

South Korea Aerospace And Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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Report description:

The South Korea Aerospace And Defense Market size is estimated at USD 4.46 billion in 2024, and is expected to reach USD 7.89 billion by 2029, growing at a CAGR of 9.38% during the forecast period (2024-2029).

The South Korean air transport industry is regarded as one of the most efficient industries in the world and continues to grow strongly and steadily. Over the past 20 years, Korea's international passenger traffic volumes have steadily increased. Rising air traffic, growing investment in airport infrastructure, and increasing demand for new commercial aircraft drive the growth of the aviation sector across the country.

The South Korean government spent around USD 46 billion on its defense sector in 2022. It declined by around 9% in 2022 but rose by around 5% during 2019-2022 and 18% between 2017-2022. In its mid-term defense plan for 2022-2026, the Ministry of National Defense increased its defense budget to USD 271.5 billion. The military aviation sector benefits from the increasing government investment in R&D and the procurement of advanced fighter jets, helicopters, and transport and training aircraft from the local players. Furthermore, growing security threats from North Korea and rising cross-border conflicts in Asian countries have led to a growing focus on enhancing the defense capabilities of the South Korean government.

The country's focus on the indigenization of defense equipment also provides huge growth prospects for local players in the country. South Korea is a global leader in several technological sectors, but its space program lags compared to its neighbours, China and Japan. The country also plans to take several initiatives for growth in the space sector during the forecast period.

South Korea Aerospace And Defense Market Trends

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Maintenance, Repair, and Overhaul Industry is Expected to Achieve Significant Growth.

South Korea has witnessed an increase in the number of air passengers over the past few years. In 2022, 92 million air passengers traveled through South Korea, compared to 91 million in 2021. Due to the projected increase in passenger influx during the forecast period, major airlines like Air Busan, Air Premia, and Korean Air are investing significantly into bringing their grounded aircraft back to operation and making them airworthy to cater to the transport needs of both passengers and cargo across the country and international travel. In November 2023, Pratt & Whitney announced that Korean Air had inducted its first GTF engine into its fleet. In 2021, Korean Air became a member of GTF's MRO network, where it was able to fully disassemble, assemble, and test the PW 1100G-JM engine that powers Korean Air's A320neo aircraft fleet.

South Korea has a strong military foundation with thousands of military aircraft in operation, which creates a yearly demand of over USD 1 billion for MRO parties. In November 2023, DAPA (Defense Acquisition Program Administration) and Boeing planned to work on improving South Korea's military MRO capabilities, including upgrade work. DAPA has approved a program to modernize South Korea's existing fleet of F-15K fighter aircraft, as well as acquire additional ATC (Air-to-Air Tanker) aircraft. According to DAPA, the total cost of the modernization project for the F-15K will amount to KRW 3.46 trillion (USD 2.72 billion) and will take place from 2024 to 2034. DAPA said the purpose of the modernization is to increase the mission capability and survivability of the force's 59 F-15 Ks. Owing to these initiatives from the airlines, the MRO market of the country expects to witness significant developments, investments, and market growth opportunities during the forecast period.

Space Segment is Projected to Show Significant Growth During the Forecast Period

The South Korean satellite manufacturing industry has rapidly grown in recent years, with the country emerging as a significant player in the global space industry. In FY 2023, South Korea planned to spend USD 674 million on space programs. One of the key drivers of South Korea's satellite industry is the Korea Aerospace Research Institute (KARI), which is the country's main government agency responsible for the research, development, and production of satellites. KARI has played a crucial role in the development of various satellite applications.

South Korea has also invested heavily in research and development (R&D) to enhance its satellite manufacturing capabilities. The country's satellite manufacturers have focused on developing advanced technologies such as high-resolution imaging, remote sensing, and satellite communication systems. Some of the notable launches done by the country were in August 2022, when South Korea's KARI manufactured and launched its lunar orbiter Danuri to survey lunar resources such as water ice, uranium, helium-3, silicon, and aluminum. It is also expected to produce a topographic map to help select future lunar landing sites. The South Korean satellite manufacturing industry has made significant progress in recent years. It is expected to continue its growth trajectory, contributing to the country's advancements in space technology and applications due to increasing space budgets.

South Korea Aerospace And Defense Industry Overview

The South Korean aerospace and defense market is semi-consolidated in nature. Some of the key players in the market are Lockheed Martin Corporation, Korea Aerospace Industries Ltd, Hanwha Corporation, The Boeing Company, and HD Hyundai Heavy Industries Co. Ltd. These players are significantly investing in the development of technologically advanced products to cater to the national and foreign needs. The country has prioritized indigenous aerospace and defense production in recent years by encouraging local players to develop the required capabilities. The local players are also expected to enjoy healthy growth during the forecast period, owing to the large-scale domestic and foreign investments, collaborations, and partnerships with players from foreign countries.

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