

Mitsubishi Heavy Industries Ltd

Mitsubishi scraps SpaceJet project to focus on fighter jets

Airliner programme that launched 15 years ago has struggled with delays and impact of Covid-19



The SpaceJet on a test flight in 2020. The project has struggled with repeated delays, exacerbated by a collapse in the market for passenger jets following the coronavirus pandemic © AP

Eri Sugiura in Tokyo 7 HOURS AGO

Mitsubishi Heavy Industries has decided to abandon more than a decade's work on developing a short-haul commercial aircraft, bringing to an end a \$10bn national project to elevate Japan's standing in the global aviation market.

The decision has been taken as the industrial conglomerate embarks on a joint military programme involving the UK, Japan and Italy to build one of the world's most advanced fighter jets by 2035. [MHI](#) chief executive Seiji Izumisawa told a news conference on Tuesday that engineers involved in the "SpaceJet" airliner's development would be relocated to the fighter jet project.

Investors had been pressuring the company to terminate plans for the short-haul jet, with work [already halted](#) since October 2020 owing to the coronavirus pandemic. Launched in 2008, the project had struggled long before Covid-19, with repeated delays as a result of MHI's lack of industry experience and frequent change in leadership.

Despite freezing the project, the company had continued to prepare documentation to get the 88-92 seat plane, known as the M90, certified. It was supposed to have entered service 10 years ago. The company had said it would cut SpaceJet's budget to ¥20bn (\$151mn) over the three years from the fiscal year that ended in March 2022,

compared with the ¥370bn the group spent for the three years before the freeze.

The Japanese [conglomerate](#), whose businesses include gas turbines, shipbuilding, turbochargers, space rockets and fighter jets, had [acquired Bombardier's regional jet division](#) for \$550mn in 2019 to combine it with its own operations and take on Brazil's Embraer and other international groups in short-haul jet offerings.

The SpaceJet programme, which received investment from large Japanese companies including Toyota, Sumitomo, Mitsui and other Mitsubishi group companies, represented a high-profile national endeavour to return the legendary Mitsubishi name to the aviation market. Japan was forced to abandon the sector after the second world war.

Izumisawa told reporters the project had been devastated by a collapse in the market for passenger jets after coronavirus brought travel to a standstill.

“We could not find enough business potential to resume development,” he said, adding that MHI would focus on the regional jet maintenance service it acquired from Bombardier.

During the downturn, the company tried to keep the project afloat using cash from stronger divisions, such as gas turbines. That approach became unsustainable as MHI began to focus its resources on the transition to renewable energy.

“There was a lack of understanding of the process to have a sophisticated commercial aircraft certified. There have been significant delays in development due to major revisions in designs. There was also a lack of resources to continue development as a company project for a long period of time,” Izumisawa said. “It is truly regrettable that the development was discontinued, despite support from the government.”

MHI also announced on Tuesday a 68 per cent year-on-year fall in net profit to ¥12.3bn for the October-December quarter, with the recent strengthening of the yen blamed. Its shares fell 4 per cent on the news.

