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Cheney to Promote Nuke Reactors to China

By THE ASSOCIATED PRESS

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WASHINGTON (AP) -- On a trip to China next week to talk about high-stakes issues like terrorism and North Korea, Vice President Dick Cheney will have another task -- making a pitch for Westinghouse's U.S. nuclear power technology.

At stake could be billions of dollars in business in coming years and thousands of American jobs. The initial installment of four reactors, costing $1.5 billion apiece, would also help narrow the huge U.S. trade deficit with China.

China's latest economic plan anticipates more than doubling its electricity output by 2020 and the Chinese government, facing enormous air pollution problems, is looking to shift some of that away from coal-burning plants. Its plan calls for building as many as 32 large 1,000-megawatt reactors over the next 16 years.

No one has ordered a new nuclear power reactor in the United States in three decades and the next one, if it comes, is still years away. So, China is being viewed by the U.S. industry as a potential bonanza.

Cheney's three-day visit to Beijing and Shanghai next week is part of a weeklong trip to Asia that will also include a stop in Tokyo. He departed Washington on Friday.

A senior administration official, briefing reporters about the trip, said Cheney will not ``pitch individual commercial transactions.'' But he intends to make clear ``we support the efforts of our American companies'' and general access to China's markets, said the official, speaking on condition of anonymity.

Some critics are concerned about such technology transfers.

``This pitch could not be more poorly timed,'' Henry Sokolski, executive director of the Nonproliferation Policy Education Center, told a hearing of the House International Relations Committee recently.

Citing recent Chinese plans to help Pakistan build two large reactors that are capable of producing plutonium, he said it is not the time for China to be rewarded with new reactor technology. U.S. officials said the Chinese have given adequate assurances that such sales will not pose a proliferation risk.

Bid solicitations for four new reactors are expected to be issued by the Chinese within months.

The leading competitors are U.S.-based Westinghouse Electric Co. and a French rival, Areva, which is peddling its next-generation reactor built by its Framatome subsidiary.

Westinghouse is putting its hopes on its 1,100 megawatt AP1000 reactor, an advanced design that is still waiting approval from the Nuclear Regulatory Commission before it can be built in the United States. Westinghouse, owned by the British nuclear firm BNFL, is the only U.S.-based manufacturer of a pressurized water reactor, the type of design China has said it wants to pursue.

``Clearly the China market is very important to the industry and a supplier like Westinghouse,'' said Vaughn Gilbert, a spokesman for the Pittsburgh-based reactor vendor. ``The Chinese market is one that we're pursuing.''

Each of the AP1000 reactors are expected to cost about $1.5 billion. ``We would assume there would be more than one order,'' Gilbert said, since China has indicated it wants a standardized design across its reactor program. A successful bid could mean 5,000 American jobs, Gilbert said in an interview.

For the nuclear industry, the potential windfall goes beyond building the power plants.

``The opportunity is not just in selling the Chinese a number of reactors, but engaging them for a longer term in a strategic partnership,'' says Ron Simard, who deals with future plant development at the Nuclear Energy Institute, an industry trade group. That could mean future construction contracts as well as plant service business.

The reactor business has been nonexistent in the United States since the 1970s. No American utility has ordered a new reactor since the 1979 Three Mile Island nuclear accident.

So, vendors like Westinghouse are relying on business elsewhere, especially Asia.

China currently has nine operating reactors, including French, Canadian, Russian, and Japanese designs as well as their own model, producing 6,450 megawatts of power, or about 1.4 percent total capacity. Chinese officials have estimated that by 2020 the country will need an additional 32,000 megawatts from its nuclear industry, or about 32 additional reactors.

Even with the surge in reactor construction, nuclear power will only account for 8 percent of China's future electricity needs. Chinese officials said at an energy conference in Washington last year their country must more than double its coal-fired generation and build more dams, erect windmills and tap natural gas to meet future electricity demands.