By Teruaki Ueno
TOKYO, March 4 (Reuters) - Japan on Friday rejected an EU proposal to hold high-level political talks to resolve a simmering dispute over a project to build the world's first nuclear fusion reactor.

"High-level political talks would be fruitless. If we were to hold such talks forcibly, we would only reach a deadlock," Satoru Ohtake, director of fusion energy at the Science and Technology Ministry, told Reuters.
In Brussels on Thursday, the European Union said it had called on Japan to hold such discussions to resolve a dispute on where the world's first nuclear fusion reactor should be built.

Six partners are involved in the quest to construct the first fusion reactor -- the EU, Japan, China, the United States, Russia and South Korea. The EU and Japan are competing to have it built on their territory.

Japan's close security ally, the United States, as well as South Korea have supported building the reactor in Rokkasho, a Japanese fishing village, but EU sources believe they would back Cadarache, France, if Tokyo stepped aside.

The EU, which wants to build it in Cadarache, has indicated it would press ahead without Japan if it persists in its bid. But the 25-nation bloc would prefer to have all partners on board to fund the 10 billion euro ($13.1 billion) project, known as ITER.

"The EU has spared no effort and has made an offer to Japan that in all respects is comparable to the Japanese proposal," Research Commissioner Janez Potocnik said on Thursday, adding the EU's offer included procurement of key systems from Japanese industry.

"Technical discussion has now gone as far as it can. I have proposed to our Japanese partners to sit together and find an acceptable compromise at a high political level," he said.

But Ohtake said technical discussions were far from over.

"Technical discussions have not been completed yet. We must continue the discussions," he said.

NUCLEAR VILLAGE

Ohtake also said Japan's proposal made in September was superior to its EU counterpart.

"Japan's proposal is better, and it is clearer in many ways than the EU proposal," he said, without elaborating on the Japanese offer.

An official in Rokkasho, a remote scenic village in northern Japan, said local authorities and residents were eager to host the project.

"We want to bring the project to Rokkasho village. We want to build an international village," said Yukio Tanaka, an official at the planning division at the Rokkasho village office.

"We are hoping that our village will become an energy base."

Rokkasho is home to storage facilities for low-level and high-level radioactive waste and uranium enrichment. A nuclear reprocessing facility is being built in the village.

Of the total population of 12,000 in the village, about 40 percent were engaged in work related to nuclear facilities, Tanaka said.

Nuclear fusion has been touted as a long-term solution to the world's energy problems, as it would be low on pollution and use sea water as fuel. But 50 years of research have so far failed to produce a commercially viable fusion reactor.

Construction of the International Thermonuclear Experimental Reactor (ITER) is forecast to cost some 4.6 billion euros over 10 years. The EU intends to cover 40 percent of that from its budget while France has proposed doubling its contribution to 20 percent of the costs.

Including a development phase, the ITER project is forecast to last 30 years at an overall cost of 10 billion euros. ($1=.7629 euro)