



2005 June 13

Sylvia Stead  
Deputy Editor  
The Globe and Mail  
444 Front Street West,  
Toronto, Ontario, M5V 2S9

Dear Ms. Stead:

**Setting the Record Straight: AECL Confident in its Plan to Sell More CANDU Reactors in China**

AECL is better positioned than ever before in the Chinese market and is on track with its plan to sell more CANDU reactors in China. Contrary to the Globe and Mail headline from Monday, June 13, AECL is not being “shut out” of the Chinese nuclear market.

China has a large economic growth rate coupled with a significant demand for electricity, and it is also a large complex market. China’s strategy for supplying its electricity needs has included parallel paths for both the Pressurized Water Reactor (PWR) and keeps the door open to other technologies including CANDU.

AECL was never involved in this bidding process on the Request For Proposal (RFP) since it was narrowly focused on only one specific technology derived from an US/French design. The PWR is different from that of Canada’s own – CANDU, which has been successfully exported around the world. In the 1980’s China decided to develop indigenous PWR technology, which has been successful. China wants to accelerate this program and the process for achieving this goal included a RFP as referred to in the Globe article. This was part of China’s plan to supply up to four PWR 1000 reactors but included full technology transfer from PWR vendors which would allow China to advance the design, build and operate this product on its own. This RFP was issued with the intent to complete the development of indigenous PWR technology in China and has no impact on CANDU opportunities.

In the late 1990’s, China also decided to build two CANDU reactors at the Qinshan site in Zhejiang Province as part of a separate technology program. When we were awarded the contract, and to be competitive, we knew that we would have to construct them on time and on budget and prove their operating performance over a reasonable time and only then would we have the opportunity to build additional units. The Qinshan reactors were completed ahead of schedule and budget. After 18 months, they are rated the top performing reactors in China. The project is pivotal in Canada/China economic relations. As a result, we are now well placed to sell additional CANDU technology and we have been encouraged to stay in the market by the Chinese.

In the next fifteen years, China intends to build at least 30 additional reactors. AECL remains focused on providing China with additional CANDU technology. We are continuing to pursue the cooperative development of CANDU technology with China as evidenced by the signing of a Memorandum of Understanding (MOU) as part of the Prime Minister’s visit this past January committing both countries to working together on CANDU, and a strategic partnership agreement with the Shanghai Nuclear Engineering Research and Design Institute (SNERDI).

These are exciting times — the world is energy hungry and we are on the verge of a nuclear renaissance. I am confident that AECL will be a part of this renaissance – not only in China, but also in markets around the globe.

Robert Van Adel  
President and CEO  
Atomic Energy of Canada Limited