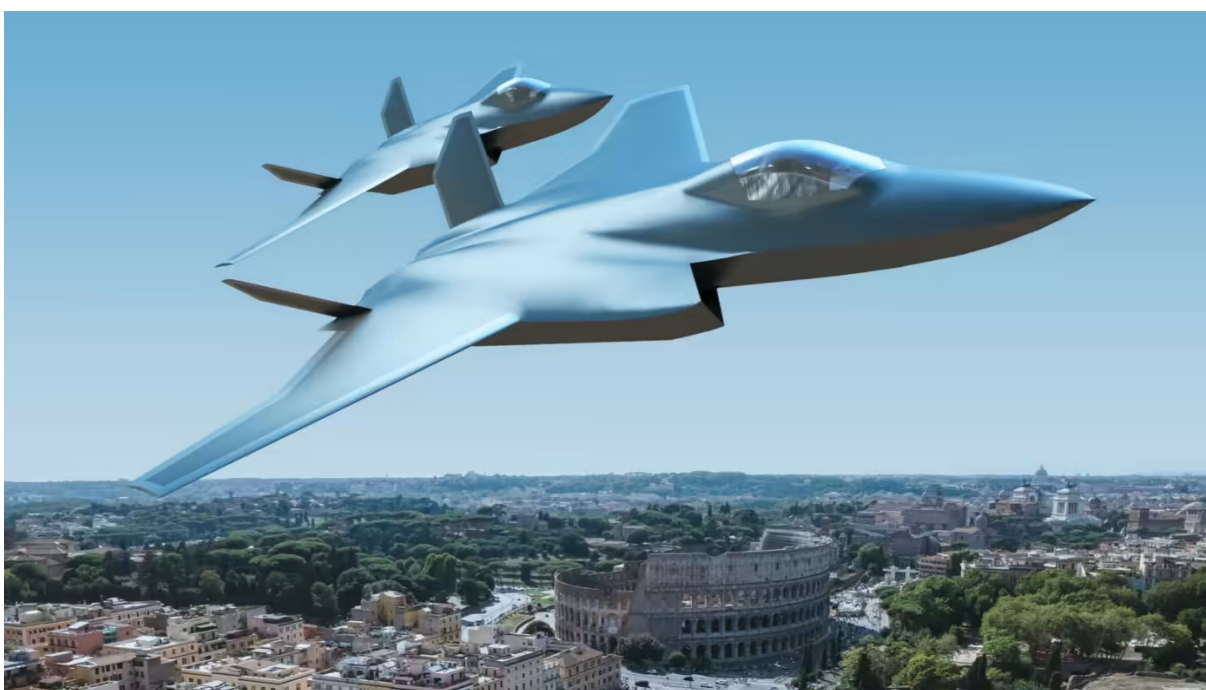


**Aerospace & Defence**

## Fighter jet alliance with Japan could boost Asian exports, say chiefs

Bosses of BAE and Leonardo eye new market opportunities as Japan merges F-X project with UK and Italy's Tempest under GCAP programme



An artist's impression of what the final design could look like for the next generation of fighter jets developed under the Global Combat Air Programme that will take to the skies by 2035 © PA

**Sylvia Pfeifer** in London and **Kana Inagaki** in Tokyo 8 HOURS AGO

The UK and Italy's groundbreaking partnership with Japan to build a new combat jet could open up export markets in Asia that have historically proved difficult to penetrate, according to the chief executives of two of the industrial groups involved.

Alessandro Profumo, chief executive of Italy's defence champion Leonardo, said the tri-national alliance was significant in part because of access to the Japanese market.

"For sure, the fact that we will be present in Japan is very important. There are other players which are also really strong but Japan will open the door to the Far East," he said.

Charles Woodburn, chief executive of BAE Systems, which is the main industrial partner for the UK, said the alliance would be "keen to find other export customers over time . . . more into the 2030s".

"I am pretty confident that mix potentially does open up additional export channels to the ones that we have historically had in the past through the European co-operations," he added.

Under the new [Global Combat Air Programme](#) (GCAP) announced last week, Japan will merge its existing F-X project with the UK and Italy's Tempest alliance, with the

...aim of developing an advanced fighter jet by 2035.

“India could well figure in export ambitions for the GCAP,” said Douglas Barrie, senior fellow for military aerospace at the International Institute for Strategic Studies.

In the case of the Eurofighter Typhoon, which is built by a consortium including the UK, Germany, Italy and Spain, potential customers in the Indo-Pacific have instead opted for US products.

“Making any inroads into markets that have traditionally been US customers will be a goal for GCAP, if not an easy one,” Barrie added.

Trevor Taylor, of the Royal United Services Institute, also cited Korea, Taiwan and possibly Indonesia, which are all working to develop their own aircraft and “which could incorporate subsystems used in the Global Air System: engines, radars, defensive aids and so on” as possible target markets.

The main issues to be negotiated over the next two years, ahead of the start of the development phase in 2024, will be on the distribution of costs and manufacturing of components between the main industrial partners, including Japan’s Mitsubishi Heavy Industries (MHI).

Rolls-Royce, IHI and Avio Aero will work on the engine, while Mitsubishi Electric and European missile maker MBDA are also part of the programme, which includes advanced sensors, cutting edge weapons and data systems.

With three countries teaming up, officials at MHI expect the overall cost of the project to be 1.7 times higher than if Japan were to do it alone, but the cost shouldered by each nation will be much smaller.

Executives at the three main companies all stressed that it would be a partnership of equals.

About 25 per cent of the total cost would be made up of electronic components, according to Leonardo’s Profumo. Some 50 per cent of the capabilities of the “system will be based on electronics”, he added.

One of the other big objectives for Japan, which overturned its decades-long ban on arms exports in 2014, is to build its experience selling overseas and penetrate foreign markets.

Tokyo will need to further ease its rules on exporting weapons in order to expand

GCAP's sales prospect, which analysts say is likely to happen as part of the country's year-end review of its national security strategy.

"We expect the parts that Japan will be responsible for will be exported to Britain and Italy," said Naohiko Abe, who heads MHI's defence and space business. "With the increase in production volume, we believe the project will contribute to sustaining the foundation of Japan's defence industry."

Some industry executives particularly in the US have questioned whether MHI, which has struggled with its own regional jet programme, has enough international experience to pull off such a major weapons programme with the UK and Italy.

Citing the experience of building the F-2 fighter jet, which was based on the US F-16 fighter jet, with US partners, Abe stressed that the company had a solid record.

"Since we have traditionally done joint development mainly with US companies, we are looking forward to acquiring new knowledge and experience by working together with European companies," he added.

"We also believe that Japan's manufacturing level is sophisticated from a global perspective."