

## **South Korea Aerospace And Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2025 - 2030)**

Market Report | 2025-04-28 | 85 pages | Mordor Intelligence

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### **Report description:**

The South Korea Aerospace And Defense Market size is estimated at USD 4.88 billion in 2025, and is expected to reach USD 7.64 billion by 2030, at a CAGR of 9.38% during the forecast period (2025-2030).

The South Korean air transport industry stands out globally for its efficiency, showing consistent and robust growth. This growth has been propelled by escalating air traffic, substantial investments in airport infrastructure, and a rising appetite for new commercial aircraft.

In 2023, the South Korean government allocated approximately USD 47.9 billion to its defense, marking a 1.1% uptick from the previous year and a significant 34% surge over the decade from 2014 to 2023. Notably, in its 2022-2026 mid-term defense strategy, the Ministry of National Defense bolstered this commitment, pushing the defense budget to USD 271.5 billion. Heightened security concerns emanating from North Korea and escalating conflicts in neighboring Asian nations have underscored the imperative for South Korea to fortify its defense capabilities.

Investments in cutting-edge technologies further fuel anticipated market growth. These investments are geared toward enhancing the lethality, precision, and range of weaponry, bolstering communication capabilities, and providing advanced services to counter swiftly evolving threats.

Conversely, as global attention shifts toward environmental concerns and governmental bodies and defense agencies grapple with the need to curtail their greenhouse gas emissions, this environmental imperative could pose a challenge, potentially impacting the expansion of terrestrial and aerial military fleets in the coming years.

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### The Maintenance, Repair, and Overhaul Segment is Expected to Achieve Significant Market Growth

South Korea has witnessed an increase in the number of air passengers over the past few years. In FY 2023, domestic and foreign airlines made 539,788 flights over South Korea, up from 465,469 flights in 2021. The LCCs' growth has been at the expense of the market shares of Korean full-service carriers (FSC) and international carriers.

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 for international travel. In November 2023, Pratt & Whitney announced that Korean Air had inducted its first GTF engine into its fleet. In March 2024, Korean Air Lines announced that the company would sign a contract with Airbus to procure 33 A350 wide-body jets in a deal valued at USD 13.7 billion as the airline seeks to strengthen its long-haul fleet while gradually retiring older aircraft.

South Korea has a robust military foundation with thousands of military aircraft in operation, which creates an annual demand of over USD 1 billion for MRO parties. In November 2023, the Defense Acquisition Program Administration (DAPA) and Boeing announced plans to work on improving South Korea's military MRO capabilities, including upgrade work. DAPA approved a program to modernize South Korea's existing F-15K fighter aircraft fleet and acquire additional ATC (Air-to-Air Tanker) aircraft. According to DAPA, the total cost of the modernization project for the F-15K was to amount to KRW 3.46 trillion (USD 2.72 billion) and was to take place from 2024 to 2034. DAPA said the purpose of the modernization was to increase the mission capability and survivability of the force's 59 F-15 Ks.

### The Space Segment is Projected to Witness 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 sector. In FY 2023, South Korea had 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 primary 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 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.

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These players are significantly investing in developing technologically advanced products to cater to national and foreign needs. In recent years, the country has prioritized indigenous aerospace and defense production by encouraging local players to develop the required capabilities. The regional players are also expected to enjoy healthy growth during the forecast period, owing to large-scale domestic and foreign investments, collaborations, and partnerships with players from foreign countries.

Additional Benefits:

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

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