

## Aerospace & Defence

# Rolls-Royce dials back on project to build new Turkish fighter jet

Erdogan-backed scheme hit issues over intellectual property



CGI of the Turkish fighter jet TF-X being developed

Laura Pitel in Ankara and Sylvia Pfeifer in London MARCH 4, 2019

[Rolls-Royce](#) has scaled back efforts to join a Turkish programme to build a new fighter jet, striking a blow to UK ambitions to put the British aerospace industry at the heart of the project.

The aero-engine group has been working with the Turkish industrial group Kale to bid for the contract to develop the engine on the TF-X jet, an ambitious scheme to create Turkey's first indigenous combat aircraft. Senior UK officials, including the prime minister, Theresa May, had lobbied hard for Rolls-Royce to win the deal.

Talks [ran into problems](#) last year due to a dispute over the sharing of intellectual property and the involvement of a Qatari-Turkish company.

After failing to find a compromise, Rolls-Royce has all but abandoned its efforts to win the bid for the fifth generation fighter aircraft, according to several people familiar with the discussions. To restart talks, Turkey would have to come back “at a very senior level”, one person said.

Warren East, chief executive of Rolls-Royce, said the company had “substantially rammed down” on the TF-X project and “been re-assigning people” to other schemes.

The company had “satisfied a number of conditions” to enable Turkey to create an engine that was indigenously produced. “We’ve given what we believe is our best offer in terms of the conditions around that,” he told the Financial Times.

“It is up to [the Turkish government] if they don’t want to work with Rolls-Royce and want to find another solution. We are not prepared to do anything further on that,” he added, but stressed that defence-related decisions often “do take a long time”.

Turkey continued to be an important growth market for the group, he added, which remained in talks on a number of power and propulsion opportunities.

A Turkish official said that Ankara had always been willing to cooperate with Rolls-Royce, adding that the government believed that negotiations could still make progress.

“We can continue to negotiate if the other party is also willing and has a desire to understand our main concerns,” the official added.

Recep Tayyip Erdogan, Turkey’s president, is seeking to develop a national defence industry to supply the second-largest military in Nato, with the aim of boosting the economy and reducing the country’s reliance on western nations for defence equipment.

The TF-X is the crown jewel in the plan. Mr Erdogan wants a prototype ready in time for lavish celebrations planned for the centenary of the Turkish republic in 2023.

Rolls-Royce has been in talks with Ankara for several years about the programme, with a plan to share expertise and intellectual property with its Turkish partners.

However, the negotiations ran into difficulties last year after the government said that it wanted to bring the Turkish defence manufacturer BMC into the project. The company’s major shareholders include the Qatari ministry of defence and Ethem Sancak, a businessman known for his links to Mr Erdogan.

Rolls-Royce has repeatedly made clear that it is unwilling to share its intellectual property with BMC. But efforts to find a mutually acceptable solution to the problem have failed. Tensions have been exacerbated by Turkish media reports that Turkey was courting other groups, including [General Electric](#) of the US.

Osman Dur, chief executive of BMC Power, the BMC subsidiary that has been working on the TF-X programme, told the FT last year that “all the IP and similar intellectual property rights gained within the scope of this project will remain in Turkey,” and stressed that they would belong to the Turkish government.

The UK government, which has [capitalised](#) on Turkey's strained relations with the US and many EU countries, had invested huge effort in seeking to ensure that the British aerospace sector played a central role in the project. Seeing the engine contract go to one of Rolls-Royce's international rivals would be a disappointment.

British officials insist that UK companies will still play an important role in the programme. BAE Systems signed a £100m contract with Turkish Aerospace Industries in 2017 to help design the jet and many smaller UK avionics and equipment producers are expected to bid for work.

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