

## **DIMDEX 2014 – AMI International’s World Naval Market Outlook**

**Summary:** AMI, as market information partners with DIMDEX 2014 organizers Qatari Emiri Naval Forces (QENF) and Clarion Events, has completed its latest forecast of the global naval market over the next two decades. This outlook draws on AMI’s proprietary market research data and nearly 30 years of experience assessing the worldwide naval market.

This first of four feature articles highlights the overall growth in planned naval spending on new platforms and capabilities worldwide. Further, AMI’s forecast shows significant increases in expected spend on new ships and related equipment by the 15 countries making up AMI’s Middle East and North Africa (MENA) regional market.

Future articles will look at MENA naval market prospects in detail, focusing on the types of ships that make up the most valuable segments of the region’s future market – surface combatants and patrol craft, submarines and anti-submarine capability, and amphibious/auxiliary ships and craft.

### ***Naval spend on new ships and craft continues steady rise worldwide***

- AMI projects the world’s navies and other sea services will award 518 new naval construction programs over the next 20 years, totaling more than 3,800 new ships, submarines and craft to be built through 2032. This represents a global new build naval market (measured in hulls, mechanics, electrical and combat systems) valued at more than USD 800 billion (2013 exchange rates).
- AMI’s forecasted value of new platforms expected to be built worldwide over the next 20 years has grown some 11% since 2011. Volume growth is even more striking, with the number of new hulls forecasted to be built over the next two decades up some 22% compared to 2011 forecasts. This robust growth – well above rates of cost inflation and other structural factors – highlights the increasing significance of naval and maritime security capabilities in overall defense spending.
- The contemporary naval market is increasingly divided. Flat or declining naval construction budgets in “legacy” markets such as the U.S. and NATO countries are being offset by increased spending in new regional markets – particularly the Asia-Pacific and MENA. This trend explains the growing prominence of regional naval events like DIMDEX in connecting buyers and exporters to capture growth opportunities.

## **MENA future naval market up 25%**

- As shown in the chart below, AMI's forecast for new spending on naval platforms in the MENA region is USD 56 billion – about 7% of the global market. The MENA market continues to show steady and substantial growth, with AMI's 20 year forecast for the region planned spend up about 25% from 2011 projections.

<b>Region</b>	<b>Forecasted Spend (USD M)</b>	<b>% of Spend</b>
USA	291,034	34.9%
Asia & Australia	206,286	24.7%
NATO	177,369	21.2%
<b>Middle East &amp; North Africa (MENA)</b>	<b>56,155</b>	<b>6.7%</b>
Russia	54,656	6.5%
Caribbean & Latin America	37,282	4.5%
Non-NATO Europe	9,151	1.1%
Sub Saharan Africa	2,839	0.3%
<b>Totals</b>	<b>834,772</b>	<b>100.0%</b>

- The MENA market is broad with most of the countries in the region planning new investment in ships and craft, with many of those expected in the next 5 years. As the table below highlights, Saudi Arabia remains the “top of the table” for forecasted new naval acquisitions in the MENA market – about 30% of the total for the region.
- Saudi Arabia and the remaining four countries in the region's “Top Five” together represent about 70% of the regional naval market expected spend (by volume and value). Forecasted naval investment by the remaining 10 countries in the regional market is distributed evenly. All of the GCC member countries are moving forward with new naval ship and craft acquisitions as well as modernization and refit of existing ships.

<b>Middle East &amp; North Africa</b>	<b>Forecasted Naval Spend</b>		
<b>Country</b>	<b># Hulls</b>	<b>US\$M</b>	<b>Spend %</b>
Saudi Arabia	283	17671	31.5%
Egypt	54	7742	13.8%
Israel	34	5076	9.0%
UAE	32	4998	8.9%
Algeria	21	4700	8.4%
<b>“Top Five” Spend Share</b>	<b>424</b>	<b>40187</b>	<b>71%</b>
<b>MENA Region Total</b>	<b>631</b>	<b>56155</b>	

### ***Diverse Supplier Base, Growing Export Opportunities in MENA market***

- The MENA naval market is served by a diverse supplier base. Many leading naval builders have committed to growing naval sales in the MENA market and achieved some notable export success in the region. The companies listed below have logged significant naval sales and are expected to be key participants at DIMDEX 2014:
  - ✓ **U.S.** Mark V patrol craft to Kuwait (USMI)  
35 M Patrol Craft to Iraq (Swiftships)  
Ambassador class Fast Missile Craft to Egypt (VT Halter)  
Request by Saudi Arabia for 30 Mk V class patrol craft
  - ✓ **U.K.** Khareef-class corvettes to Oman (BAE Shipbuilding)
  - ✓ **France** FREMM frigates to Morocco (DCNS)
  - ✓ **Germany** MEKO frigates to Algeria (Thyssen Krupp)  
Type 209 conventional submarines to Egypt (Thyssen Krupp)
  - ✓ **Netherlands** SIGMA class corvettes to Morocco (Damen Schelde Naval Shipbuilding)
  - ✓ **Italy** Faluj-2 class fast attack craft to U.A.E. (Fincantieri)
  - ✓ **Turkey** MRTP patrol craft to Qatar (Yonca Onuk)  
MRTP patrol craft to Egypt (Yonca Onuk)