

UK Defense - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

<https://marketpublishers.com/r/U7C42EFAA572EN.html>

Date: July 2024

Pages: 85

Price: US\$ 4,750.00 (Single User License)

ID: U7C42EFAA572EN

Abstracts

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).

As per NATO, the United Kingdom (UK) is one of the top countries globally in terms of defense spending. The country met 2% of its GDP target in 2021 and 2022. In February 2022, the government announced its plan to invest EUR 238 billion (USD 270 billion) in procuring new-generation military equipment and providing required services for existing services over 2021-2031. The investment is expected to support the government in strengthening its digital and cyber capabilities as well as 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 a significant driver for the market's growth.

As environmental concerns gain prominence worldwide, governments and defense organizations are under pressure to reduce their carbon footprint. This may act as a restraint and can impact the growth of land-based and air-based military vehicles during the forecast period.

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

UK Defense Market Trends

The Navy is Expected to Witness the Highest Growth During the Forecast Period

Maritime security is critically important to the UK, especially after the UK 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 various challenges, like the prospect of a terrorist attack at sea, the smuggling of illicit goods, threats to critical marine infrastructure, etc. This requires the United Kingdom to enhance its maritime security capabilities. The UK has taken vital steps to strengthen its naval security capacities and governance mechanisms, including establishing cross-governmental coordination bodies like the Joint Maritime Security Center.

In September 2023, the UK awarded contracts worth USD 4.9 billion to three British industry contractors for designing and manufacturing SSN AUKUS nuclear-powered attack submarines. The aim is to deploy the first submarines by the late 2030s to replace the current Astute-Class vessels.

The government also announced new plans to enhance the capabilities of the British Navy through investments in 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 to 24. Such robust plans are expected to enhance the naval capabilities of the country and drive the market's growth during the forecast period.

Fixed-wing Aircraft is Expected to Dominate the Market During the Forecast Period

Procurement of aircraft adds an advantage to the country's military during strategic and tactical operations and helps achieve better operational readiness. Hence, the latest transport aircraft are being acquired. Increased defense expenditure is expected to aid in the growth of the military transport aircraft market during the forecast period.

The UK intends to upgrade its armed forces to confront potential threats, according to the Defense Equipment Plan for 2021 to 2031. During 2021-2031, the country aims to spend USD 321 billion on the purchase and support of equipment. The country's military budget for 2022 was USD 68.5 billion, a rise of 3.7%. Of the total government spending, the country allocated 2.2% to the military. The country's NATO membership commits it to devote 2% of its annual GDP to defense.

In October 2023, the UK announced it would start trials of the new Protector surveillance aircraft. The aircraft will undergo test flights until entering service in late 2024. The new uncrewed RAF aircraft is capable of global surveillance operations.

The country negotiated with the F-35 Joint Project Office to buy an additional F-35 aircraft in April 2022. In addition to the 48 already contracted aircraft, this second batch would include 26 more aircraft. The first batch of 48 jets is expected to be delivered by 2025. The Royal Air Force intends to have three squadrons of F-35Bs in frontline service, each with 12-16 aircraft. Such developments will drive the demand for fixed-wing aircraft during the forecast period.

Competitive Landscape

The UK defense market is fragmented and 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 are prominent players in the UK defense market, 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.

A consortium consisting of the UK Ministry of Defense, BAE Systems, Rolls-Royce, Leonardo SpA, and MBDA is developing the aircraft. It plans to induct the aircraft in 2035, replacing the Eurofighter Typhoon aircraft service in the Royal Air Force and the Italian Air Force (AMI). Similar partnerships for various government development and procurement programs 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

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