminated. The 50-year validity of the agreement allows either party to declare its termination starting three years before its expiration in June 2028. The impending expiration of the JDZ agreement with Japan presents a crucial consideration. By addressing both domestic exploration and this international energy agreement strategically, South Korea can ensure a more robust, secure, and self-sufficient energy future, mitigating risks associated with reliance on a single, uncertain opportunity.

The landscape of international law has shifted significantly in favor of Japan since the agreement was signed. Initially, the ‘extended continental shelf’ theory or principle of “natural prolongation” was widely recognized, allowing South Korea to claim jurisdiction over Block 7 despite its location near Japan’s Okinawa trough. However, the 1980s saw the rise of the ‘distance criterion,’ which grants comprehensive rights to the continental shelf within 200 nautical miles of a country’s coastline, as highlighted by the Libya-Malta ruling. This change has strengthened Japan’s claim to the area closer to its shores. Furthermore, the United Nations Convention on the Law of the Sea, adopted in 1982, established the Exclusive Economic Zone (EEZ) extending 200 nautical miles from a country’s territorial baseline, recognizing the exclusive rights of the relevant nation.

Leveraging the argument of ‘lack of economic viability,’ Japan has become more passive in joint development efforts with South Korea. Recently, Japan has shown a strong inclination towards either ending the agreement considering its forthcoming expiration date or renegotiating it to its national advantage. In February, Japanese Foreign Minister

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Yoko Kamikawa indicated in the Parliamentary session that Japan plans to respond appropriately by comprehensively assessing various circumstances, including the possibility of renegotiation. She suggested that defining boundaries, as per UN maritime law provisions and international precedents, would be a fair solution. If the development rights are adjusted based on Japan’s proposed median line, most of Block 7’s jurisdiction, which lies closer to Japan, would likely fall under Japanese control.

Renegotiating the terms of the JDZ before the expiration date to prevent its expiration is crucial not only as a backup plan for the recent discovery but also from a political and diplomatic standpoint. Politically, many opposition parties, which recently won the parliamentary election, are skeptical about the recent announcement of oil reserves, showing reluctance towards hasty conclusions and early celebrations. Providing a feasible alternative, such as extending the JDZ agreement rather than solely relying on the recent discovery, will allow the Yoon administration to demonstrate its commitment to fortifying energy security and protecting Korea’s national interests, proving that the announcement was not merely a political show.

At the same time, the opposition parties of Korea are unlikely to allow Japan to unilaterally claim the area, given their strong stance on prioritizing national interests in Korea-Japan relations and territorial disputes. While there may be cacophonies over the specifics of the negotiations between the administration and the opposition parties, no party would stand up to oppose South Korea’s active negotiation and commitment to extend the agreement for its national security and interest. This should be a bipartisan effort for the Yoon administration, reflecting a unified commitment to national interests and energy security.

Strategically, the period during which the Yoon and Kishida administrations are in power represents an optimal time for negotiating and extending the JDZ agreement. Both nations have been working to mend historical disputes and strengthen their ties as strategic partners for the stability and peace of Northeast Asia. Extending the JDZ agreement will further institutionalize their cooperation across various areas. If the JDZ expires during the ongoing improvement in South Korea-Japan relations, any attempt by Japan to claim unilateral access to Block 7 could significantly damage bilateral relations. Additionally, this could burden the United States, which seeks to bolster trilateral cooperation with South Korea and Japan to counter China’s influence. Such actions may not align with Japan’s long-term interests, particularly in the context of their Free and Open Indo-Pacific strategy and the expansion of maritime security.

Another diplomatic factor is the shared interest in counterbalancing the rise of China’s influence near the territories of South Korea and Japan. Since the signing of the Japan-South Korea Joint Development Agreement, China has claimed that a significant portion of Block 7 in the East China Sea extends from its continental shelf. China has been actively developing resources in the East China Sea, operating the Pinghu oil field and pursuing further development of the Longjing gas field in the southwestern part of Block 7. The dissolution of the Japan-South Korea joint cooperation framework, which has served to restrain China’s expansion, could create a power vacuum that China might exploit, similar to its actions in the South China Sea. This could lead to unilateral development and increased Chinese influence in the area.

Furthermore, growing tension between Japan and South Korea could escalate the dispute over jurisdiction of Block 7, potentially turning it into a competitive battleground for resource development among China, Japan, and South Korea. This raises concerns that Block 7 might emerge as a new point of conflict, further demonstrating that maintaining the JDZ is a common national interest for both Japan and South Korea to uphold a rules-based order and meet their long-term strategic interests.

The current geopolitical landscape presents a unique and timely opportunity for South Korea and Japan to extend the Joint Development Zone (JDZ) agreement. The recent geophysical survey off Yeongil Bay highlights the potential for significant energy resources, which could bolster South Korea’s energy security and self-sufficiency, while bringing risks given the low drilling success rate and historical precedents of economic inviability. Renegotiating and extending the JDZ agreement is not only a practical backup plan for the recent discovery of reserves, but also a strategic move that addresses political skepticism and bolster diplomatic leverage for South Korea. A unified, bipartisan approach to extending the JDZ will reinforce South Korea’s and Japan’s cooperation in counterbalancing

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China’s growing influence in the region and ensuring regional stability. This aligns with the long-term interests of both nations and contributes to the stability and peace of the region.

About the author:

SeungHwan (Shane) Kim is a researcher at the Korea Foundation. He is a Master’s Graduate from the Johns Hopkins School of Advanced International Studies. His previous experience includes roles at the East-West Center, the Maureen and Mike Mansfield Foundation, the ROK National Assembly, and the Korea Studies Institute.