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**Japan sets concessions to give breakthrough reactor project to EU: report**

TOKYO - Japan is setting two conditions to secure business at home before it will give up its bid to host a revolutionary nuclear energy project also sought by France, a news report said Monday.

Japan would ask for funds slated for the multibillion-dollar International Thermonuclear Experimental Reactor (ITER) to pay for upgrades of an existing nuclear fusion research center in Japan, the Nihon Keizai Shimbun said.

Tokyo would also demand that Japan gets a new center to design reactors with the construction cost shared between Japan and the European Union, the business daily said.

France has already said it is virtually certain to be the host of ITER, a breakthrough testbed which aims to emulate the sun's nuclear fusion by 2050.

The United States and South Korea support Japan's offer to build ITER in Rokkasho-mura, northern Japan, while China and Russia back the EU bid to construct it in the southeastern French town of Cadarache.

So far, Japan and EU have agreed that Japan would receive 57 billion yen (533 million dollars) worth of contracts to build facilities related to ITER and that a new analysis center for ITER would be built in Japan, the Nihon Keizai said.

But it said Japan has not been able to finalize the deal with local authorities who would lose the vital project.

Takeshi Ebina, vice governor of Aomori Prefecture which includes Rokkasho-mura, said Monday that French voters' rejection of the EU constitution showed that Paris should have bigger concerns such as unemployment.

Ebina noted that President Jacques Chirac had "strongly appealed to host ITER as a symbol of France."

"Unemployment in the 25 EU countries is very high -- about nine percent. We are very worried about whether the people of the European Union would truly support ITER," Ebina said.

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