The Global Military Ammunition Market 2013–2023

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Executive Summary

The global military ammunition market is expected to grow at a CAGR of XX%

Global spending on military ammunition is expected to remain fairly constant over the forecast period, primarily due to the sustained procurement anticipated to be carried out by major defense spending countries that are currently involved in conflicts, and emerging economies involved in territorial disputes and countering insurgencies. In addition, the need to maintain a sufficient inventory of ammunition for militaries worldwide and the increasing demand for training ammunition is also anticipated to have a positive impact on the demand for military ammunition. Furthermore, modernization initiatives that are being implemented in most major defense spending countries and are focusing on the upgrade of existing firearms, and the induction of new advanced models are also expected to encourage spending on military ammunition. The impact of military modernization on the ammunition market is most likely to be witnessed prominently in emerging economies such as India, China, Brazil, and Russia, which are spending significantly on enhancing the capabilities of their ground forces by inducting state-of-the-art small arms, howitzers, and mortars. However, with Western led troops moving out of conflict zones such as Afghanistan within the next couple of years and troop reduction initiatives being undertaken by major European defense spenders, the market for military ammunition is not expected to register a growth as steep as was observed in the last decade. Given the increasing emphasis on defense budget cuts in a number of western countries, it is anticipated that governments will opt for the privatization of production facilities in order to maintain efficiency while remaining aligned with budgetary constraints. As such, the ammunition market is expected to witness a number of private-public partnerships, technology transfer, joint development initiatives, and M&As in order to sustain capabilities, and further technology advancement with limited resources. Over the forecast period, cumulative global expenditure on military ammunition is forecast to value US$XX billion.

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1 Global Military Ammunition Market Size and Drivers

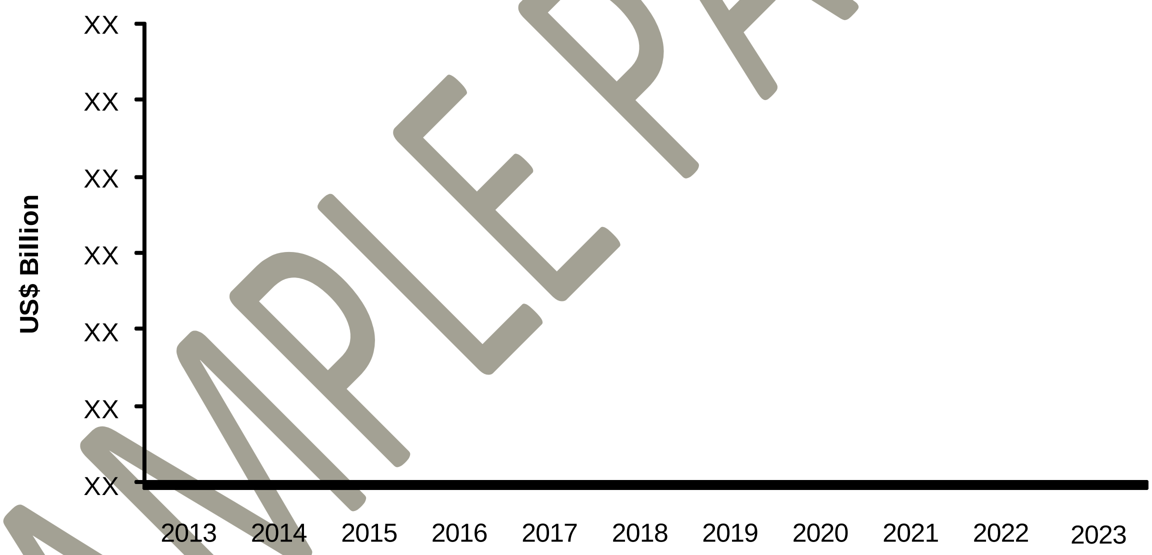
1.1 Military Ammunition Market Size and Forecast 2013–2023

1.1.1 Global military ammunition market to show positive growth during the forecast period

The global military ammunition market is estimated to value US$XX billion in 2013 and increase at a CAGR of XX% during the forecast period, to reach its peak of US$XX billion by 2023. The market consists of five categories of military ammunition: small caliber, medium caliber, large caliber, artillery, and mortar ammunition. The artillery ammunition segment is expected to account for XX% of the global military ammunition market, followed by the small caliber ammunition segment, with a share of XX%. While mortar ammunition and large caliber ammunition account for XX% and XX% of shares respectively, the remaining XX% is constituted by medium caliber ammunition. During the forecast period, cumulative global expenditure on military ammunition is expected to reach US$XX billion.

