



(Updating with quotes from Luxembourg's Krecqé, Japan's Koizumi)

PARIS (AFX) - Japan may drop its bid to host the revolutionary International Thermonuclear Experimental Reactor (ITER) and instead agree to it being built in Europe, the EU presidency said.

"Japan has agreed to accept the possibility that ITER be sited in Europe, which previously had been impossible for them (the Japanese)," said Jeannot Krecqé, the economics minister of Luxembourg, which currently holds the rotating EU presidency.

"We hope to arrive at an agreement in a few weeks," Krecqé told reporters.

Earlier, Japanese Prime Minister Junichiro Koizumi said he hoped to resolve the dispute with the EU over the reactor as soon as possible.

"We agreed that we should engage in efforts so that an earliest possible agreement can be achieved," said Koizumi at a joint news conference with EU leaders including EU foreign policy chief Javier Solana.

The 25-member EU wants the ITER to be built in France, and has threatened to go it alone unless Japan drops its rival bid, leaving six-party talks in deadlock for months.

The US and South Korea support Japan's offer to build ITER in Rokkasho-mura, a northern Japanese village near the Pacific Ocean, while the EU, China and Russia back the bid of the southern French town of Cadarache.

ITER aims to be a test bed for clean, safe, inexhaustible energy, emulating the sun's nuclear fusion. It is not expected to generate electricity before 2050, however.

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