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EUROPE

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Jane's Defence Weekly

## Questions raised over Norway's JSF cost calculations

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### Key Points

- Norway's claim that the JSF will be cheaper than the **Gripen** NG appears at odds with US unit cost calculations
- [Sweden](#) has guaranteed a total operational price for 48 fully equipped **Gripen** NGs

Norway's claim that Lockheed Martin's F-35 Joint Strike Fighters (JSF) will be significantly cheaper than Saab's **Gripen** NGs is being challenged on several fronts.

Norway's own analyses show that JSF purchase and operation costs could be several orders of magnitude greater than those officially declared. Furthermore, none of the costs for the US aircraft have been guaranteed in any way, whereas the **Gripen** package has been underwritten by the Swedish government. The pricing announcement also comes at a time when US figures show the best-case unit cost for the F-35A will be almost twice that cited in [Norway](#).

On 20 November Norwegian Prime Minister Jens Stoltenberg and Minister of Defence Anne-Grete Strøm-Erichsen announced that Lockheed Martin would supply 48 F-35As for NOK18 billion (USD2.59 billion, at current exchange rates). This translates into a unit cost of just under USD54 million (NOK374.7 million) per aircraft.

However, the US Department of Defense Fiscal Year 2009 budget plan calculates the unit cost of an



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F-35A at USD96.8 million, assuming a production run of 1,763 aircraft. Early production aircraft will cost as much as USD237 million each. The price of Norway's aircraft should, therefore, be somewhere in between.

Norway's announced unit cost also contrasts sharply with the officially sanctioned price of USD15.2 billion for Israel's 75 JSFs, which, with extensive support and equipment costs included, works out at more than USD200 million per aircraft.

Neither do Norway's announced figures appear to be in tune with its own studies. A Holte Consulting report for the Norwegian Ministry of Defence estimates a package of 48 F-35As would cost between NOK39.5 and NOK59.7 billion (average NOK49.5 billion). According to Stoltenberg these same aircraft will cost only NOK18 billion.

The Swedish offer to [Norway](#) guaranteed a 'total operational' price of NOK24 billion for 48 fully equipped **Gripen** NGs with active electronically scanned array (AESA) radar, infrared search and track system, datalinks and electronic warfare (EW) systems. That price also included all pilot and technician training, simulators, mission planning and support systems, spares and logistics - "everything except weapons and fuel", according to one source in [Norway](#). The price was in current-year Kroner and delivery dates were fixed. There is no information on how the rival JSF price was structured.

In Norway's October 2008 Project 7600 Future Fighter Capability report the best estimate for a 30-year life cycle cost (LCC) for 56 JSFs was NOK165 billion. The report says that no cost data could be acquired from [Sweden](#) and so the **Gripen** NG's LCC was estimated to be an arbitrary NOK30 billion higher at NOK195 billion.

In fact [Sweden](#) guaranteed a price of NOK11 billion for a 20-year LCC package that would cover all operational support costs, including system updates over a continuous three-year cycle. Twenty years was the term specified under Norway's request for binding information and the Swedish price included all fuel, lubricant and other consumables. The Swedish team based its figures on **Gripen**'s 120,000 hours of operational flying plus the contracted support costs for the Czech and Hungarian air forces.

Finally, [Sweden](#) offered [Norway](#) a quote for another 10 **Gripen** NGs and 10 additional years of LCCs. The complete **Gripen** NG package for 58 aircraft and 30 years' LCC support was NOK55 billion.

With a project debrief scheduled for early December, Norway's calculations on the cost of its new fighters will no doubt be further scrutinised.

Speaking to *Jane's*, Saab chief executive officer Åke Svensson said his company and the Swedish government were waiting for the 4 December

debrief on the Norwegian selection. "We need more information. Otherwise everything is speculation and we are looking for facts. We don't recognise the evaluation performance or the financial figures. There were over 1,000 provisions in the Norwegian request and we believe we were compliant with all of them, so it's strange to be told we don't meet the [Norwegian Air Force's](#) requirements. From what everyone has read about the JSF programme the price they have quoted is surprisingly low, if it's true. There might need to be a government-to-government discussion to explain that."

"Our mindset," continued Svensson, "was this would be the beginning of a 30-year relationship around a fantastic high-tech product that was going to launch a new era of co-operation for government and industry alike, as part of the wider evolution of Europe in the post-Cold War world. **Gripen** was to be the catalyst for business with 200 companies throughout [Norway](#). Now Norway has decided not to take that opportunity and so we will review everything on a case-by-case basis. Some of it may be able to continue, but the total level will certainly be less."

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