

Lockheed touts jets to Israel, flush with U.S. aid

Dan Williams

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TEL AVIV, Nov 9 (Reuters) - Lockheed Martin Corp <LMT.N>, the U.S. maker of the F-35 Joint Strike Fighter are lobbying Israel, which has largely weathered the global financial crisis and has ample U.S. defence aid, to close a deal for the jet.

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Israel is not a full

partner-nation in the production of the F-35, but is among U.S. allies slated to have first pick of the radar-evading, multi-purpose planes early next decade. The F-35 could be a key Israeli bulwark against Iran and other enemies.

U.S. officials have predicted a sale to Israel may be clinched early next year. Funding for the jets, which will cost \$40 million a piece, would come mainly from U.S. defence grants to Israel, which will total \$30 billion between 2007 and 2017.

Israeli officials have quietly voiced reluctance to be rushed into a deal given ongoing discussions on how many Israeli technologies could be incorporated on the Lockheed planes, their delivery schedule, and pricing.

Lockheed Chief Executive Robert Stevens, in a visit to Israel on Sunday, said such concerns could be better addressed by finalising a sale.

"The earlier one can participate in a programme, the greater the amount of participation," he told reporters.

Robert Trice, a Lockheed senior vice president who accompanied Stevens on the trip, said they had urged their Israeli hosts to speed up proceedings on the F-35.

Asked if Lockheed was attracted by the fact that Israel has such a large budget available and has managed, so far, to avoid the massive fiscal crunches of the world financial meltdown, Trice said: "Yes."

Stevens said Lockheed's financial prospects looked good thanks to

Washington's awareness of ongoing military needs and that fact that the U.S. defence budget has been set through October 2009, with talks under way about the next fiscal year.

"Our business remains competitive, and it's healthy and it's strong," he said.

But Trice acknowledged there were some creaks in the international coalition of F-35 production partners. An early order by Italy, he said, was scrapped as not affordable. And Norway may see domestic political opposition to going through with the F-35, Trice said. An Israeli defence official said Israel still planned to place an order for the plane, anticipating its delivery by 2014. But he said there were also discussions in Israel on alternatives, such as buying more of the mainstay F-16 jets.

Israel's last major order of American warplanes was for 102 of the custom-built Lockheed F-16I jets. The last four of that batch are due to arrive in Israel in January, Stevens said. (Writing by Dan Williams; Editing by Louise Ireland and Tova Cohen)

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