Naval Combat Systems Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 105 pages | Mordor Intelligence

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Report description:

The Naval Combat Systems Market is poised to grow at a CAGR of over 2.5% during the forecast period (2022-2027).

The COVID-19 pandemic has resulted in several supply chain constraints on a global scale which has escalated the cost of acquisition for several naval programs. With shipyard workers being exposed to COVID-19 infection, the overall attendance declined by 50% during the peak of the pandemic, which resulted in the slight extension of deadlines for the completion of several shipbuilding programs.

The naval combat systems market is driven by the demand for new naval vessels as a result of the envisioned and ongoing fleet modernization programs of the global armed forces.

Currently, the navies have robustly increased their investments towards the development and deployment of directed energy weapons on board the naval vessels. This trend of installing laser weapon systems is anticipated to accelerate the growth of the market during the forecast period.

However, the inherent capital-intensive nature of the industry due to the associated high cost of R&D and the recent COVID-19-induced disruption in the global supply chain are some of the factors that hinder the growth of the market in focus during the forecast period.

Naval Combat Systems Market Trends

The C4ISR Segment to Register the Highest CAGR During the Forecast Period

The C4ISR segment is expected to register a high CAGR during the forecast period. The highest growth rate of the segment is attributed to the growth in investments towards the modernization of existing command and control (combat management systems) and communication systems in the naval vessels to enhance the battleship capabilities. For instance, A joint venture of ASELSAN - HAVELSAN is currently modernizing the combat systems onboard 4 Barbaros-class Frigates of the Turkish Naval Forces. As a part of modernization, HAVELSAN will replace the TACTICOS combat management system with B-SYS CMS (a derivative of indigenous GENESIS CMS). The first ship is scheduled to be delivered by November 2022, and the last vessel is planned to be delivered in 2024. On the other hand, Saudi Arabia allocated USD 18 billion for the Royal Saudi Navy's extensive planned command and control and intelligence-sharing network. This project includes large-scale upgrades to facilities, hardware, and software that support naval forces, including the country's small marine and naval special warfare contingents. Such modernization programs of the naval forces are anticipated to propel the growth of the market.

The Asia-Pacific Market to Register the Highest CAGR During the Forecast Period

The Asia-Pacific region of the market is expected to witness the highest growth during the forecast period owing to the robust investments of the armed forces in the region towards the expansion of the naval fleet as well as modernization of the existing fleet of vessels due to the ongoing geopolitical tensions among various countries in the region in the South China Sea. China is pushing forward with its military modernization plans amid territorial and maritime disputes. Tensions with India, the Taiwan Straits, and the South China Sea have forced China to expand its naval power. According to the Congressional Research Service, China is expected to introduce more than four aircraft carriers, more than 39 cruisers and destroyers, and more than 38 frigates and corvettes during the period of 2020 - 2040 period. Similarly, in June 2021, Fincantieri was selected by the Ministry of Defense of Indonesia to supply six FREMM class frigates as well as modernize and sell two Maestrale class frigates and the related logistical support. With the delivery of new naval vessels, the country's FREMM class frigate fleet is anticipated to increase to 10. The new naval vessel programs are also being equipped with new and advanced weapon systems. For instance, Hanwha Systems was awarded a contract in March 2022 for the delivery of combat systems for the new 3,100-tonne corvette of the Philippine Navy. The other weapons include eight anti-ship missile launchers, two three-tube torpedo launchers, a 35 mm close-in weapon system, and a 76 mm main gun. Such modernization plans in various countries of the region are expected to further propel the growth of the naval combat systems market in the Asia-Pacific region during the forecast period.

Naval Combat Systems Market Competitor Analysis

Some of the prominent players in the market are Leonardo S.p.A., Lockheed Martin Corporation, Raytheon Technologies Corporation, Thales Group, and General Dynamics Corporation. Leonardo is one of the major suppliers of weapon systems onboard naval vessel programs in countries like Canada, France, and Germany, among others. For instance, Leonardo was awarded a contract to provide four OTO 127/64 Light Weight (LW) Vulcano naval guns with the Automatic Ammunition Handling System (AAHS) as an optional solution for the new Canadian Surface Combatants (CSC) program, currently being constructed by Irving Shipbuilding Inc. Many players in the market are working together to develop advanced and innovative combat systems for various militaries worldwide. This is expected to help the technology transfer and enhance the mission capabilities due to the integration of different spheres of technologies in the end product. For instance, currently, Saab AB, BAE Systems PLC, and Lockheed Martin Corporation are working together to deliver a combat system integration for the Hunter class frigates to Australia. In addition to conventional weapon systems, the naval forces are integrating advanced laser weapon systems onboard a naval vessel for precise targeting. Such partnerships are expected to help the growth of the market and revenues simultaneously for each of the players during the forecast period.

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The market estimate (ME) sheet in Excel format

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