

Main battle tank market crowded but lucrative – report

Written by defenceWeb

Thursday, 24 March 2016



Over 3 800 main battle tanks worth more than \$17.2 billion will be produced through 2025, according to a new report, which says that the market remains lucrative despite a glut.

In its Market for Tanks report, Forecast International earlier this month said that heavy armour remains a highly adaptable force multiplier on the modern battlefield and is second only to the infantryman in terms of combat effectiveness.

According to the report, high-end tanks will account for 24.1 percent of all new production, worth 43 percent of the market, during the next 10 years.

“The international market for main battle tanks continues to exhibit two distinct product tiers. The upper tier consists of state-of-the-art designs with correspondingly high price tags, while the lower tier features cheaper, more widely available tanks, mostly designs from the former Soviet Union,” Forecast International said.

According to the analysis, in terms of sheer numbers, Pakistan’s Al-Khalid, Russia’s T-90 (including India’s licensed T-90S), and China’s Type 98 will continue to drive the market, accounting for 53.7 percent of all new tanks rolling out worldwide and representing 37.9 percent of the market’s value through 2025.

Although not covered in the analysis, Forecast International noted that increased modernization and retrofit is becoming a significant force in the international tank market. Through ongoing maintenance, RESET (repair of field/battle damage), and upgrades, the U.S. Army intends to maintain its M1 Abrams tanks in active service through 2050. Likewise, the British Army intends to maintain an active Challenger 2 force through 2035.

The demand for main battle tanks has declined over the last several years, with Forecast International in 2012 predicting 5 500 main battle tanks worth \$24.25 billion being built through 2021.

In November last year Grand View Research predicted that the whole global armoured vehicle market would be worth \$26.79 billion by 2022.

“Rising internal and external terrorism activity worldwide is expected to drive industry demand over the forecast period. Technology advancements such as unmanned vehicles are expected to fuel market growth. Increased focus of government such as India, China and the U.S. will contribute to industry growth,” the company said.

According to Department of Industrial Policy & Promotion (DIPP), the Indian government is expected to make an investment of \$130 billion on defence and \$110 billion on homeland security over the next seven years. Rising unrest or civil war such as civil war in Iraq may also drive the armoured vehicle market.

“Companies are continuously investing in R&D to drive new technology and products. Enhanced fuel efficiency and protection are key aspects for future development. Budget limitations and macroeconomic conditions may delay the ongoing or future development over the forecast period.”

Key findings of the report were that the armoured personnel carrier (APC) is a key product segment and estimated to grow at a compound annual growth rate (CAGR) of 2.5% from 2015 to 2022. The Mine-resistant ambush protected (MRAP) market is expected to grow at a CAGR of over 2.5%.

The Asia Pacific armoured vehicle market is estimated to be the key regional segment and accounted for over 30% of the overall revenue share in 2014, according to Grand View Research. Rising defence budgets and increased border or terrorism threats in the Asia Pacific are expected to contribute to regional growth over the forecast period. The North American armoured vehicle market is estimated to account for over 25% of overall revenue share by 2022.

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