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Japan Secures \$10bn Australian Navy Warship Contract

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Mitsubishi Heavy Industries has won a \$10 billion contract to build advanced warships for the Royal Australian Navy, outbidding Germany's Thyssenkrupp Marine Systems.

The Australian government has awarded a landmark A\$10 billion (\$6.5 billion) contract to Japan's Mitsubishi Heavy Industries (MHI) to supply 11 Mogami-class frigates for the Royal Australian Navy (RAN), marking Japan's largest defense export since lifting its military export ban in 2014, according to Reuters on August 5, 2025. The deal, announced on August 5, 2025, by the Department of Defence, involves three frigates built in Japan starting in 2029, with eight more constructed in Western Australia by Austal Limited, enhancing local industry. The decision, made by the National Security Committee, favored MHI's design over Germany's Thyssenkrupp Marine Systems' MEKO

A-200, prioritizing capability over cost, as stated by Defence Minister Richard Marles in a Canberra briefing.

The Mogami-class frigates, designed for submarine hunting, surface strikes, and air defense, boast a 10,000-nautical-mile range and can carry 128 air defense missiles, four times more than the aging Anzac-class frigates they will replace, while requiring only 90 sailors, per the Australian Strategic Policy Institute. Marles emphasized the ships' role in securing maritime trade routes and northern approaches amid China's growing Pacific presence, calling it a "significant moment" for Australia-Japan defense ties. However, the Australian Labor Party government's refusal to disclose the total program cost, estimated by defense economist Marcus Hellyer at \$15–20 billion, drew criticism. Hellyer, from Strategic Analysis Australia, accused the government of lacking transparency, contrasting it with the AUKUS submarine program's \$368 billion disclosure, per The Sydney Morning Herald.

Naval expert Jennifer Parker, cited in Canberra CityNews, praised the Mogami's modern design but cautioned about Japan's inexperience in major naval exports, urging robust risk mitigation. Shadow Defence Minister Andrew Hastie criticized the Labor government's handling, arguing it risks cost overruns, referencing past naval project delays. The deal strengthens Australia-Japan security ties, with MHI's chief financial officer, Hiroshi Nishio, noting plans to establish maintenance operations in Australia, per Reuters. Shares in MHI and Austal rose 5.7% and 7.94%, respectively, reflecting market confidence.