

NATO Ammunition - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)

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Report description:

The NATO Ammunition Market size is estimated at USD 8.73 billion in 2025, and is expected to reach USD 10.51 billion by 2030, at a CAGR of 3.78% during the forecast period (2025-2030).

The NATO member countries are committed to the collective defense principle, as mentioned in Article 5 of the NATO treaty. This means an attack on one NATO 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 toward 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 has been involved in counterterrorism operations worldwide. These conflicts may necessitate the deployment of NATO troops and the stockpiling of ammo in preparation for potential operations.

The market often experiences fluctuations based on geopolitical developments and shifts in military priorities. For instance, NATO member countries may rely heavily on a small number of ammunition suppliers, which can create dependencies and limit diversification. This can lead to supply shortages, vulnerabilities in conflicts, or political tensions with critical suppliers, hindering market growth.

NATO Ammunition Market Trends

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

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Medium-caliber ammunition refers to ammunition with caliber sizes ranging from 20 mm to 60 mm. The market for medium-caliber ammunition is expected to grow primarily due to the armed forces' procurement and upgrade activities to counter emerging threats. Several contracts for helicopters, military aircraft, armored personnel carriers (APCs), and infantry fighting vehicles (IFVs) mounted with medium-caliber turret guns are underway, and several new contracts are expected to be dispersed over the coming years, creating parallel demand for medium-caliber ammunition.

For instance, in May 2022, Rheinmetall AG signed a 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. In May 2022, the US Army MAAWS Program Office awarded Saab AB 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 a nation's defense spending. Major defense spenders worldwide invest considerable amounts in weapon system development and procurement. Several new military platform procurement programs and weapon and ammunition contracts will be dispersed in the forecast period, driving the prospects of the medium-caliber ammunition market in NATO countries.

The United States Will Dominate the Market During the Forecast Period

The United States is expected to dominate the market during the forecast period. The dominance is due 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 have led to increased spending on the procurement of advanced weapons and munitions.

The United States has one of the most significant armed forces globally. In 2024, the number of active military personnel in the country was 1,328,000. The US government deploys military personnel in over 150 countries worldwide, with several military personnel permanently assigned outside the country and its territories, excluding Afghanistan, Iraq, and Syria.

As per the Stockholm International Peace Research Institute (SIPRI), the United States was the largest defense spender worldwide, with a defense expenditure of USD 916 billion in 2023. Furthermore, on March 9, 2023, the 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 over 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 USD 0.6 billion for technology development. Thus, increasing expenditure on the procurement of arms and ammunition and a rising focus on developing advanced ammunition are driving the growth of the market across the country.

NATO Ammunition Industry Overview

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

Key OEMs in the market are investing heavily in R&D and introducing advanced ammunition for defense forces. The OEMs focus on long-term contracts, agreements, and partnerships with defense forces to expand their businesses. For instance, in April 2024, Rheinmetall received a contract to supply a European member of NATO with multiple rocket launcher ammunition. The delivery will take place from 2024 to 2027. The contract was valued at around EUR 300 million. Rheinmetall Excal Munitions of Spain will

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manufacture and deliver the rockets with a maximum range of 300 km.

Additional Benefits:

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

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