

## **Japan, EU adamant about their proposals to host ITER, put off negotiations to next year; Joint construction plan involving Japan, U.S. South Korea also emerging**

*NIHON KEIZAI*, December 20, 2004

Japan and the European Union (EU) have failed to forge an accord on whether the International Thermonuclear Experimental Reactor (ITER) will be constructed in Rokkasho Village, Aomori Prefecture, or Cadarache, France.

Although both sides have presented their compensation proposals if the other side agrees to drop its bid for the project, they remain adamant about their plans. Negotiations to determine the fate of the large project are likely to enter a crucial stage early in the next year.

In addition to Japan and the EU, the United States, Russia, China and South Korea are taking part in the 500-billion-yen largest ever energy project. The U.S. and South Korea support Japan hosting the reactor, while Russia and China back France. In an effort to resolve the standoff, Japan and the EU have presented their respective compromise proposals including measures to allow the party giving up hosting the reactor to construct an ITER-related research facility and to enable its domestic companies to receive orders for constructing a part of the reactor.

Japan first proposed in September that if Japan won the project, it would give orders worth about 57 billion yen to companies in the defeated bidder and would expand the number of researchers from the EU by 20 more in the group of about 200 regular researchers.

The EU also presented their counterproposals in late November. Although many of the proposals were similar to those of Japan, they stopped shy of specifics, such as the number of researchers and the amount of construction orders to be placed on the party failing to host the project. The EU also proposed that it would adopt a goods-delivery system in principle for the related facility.

Japan has decided to reject the EU plan, pointing out the lack of specifics, and ask the EU to come up in future negotiations with the amount of its disbursements and specific financial sources. Japan is ready to adopt a strategy to underscore the lack of preparations on the EU side.

Moves by the U.S. are likely to affect the future of the negotiations. According to Japanese government sources, there are growing concerns in the U.S. about a delay in the ITER project due to the shortage of EU funds. China and Russia reportedly also intend to express this kind of concern to the EU.

The U.S. once sounded out Japan on a plan to construct a reactor in Rokkasho in cooperation with Japan and South Korea. Keeping this in mind, the Liberal Democratic Party's Nuclear Fusion Energy Promotion Parliamentary League, headed by Takeo Hiranuma, called on the government early this month to look into the construction plan involving Japan, the U.S. and South Korea.

The EU also announced in its ministerial meeting in September, "The EU will not dismiss the possibility that the reactor might be constructed by several countries." The Ministry of Education, Sports, Science and Technology stresses the stance of "continuing talks based on the present six-party framework," but the ministry is set to take countermeasures against the EU in cooperation with the U.S. and South Korea once it resorts to unilateral action.

The EU reportedly is hopeful of completing ITER talks in February in a view to its financial circumstances. A Japanese government source said, "Both sides are unlikely to give up the project unless considerable compensation is given, because the project will certainly bring about the accumulation of know-how and a considerable economic impact." Japan and the EU expect to resume talks early in the next year following the EU's presentation of its proposals, but difficult negotiations are expected.