

Crunch choice on new jet fighter looms over Tokyo air show

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Tim Kelly, Nobuhiro Kubo



A prototype of the first Japan-made stealth fighter is pictured at a Mitsubishi Heavy Industries' factory in Toyoyama town, Aichi Prefecture, central Japan, January 28, 2016. REUTERS/Kiyoshi Takenaka/File Photo

Faced with a growing North Korean threat and expanding Chinese power, Japan's military and aerospace industry will use this week's airshow in Tokyo to push the case to develop a highly advanced, and costly, stealth fighter jet.

The new fighter, dubbed the F-3, will serve as a key component of Japanese air power in the coming decades and could cost Asia's second biggest military as much as \$40 billion, depending on its specifications.

Tokyo faces a crunch choice between ordering an industry-pleasing advanced stealth fighter or opting for a cheaper conventional combat jet that will deliver a bigger bang for taxpayers' yen.

In March, Japan's Ministry of Defence issued a request for information (RFI) to gauge interest among foreign aerospace companies for jointly developing the F-3, which would operate alongside Lockheed Martin's new F-35s and older F-15s.

"It cuts to the core of the future of Japanese defense industry," said an industry source, who asked not to be identified because he is not authorized to talk to the media. "The rising threat

from China and most immediately North Korea no longer supports a relaxed industrial base. There is now a premium on actual capability." North Korea's nuclear tests and recent rocket tests, particularly the apparent successful launch in June of an intermediate-range Musudan ballistic missile, have spooked Japan.

Tokyo is also dealing with record encounters with Chinese military jets in the skies around disputed islands in the East China Sea.

PREVIOUS FAILURE

A final decision on the project is expected by early 2018.

The strongest supporters of a cheaper conventional aircraft are officials close to Prime Minister Shinzo Abe, said the sources. Abe's government has reversed a decade of defense cuts with spending reaching record levels. However, those increases are a fraction of the extra China is spending every year on its military.

A cheaper fighter program would free up funding for other purchases and a lower cost jet that other nations could afford opens up the prospect of overseas sales that would further lower unit costs for Japan's Self Defence Force.

Pushing for a more advanced fighter are defense ministry bureaucrats and local companies seeking to secure jobs, underpin defense industry supply chains and compensate for business lost to U.S. defense industry suppliers.

Proponents aim to build a jet more advanced than the U.S. Lockheed's F-22 Raptor stealth fighter, said another of the industry sources.

A decade ago, the U.S. government refused to sell the Raptor to Japan after it deemed the technology too sensitive even for its closest Asian ally. Japan's last domestic fighter jet, the F-2, which the F-3 will replace, is widely regarded as an expensive failure. Based on F-16 it was built two decades ago by Mitsubishi Heavy Industries and Lockheed.

It was the world's first production aircraft built with composite carbon fiber wings, but cracks in the composite plagued the program.

An initial plan to produce 141 jets was pared down with less than 100 entering service, costing around four times that of an equivalent off-the-shelf fighter.

FISHING FOR IDEAS Ahead of the defense ministry's RFI, Mitsubishi Heavy tested a prototype jet, dubbed the ATD-X, showcasing numerous stealth technologies. The RFI, however, does not specify what type of aircraft Japan wants, said the sources. "The request is very vague," said another industry official who saw the document. It may be an attempt by Japan to fish for ideas while it mulls its choice between an expensive stealth program and a lower cost fighter, he added.

His company will join almost 800 other commercial aerospace and defense firms that are exhibiting at Japan Aerospace 2016, the four-day show which begins in Tokyo on Wednesday.

The event, held only once every four years, is the first major aerospace show since Abe two years ago ended a ban on military exports, allowing Japanese firms to export arms for the first time since the end of World War Two.

On the commercial side, Japan is promoting the Mitsubishi Regional Jet (MRJ), the nation's first attempt in half a century to build a commercially viable civilian aircraft. The 100-seat MRJ, which has been delayed by five years, is aimed at taking on regional jet makers Bombardier Inc in Canada and Brazil's Embraer.

(Editing by Lincoln Feast)