TAIF

JAPAN ATOMIC INDUSTRIAL FORUM, INC.

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March 14, 2003

Mr. Vyacheslav Kuznetsov Deputy Director Institute of Innovative Energy Kurchatov Institute 1, Kurchatov Sq., Moscow 123182 Russian Federation Fax: 7-095-196-60-97

Dear Mr. Kuznetsov,

We share your opinion about burning of plutonium from dismantled nuclear weapons with you. We strongly hope that at least some part of the initial 34t of plutonium will be disposed of at BN-600 of your country in the shape of vibro-packed fuels. This is also the precondition for the Japanese government to make a substantial contribution to the existing global partnership of G-8.

We think that it will be possible to burn more efficiently military-use plutonium, a larger quantity of which will be brought at the next stage of nuclear disarmament, if the BN-800, which has been in preparation, is constructed at your country. We believe that this will be the essential contribution to the solution of the global environmental issue as a step toward FBR commercialization that has remained stagnant. This will be included in the next-step program of G-8, if the international consent is obtained.

However there are two difficult problems that we must deal with so as to make this plan specific as an international program. One is to examine carefully the existing design of yours among technical experts of both your country and Japan, e.g. to technically improve and confirm its safety, economy and other related points. We think that this will not so difficult for us, if technical experts of both sides cooperate with each other. After that we will be able to have a new BN-800 plan. The other is to formulate the financial program for this new BN-800 plan: to estimate construction and operation cost including fuel cost, of course counting on a margin providing against contingency. Assuming that half the cost is provided by G-8 without compensation in consideration of the significance of burning militaryuse plutonium and that other half the cost is loaned by other countries such as Japan and so on, how will the debts be repaid? Is it possible to repay them appropriating the cash income drawn by selling generated electricity within Russia or by selling hydrogen, aluminum and so on produced by electricity generated? We have to make sure how many years it will take, on what condition it will compensate and what we should do for this purpose.

We think that there may be other kinds of options than this described here. We also think that you have already done this kind of examination at your institute or other competent authorities at your side. Therefore we believe that it is essential to make up the more detailed primary plan as the first step.

If you agree on our idea like this, will you mind setting about making a plan?

Looking forward to your reply.

Sincerely yours,

Kazuhisa Mori

Executive Vice Chairman

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