

## **NATO Ammunition - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

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### **Report description:**

The NATO ammunition market was valued at USD 8.4 billion in 2024 and is projected to reach USD 10.17 billion by 2029, with a CAGR of 3.88% during the forecast period.

The NATO ammunition market is a significant segment of the global defense industry. It encompasses various types of ammunition, including small arms, artillery, and munitions for armored vehicles, naval ships, and aircraft. The NATO member countries are committed to the principle of collective defense, as outlined in Article 5 of the NATO treaty. This means that an attack on one member country is considered an attack on all members. To fulfill this commitment, member nations must maintain well-equipped and well-trained armed forces, including adequate ammunition supplies.

Hence, the demand for NATO ammunition is driven by political, strategic, operational, and technological factors rooted in the alliance's commitment to collective defense and its evolving security challenges. Thus, ongoing geopolitical conflicts and tensions in various regions can lead to increased demand for ammunition by NATO forces, as NATO is involved in counterterrorism operations worldwide. These conflicts may necessitate the deployment of NATO troops and the stockpiling of ammunition for potential operations.

Moreover, NATO member countries often invest in modernizing their armed forces and upgrading their weaponry and ammunition. As military technology evolves, there is a need for compatible ammunition that can be used with advanced weapon systems. The allocation of defense budgets by NATO member countries directly impacts the procurement of ammunition. Higher defense budgets can lead to increased ammunition purchases to maintain and enhance military capabilities.

NATO Ammunition Market Trends

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## Medium Caliber Segment Will Showcase Remarkable Growth During the Forecast Period

The medium caliber segment is projected to show the highest growth in the NATO ammunition market during the forecast period. Ammunition with caliber sizes ranging from 20mm to 60mm is termed medium caliber ammunition. The medium caliber ammunition market is expected to grow primarily due to the armed forces' procurement and upgrade activities to counter emerging threats. Several contracts for military aircraft, helicopters, infantry fighting vehicles (IFVs), and armored personnel carriers (APCs) mounted with medium caliber turret guns are currently underway, and many new contracts are anticipated to be dispersed during the forecast period, creating a parallel demand for medium caliber ammunition.

For instance, in May 2022, Rheinmetall AG signed a framework contract with the Spanish armed forces to supply 40mm x 53 high explosives (HE), high explosive dual purpose (HEDP), and training ammunition with and without tracer. The delivery of the ammunition was scheduled to begin in 2022. In May 2022, the US Army MAAWS Program Office awarded Saab a Carl-Gustaf M4 recoilless rifles contract to support ground troops against various threats, such as armored tanks, low-flying helicopters, and UAVs. Grenade launchers are also used to address hidden threats and infiltrate enemy strongholds.

The development of new weapon systems depends on the defense spending of a nation. Major defense spenders worldwide invest huge amounts in weapon system development and procurement. Several new military platform procurement programs and weapon and ammunition contracts are expected to be dispersed in the upcoming period, driving the market prospects of the medium caliber ammunition market in NATO countries.

## United States Dominates the Market During the Forecast Period

United States is projected to dominate the market share in the NATO ammunition market during the forecast period. The growth is attributed to the high defense expenditure, rising procurement of advanced ammunition, and increasing focus on improving defense capabilities. The ongoing war between Russia and Ukraine, political disputes between NATO countries and Russia, and growing security threats led to increased spending on the procurement of advanced weapons and munitions.

The United States has one of the most significant armed forces in the world, with 2.26 million total military personnel, of which 1.4 million serve as active military personnel and 0.86 million serve in the reserve force. In 2022, the US Army had 485,000 personnel in the regular Army, 336,000 in the National Guard, and 189,500 in the Army Reserve. The US military is deployed in more than 150 countries worldwide, with several military personnel permanently assigned outside the country and its territories, excluding Afghanistan, Iraq, and Syria.

According to the data published by the Stockholm International Peace Research Institute (SIPRI), the United States was the largest defense spender in the world, with a defense budget of USD 877 billion in 2022. Furthermore, on March 9, 2023, the US government submitted to US Congress a proposed FY2024 Budget request of USD 842 billion for the Department of Defense (DoD), an increase of USD 26 billion over FY2023. The US DoD's budget request for FY2024 is focused on the National Defense Strategy, wherein USD 30.6 billion has been requested for ammunition, marking an increase of USD 5.8 billion above the FY2023 request. The munition procurement includes USD 5.6 billion for ammunition, USD 17.3 for tactical missiles, USD 7.3 billion for strategic missiles, and 0.6 billion for technology development. Thus, increasing expenditure on the procurement of arms and ammunition and a rising focus on developing advanced ammunition drive the growth of the market across the country.

## NATO Ammunition Industry Overview

The NATO ammunition market is consolidated, with few global and local players holding significant shares in the market. Some of the key players in the market are General Dynamics Corporation, Rheinmetall AG, BAE Systems PLC, Northrop Grumman

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Corporation, and Olin Corporation. Key players in the market are highly investing in R&D and introducing advanced ammunition for defense forces. For instance, in November 2021, RUAG Ammotec announced it decided to reintroduce the MFS brand as its central pillar to the dynamic expansion of its defense and law enforcement business with NATO standard ammunition. MFS is a European small-caliber ammunition provider that delivers the best-in-class solution at competitive prices.

Additional Benefits:

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

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