

## **UK Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029**

Market Report | 2024-02-17 | 75 pages | Mordor Intelligence

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### **Report description:**

The UK Defense Market size is estimated at USD 64.55 billion in 2024, and is expected to reach USD 75.27 billion by 2029, growing at a CAGR of 3.12% during the forecast period (2024-2029).

Despite the impact of the COVID-19 pandemic on the country's economy, the government announced that it plans to increase its military budget in the coming years due to the need to enhance the capabilities of its armed forces.

As per NATO, the United Kingdom is one of the top countries globally in terms of defense spending. The country met its target of 2% of the GDP in 2019 and 2020. In February 2022, the government announced its plan to invest EUR 238 billion (USD 270 billion) into the procurement of new generation military equipment and provide required services for existing services over 2021-2031. The investment is expected to support the government in strengthening its digital and cyber capabilities, along with air, land, and sea capabilities.

The country has been increasing its defense budget and spending over the past few years to achieve NATO's defense spending target of 2% of the total country's GDP, which is acting as a major driver for the growth of the market.

The investments into technological advancements to enhance the lethality, precision, and range of weapons, communication range, and other support services to address new and rapidly evolving threats of the country are expected to propel the growth of the market.

UK Defence Market Trends

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## The United Kingdom Plans to Increase its Investments in Naval Fleet Expansion and Modernization

Maritime security is an issue of critical importance to the United Kingdom, more so after the United Kingdom voted to leave the EU. Almost 95% of all UK imports and exports move by sea through over 400 British ports. The UK maritime security is complex and presents a host of challenges like the prospect of a terrorist attack at sea, the smuggling of illicit goods, threats to critical marine infrastructure, etc. This generates a need for the United Kingdom to enhance its maritime security capabilities. The United Kingdom has taken some important steps to strengthen its maritime security capacities and governance mechanisms, including the establishment of cross-governmental coordination bodies, such as the Joint Maritime Security Center. In March 2021, the government announced new plans to enhance the capabilities of the British Navy through investments for the addition of new surface ships, submarines, weapons, technologies, and missions. For instance, the Royal Navy plans to operate over 20 frigates and destroyers by the early 2030s, with plans to increase the size to 24. Furthermore, by 2022, the country plans to deploy automated and autonomous mine hunting systems as a part of GBP 1 billion (USD 1.87 billion) in mine warfare. Such robust plans are to enhance the naval capabilities of the country and will drive the market growth during the forecast period.

## The UK Defense Market is Expected to Experience a Steady Growth

The military spending of Europe accounted for over 15% of the global military spending in 2020. Russia, the United Kingdom, France, and Germany were among the top 10 military spending countries in the world in 2020. As of 2020, the country was the second-largest global defense exporter, and it had won defense orders worth almost USD 10.61 billion (GBP 7.9 billion). According to the UK MoD, the country's share of the global defense export market was estimated at 6% in 2020, with Europe, North America, and the Middle East being the country's largest export markets. Revenue expenditure forms the largest share of the UK defense budget. The United Kingdom is also the second-largest NATO defense spender after the United States. In 2020, the country was one of the only eight NATO members to meet the guidelines set by NATO to spend at least 2% of national GDP on defense annually. The United Kingdom's public sector expenditure on defense as a share of GDP in 2020 was 2.2%. In budget 2021, the government announced a budget increase of GBP 16.5 billion (USD 21.9 billion) with additional funding for developing the country's capabilities in advanced technologies like artificial intelligence, space, cyber, and the creation of sensor-laden connected hardware. Such investments are anticipated to boost the growth of the UK defense market.

## UK Defence Industry Overview

Several players in the market support the defense market of the United Kingdom. The UK defense market is partly dominated by the local players and partly by the players based in the United States. The UK MoD nurtures open competition policies that seek the best defense equipment for the best value. The MoD acquires defense equipment from foreign sources when the advantages of performance, cost, and delivery schedule outweigh the benefits of buying the British alternative. Airbus SE, Lockheed Martin Corporation, BAE Systems PLC, Leonardo SpA, and Thales Group are some of the prominent players in the UK defense market, which are expected to hold a significant share even during the forecast period. BAE Systems is one of the prominent tier-1 suppliers for the F-35 program. Furthermore, BAE Systems is developing Tempest. Currently, a consortium consisting of the UK Ministry of Defense, BAE Systems, Rolls-Royce, Leonardo SpA, and MBDA is developing the aircraft and plans to induct the aircraft from 2035, replacing Eurofighter Typhoon aircraft service in the Royal Air Force and the Italian Air Force (AMI). Similar partnerships for various development and procurement programs of the government are expected to help the companies increase their share in the market in the coming years.

## Additional Benefits:

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

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