

Large Caliber Ammunition - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

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Report description:

The Large Caliber Ammunition Market size is estimated at USD 309.96 million in 2024, and is expected to reach USD 460.73 million by 2029, growing at a CAGR of 8.25% during the forecast period (2024-2029).

The COVID-19 pandemic had a negligible impact on the market. This is mainly attributed to the increase in defense expenditure across major world powers. The military expenditure as of 2021 was valued at USD 2.1 trillion, with the United States spending the highest, followed by China and India. Furthermore, the ongoing war between Russia and Ukraine leads to the rising use of weapons and ammunition, and growing defense expenditure from NATO countries drives market growth across Europe. Thus, the growth in geopolitical conflicts among the countries of the region played a major role in driving defense spending toward large-caliber weapons and ammunition, driving the market.

Governments across the world are making investments in weapons, such as field artillery, mortars, naval guns, etc., to strengthen the land and maritime border security, civilian protection, and lethality of armed forces. These weapons are a cost-effective option over costly missiles and rockets used for ground attack operations. These factors are driving the demand for large-caliber ammunition globally.

Significant technological advancements, such as high-speed projectile firing, laser guidance systems, and the increasing need for friend or foe identification and precision targeting technology, drive the market growth for GPS-enabled artillery and mortar shells. Due to increased political disputes, terrorism, and cross-border conflicts, the need for rapid deployment of forces has increased, simultaneously increasing the demand for firepower support on the battlefield, driving the market growth for large-caliber ammunition.

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Large Caliber Ammunition Market Trends

Ground Forces Segment is Projected to Grow with Highest CAGR During the Forecast Period

Owing to profound changes in the international strategic landscape, the configuration of international security systems has been undermined by the growing hegemonism, unilateralism, and power politics, which have fuelled several ongoing global conflicts. Uncertainties in territorial rights, political tensions, and the quest for universal dominance among the military powerhouses are the major causes disturbing the geopolitical scenario.

In this regard, the most common reaction of the governments is to increase their military spending to improve security in their respective countries. Despite the economic impact of the COVID-19 pandemic, global defense expenditure continued to grow in 2020 and 2021. According to SIPRI, the global military expenditure in 2021 rose to USD 2113 billion, an increase of 7% from 2020. Global spending in 2021 was 19% higher than in 2012. The five largest military spenders in 2021 were the United States, China, India, the United Kingdom, and Russia, which accounted for 62% of world military spending. Military powerhouses, such as the United States, United Kingdom, China, and India, have been focused on augmenting their military firepower and defensive capabilities. The colossal budgets also facilitate the R&D of new weapon and ammunition systems to engage hostile forces and neutralize threats.

Several armed forces have invested significant resources in upgrading their military firepower capabilities, including purchasing vehicle-mounted weapons, naval gun systems, mortars, and howitzers. This has been increasing the demand for related ammunition globally. For instance, in September 2021, the Estonian Defense Forces announced that it would receive large and small caliber ammunition worth EUR 80 million in the next few years. Under the procurement plan, the defense forces would receive large caliber ammunition worth EUR 30 million from eight suppliers over the next four to eight years.

North America is Expected to Lead the Market During the Forecast Period

The United States is the largest defense spender in the world. The US defense expenditure increased by almost 2.9% in 2021 to reach USD 801 billion from USD 778.23 billion in 2020. The United States remained the largest defense-spending country in 2021 and represented 38% of global spending. For FY 2022, the Department of Defense's budget authority is approximately USD 722 billion, an increase of USD 17 billion from USD 705 billion in 2020, while the FY 2023 President's budget request was USD 773 billion for the DoD. The budget primarily aims at modernizing capabilities in the air, maritime, and land warfighting domains and on innovations to strengthen the country's competitive advantage.

In the 2022 report of the Under Secretary of Defense, the United States military has requested a budget of USD 24.7 Billion in FY 2023 for missiles and munitions with a prime objective to increase the overall lethality of the force by procuring at high rates of production, fully utilizing the available industrial capacity for high demand weapons and munitions that are essential for the high-end combat. Furthermore, in FY 2023, 9% of the defense budget is requested to allocate toward missiles and munitions. The ammunition portfolio includes bullets, cartridges, mortars, explosives, and artillery projectiles needed mostly by ground forces. Such procurement plans for defense platforms and related ammunition are anticipated to drive the market studied in North America during the forecast period. For instance, the United States plans to buy 100,000 rounds of 155mm howitzer ammunition from South Korean arms manufacturers to provide to Ukraine.

Large Caliber Ammunition Industry Overview

The market for large-caliber ammunition is moderately consolidated with few established players and local manufacturers of the ammunition supplied to various armed forces. Some prominent market players are General Dynamics, BAE Systems, Northrop Grumman, Rheinmetall AG, and Nexter group KNDS. Innovations in design, materials, lethality, etc., drive the market. Several

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companies are focusing on strengthening their local private and government-owned ammunition companies. Countries like Saudi Arabia, the United Arab Emirates, China, and India, are encouraging local manufacturing companies to cater to the need of their respective armed forces, thereby helping the local companies to increase their share in the market studied.

For instance, in May 2022, the United States army announced two contracts to procure 120 mm tank training ammunition. The Army awarded a contract worth USD 66.7 million to Northrop Grumman for 120 mm M1002 multi-purpose tank training rounds, 120 mm M865A1 new production kinetic energy rounds, and M1002 ammunition. Also, the US Army awarded another contract worth USD 50.8 million to General Dynamics Corporation for 120mm M865A1 new production kinetic energy rounds and 120 mm M1002 new production multi-purpose tank training rounds.

Additional Benefits:

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

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