

Small Caliber Ammunition Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 121 pages | Mordor Intelligence

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Report description:

The small caliber ammunition market is anticipated to register a CAGR of over 5% during the forecast period (2022 - 2031).

The COVID-19 pandemic has a very low impact on the small caliber ammunition market as the procurement programs of armed forces for new generation military arms and ammunition have remained unaffected.

The growth of the small caliber ammunition market is subjective to several associative factors, such as allocation of funds for procurement of new equipment, and maybe adversely affected due to the rapid technological advances resulting in a short-effective life of newly developed technology.

Increasing investments in defense for military modernization programs to procure better equipment to replace its existing arsenal is also acting as one of the key market drivers of the small caliber ammunition market.

The stringent laws on gun ownership act as a key restrain for the growth of the small caliber ammunition market during the forecast period. The growing emphasis on gun control measures to reduce accidental gun deaths and injuries, domestic violence-related deaths, homicides, and suicides may even make the licensed rifle purchasing processes difficult during the upcoming period. This is expected to deter the growth of the market during the forecast period.

Small Caliber Ammunition Market Trends

The Military Segment Accounted for a Major Market Share in 2021

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The growing threats due to terrorism, territorial conflicts, and geopolitical tensions have forced the countries to increase their defense spending. According to the Stockholm International Peace Research Institute (SIPRI), the total global military expenditure increased to USD 1,981 billion in 2020, representing an increase of 2.8% from 2019. The growing defense budgets have facilitated the increasing investments in military modernization programs aimed at procuring better weapons to supplement or replace the existing weapons arsenal. The impact of military modernization on the ammunition market is being witnessed in countries like Germany, France, India, China, and Russia, which are spending significantly on enhancing the capabilities of their ground forces by inducting state-of-the-art small arms. For instance, from June 2020, United States Air Force's combat arms units began the introduction of M18 semi-automatic pistols from Sig Sauer. The Small Arms Program Office of the Air Force Life Cycle Management Center acquired about 125,000 M18 handguns (worth USD 22.1 million), which began to replace the Beretta M9 pistols in service since 1985. The need to maintain a sufficient ammunition inventory with the militaries worldwide and the increasing demand for training ammunition is also anticipated to impact the small military caliber ammunition segment positively. Also, several militaries have been involved in peacekeeping missions and counter-insurgency operations in foreign countries and require a continuous supply of ammunition for continuing their operations. This has been one of the primary growth factors for the segment. However, as the US-led troops moved out of the conflict zones, such as Afghanistan, Iraq, and Somalia in 2021, the market for small military caliber ammunition is expected to register lower growth in the years to come, compared to the growth observed in the last decade. Militaries are increasingly moving towards higher calibers like 7.62 mm projectiles, as the existing widely used calibers like the 5.56 mm are becoming ineffective in piercing the tougher armors. Countries like the United States and India are also developing firearms based on new calibers like the 6.8 mm ammunition, which are expected to witness higher demand in the years to come.

North America is the Largest Market for Small Caliber Ammunition in 2021

The US has one of the largest armed forces in the world, with 1.83 million total military personnel. The US is also the largest military spending country in the world. According to SIPRI, the United States spent around USD 778 billion on its military in 2020. The United States had around 750 bases in at least 80 countries worldwide as of July 2021. In addition to active combat, US personnel are typically deployed as part of several peacekeeping missions, military attaches, or are part of the embassy, consulate security, and several other classified missions. Such deployments have significantly contributed toward the growth of procurement of arms and ammunition by the US armed forces. The United States launched the Next Generation Squad Weapon (NGSW) program in 2017, aiming to replace the 5.56x45mm caliber M4 Carbine, M249 SAW (Squad Automatic Weapon), and 7.62x51mm caliber M240 machine guns with rifles that utilize a common 6.8mm caliber cartridge. The contract for the NGSW rifle is anticipated to provide weapon suppliers (among True Velocity and Sig Sauer, Inc.) by the end of 2022.

On the other hand, the civilians in the US alone account for more than about 45% of the worldwide total of civilian-held firearms. Government initiatives aimed at creating personal safety awareness programs drive the country's civilian small arms and ammunition demand. Programs like the Civilian Marksmanship Program promote firearm safety training and rifle practice for citizens, focusing on youth. However, as the gun-related violence in the country increased over the past few years, the government has been making strict gun policies to regulate gun proliferation.

Small Caliber Ammunition Market Competitor Analysis

The small caliber ammunition market is fragmented due to the presence of several local and global players in the market. Some prominent players in the small caliber ammunition market include CBC Global Ammunition, Northrop Grumman Corporation, General Dynamics Corporation, Nammo AS, and Olin Corporation. Most countries produce small ammunition through local production capacities and minimal orders given to foreign players to meet specific caliber shortages of ammunition of purpose with military applications. For instance, the Kenya Ordnance Factories Corporation (KOFC) is the local manufacturing company in Kenya that manufactures small-caliber ammunition and related products delivered to Kenyan armed forces, security agencies, and licensed arms dealers. It exported it to allied countries in Africa. The manufacturing facility's capacity is estimated to be at least

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20,000 bullets per day. Similarly, INDUMIL, FAMAE, and Aguila Ammunition are the local manufacturers of small caliber ammunition in Colombia, Chile, and Mexico, respectively, that cater to local demand. NATO members and players in the NATO countries benefit from ammunition demand originating from other NATO members and thus have adequate market presence in the military market.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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