The chart below shows the expected military ammunition market value during 2013–2023:

Figure 1: Global Military Ammunition Market (US$ Billion), 2013–2023



Source: SDI analysis

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1.2 Global Military Ammunition Market – Regional Analysis

1.2.1 North America to register highest spending in the global military ammunition market

The US which is the world's largest military spender and has the largest army size, spends significantly on the procurement of ammunition due to its widespread operations inside the US and in other countries. The country's army is deployed in various foreign locations for peacekeeping operations as a part of NATO forces. The US Army's involvement in the operations such as Iraq and Afghanistan had bolstered the expenditure on ammunition during the last decade. Therefore, following the US troops' withdrawal from Afghanistan, which is expected to be carried out in 2014, the spending on ammunition is expected to witness a decline thereafter. However, the market is expected to grow gradually in the succeeding years keeping in view the continuous modernization initiatives and technological advancements in the country. The US DoD had awarded a major long-term contract worth US$XX billion to supply small caliber ammunition for the next ten years and to modernize and operate its Lake city Army Ammunition Plant. Additionally, the country's military arms and ammunition development and manufacturing entity Picatinny Arsenal is also involved in continuous R&D programs in order to provide the military with new and advanced weapons and ammunition. Due to all of these factors, North America will be the leading spender in the military ammunition sector and is expected to account for XX% of the global market over the forecast period.

Asia Pacific is expected to be the second largest market for military ammunition followed by Europe with shares of XX% and XX% respectively. Spending in the Asia Pacific region is driven by major procurement programs formulated by large defense spenders such as India, China, Australia, and South Korea. These countries are anticipated to focus on the indigenous development of firearms is anticipated to be a major factor driving the expenditure on military ammunition over the forecast period. European spending on military ammunition is expected to witness relatively low investment and growth over the forecast period. The region has recently had to undergo a financial crisis which has prompted major defense spenders in the region to reduce military spending. However, participation in peacekeeping operations, prevention of terrorism, efforts to secure trade routes and soldier modernization programs, which include small arms and ammunition procurement, are expected to drive the market over the forecast period. The Middle East, Africa, and Latin America account for XX%, XX%, and XX% of global military ammunition expenditure respectively.

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The table below gives a brief overview of the global military ammunition market:

Table 1: Global Military Ammunition Market Overview

Region	Market in 2013	Market in 2023	Total Market (2013–2023)	Annualized growth/decline (2013–2023)
North America	US$XX billion	US$XX billion	US$XX billion	XX%
Asia-Pacific	US$XX billion	US$XX billion	US$XX billion	XX%
Europe	US$XX billion	US$XX billion	US$XX billion	XX%
Middle East	US$XX billion	US$XX billion	US$XX billion	XX%
Latin America	US$XX billion	US$XX billion	US$XX billion	XX%
Africa	US$XX million	US$XX million	US$XX billion	XX%
Total Ammunition Market	**US$XX billion**	**US$XX billion**	**US$XX billion**	**XX%**

Source: SDI analysis **© SDI**

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1.3 Military Ammunition Sub-Sector Market Size Composition

1.3.1 Artillery ammunition expected to constitute the largest segment

Artillery systems are one of the most critical elements of ground battles, especially in cross border conflicts or while fighting the hostile forces from a distance. These weapons provide the forces with firepower to inflict significant damage to the enemy weapons, troops and infrastructure. Main Battle Tanks (MBTs) are also considered as a major force projector for any military involved in a full-fledged ground battle due to its ability to launch artillery projectiles. Therefore, the militaries of almost all major military spending nations maintain an arsenal consisting of numerous self propelled and towed howitzers and MBTs. The armies are involved in regular training exercises with these weapon systems in order to be battle ready. Therefore, along with these weapon systems, militaries also stocks significant amounts of tank ammunition, artillery ammunition, and training ammunition, depending on the number of launch platforms they possess. The various types of artillery ammunition being used by the militaries across the world include 75mm, 105mm, 115mm, 120mm, and 155mm, which are used in a range of weapon systems. 105mm cartridge shells are the most extensively used ammunition with the howitzers currently in service with various militaries. However, due to the technological advancements in artillery ammunition technology, the 155mm ammunition is rapidly gaining importance with various countries' armies. Additionally, the countries are also procuring self propelled precision munitions such as Excalibur, due to the increased effectiveness of the projectiles and their high hit rates.

Numerous countries, including the US, India, UK, Russia, France, Brazil, and Venezuela, are investing significantly in order to procure huge numbers of new and upgraded advanced howitzers and MBTs under multi-year procurement deals. The robust procurement of these weapon systems is expected to warrant the sustainability and growth of the artillery ammunition segment during the forecast period. The overall market for artillery ammunition is anticipated to be US$XX billion in 2013, and is expected to increase during the forecast period to reach US$XX billion by 2023, at a CAGR of XX%. The cumulative market for artillery ammunition is valued at US$XX billion for the forecast period.

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The table below gives a brief overview of the global military ammunition market:

Table 2: Global Military Ammunition Market Overview

Category	Market in 2013	Market in 2023	Total Market (2013–2023)	Annualized growth/decline (2013–2023)
Artillery Ammunition	US$XX billion	US$XX billion	US$XX billion	XX%
Small Caliber Ammunition	US$XX billion	US$XX billion	US$XX billion	XX%
Mortar Ammunition	US$XX billion	US$XX billion	US$XX billion	XX%
Large Caliber Ammunition	US$XX billion	US$XX billion	US$XX billion	XX%
Medium Caliber Ammunition	US$XX billion	US$XX billion	US$XX billion	XX%
Total Military Ammunition Market	**US$XX billion**	**US$XX billion**	**US$XX billion**	**XX%**

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