



LOCKHEED ASSURES TRUMP IT WILL CUT F-35 FIGHTER JET COSTS

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Lockheed Martin's chief has told the president-elect Donald Trump it is close to a deal with the Pentagon to lower costs "significantly" for the next production lot of its F-35 fighter jet and will boost hiring at the Texas factory where the advanced aircraft is made.

Marillyn Hewson, the chief executive of the world's largest defence contractor, said she assured Mr Trump in a weekend meeting that "I certainly share his views that we need to get the best capability to our men and women in uniform and we need to get it at the lowest possible price."

Lockheed Martin and the F-35, the costliest US weapons system ever, have been favorite Trump targets on Twitter, injecting new uncertainty into contracting practices at a time when defence spending is expected to rise. "The F-35 programme and cost is out of control," Mr Trump wrote in a December tweet. "Billions of dollars can and will be saved on military (and other) purchases after January 20th," inauguration day.

The UK defence and aerospace company BAE Systems produces about 10 per cent of each F-

35's structure, making the rear fuselage and tailplanes. The parts it mills from titanium fit together so precisely that there are no gaps that will reflect back radio waves, making the jet all-but invisible to radar.

After previous, inconclusive discussions with Mr Trump, Ms Hewson's comments at the weekend may hit the sweet spot that has prompted approving tweets from the next president following his meetings with other corporate executives – both promising to cut costs to taxpayers and create jobs.

"Marilyn Hewson is doing the right thing," said Richard Aboulafia, a defence analyst with Teal Group. "This is embarrassing on a national level, on a defence contracting level. But this is the right thing for Lockheed."

After her brief visit to Trump Tower in New York, Ms Hewson told reporters the company is close to a deal that would break an impasse with the Pentagon over the 10th and largest-yet order for the F-35 Lightning II.

The contractor also plans to add 1,800 jobs in Fort Worth, Texas, where the F-35 is assembled, Ms Hewson said. That is 1.8 per cent of the 98,000 employees Lockheed currently employs, based on data on its website. The hiring spree promised by Ms Hewson comes as Lockheed plans to step up production of the aircraft.

The retired Marine General James Mattis, Mr Trump's nominee for defence secretary, said at his confirmation hearing last week that the president-elect "is serious about getting the best bang for the dollar" with programmes such as the F-35. But Mr Mattis also told the senate armed services committee that "many of our allies have bet their air superiority on the F-35 programme and it binds us tightly together with them."

The Pentagon provided Lockheed Martin with a US\$1.28 billion down payment in November to continue production while the two sides hammer out a contract valued at as much as \$7.19bn for 90 aircraft.

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