# VULCAN INSIGHT

## The Ankara Summit: NATO at a Crossroads

*What the July 2026 Summit means for Europe, business and the Transatlantic Alliance*

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# 01

# AN ALLIANCE UNDER PRESSURE

The Ankara Summit arrives with unresolved questions, sharper threats, and less room for political management.



When NATO leaders gather in Ankara on 7—8 July for the Alliance's 36th leaders' Summit, the backdrop will be markedly different from the one that framed The Hague meeting twelve months ago.

Last June's Summit had two primary objectives: securing a bold new defence spending commitment and keeping President Donald Trump satisfied. On those narrow terms, it succeeded. All 32 members signed up to a credible path toward a 5% GDP defence spending target by 2035, with expenditure in support of Ukraine counting toward that figure, and Trump left The Hague without publicly breaking anything.

The most consequential questions facing the Alliance — how to sustain support for Ukraine, how to develop a coherent long-term strategy toward Russia, and how to absorb the strategic implications of a less predictable Washington — were largely set aside in the interest of producing a Summit that looked like a success. The Hague was, in that sense, a managed outcome rather than a resolved one.

This matters because the conditions that made that kind of management possible in June 2025 have not improved. Russia's war in Ukraine continues with no credible settlement in sight that does not leave Kyiv in a structurally weakened position. The Trump administration has become, if anything, more transactional in its approach to the Alliance. European defence spending is rising, but industrial production capacity has not kept pace with political ambition, and the gap between commitment and deployable capability remains wide across most Member States. The coalition of European states willing to take hard decisions on Ukraine's security has held — but it has not broadened.

The US-Israel military campaign against Iran has introduced pressures, on energy markets, on the transatlantic relationship, and on the allocation of US military resources, that The Hague did not have to contend with and that Ankara cannot avoid. European governments are navigating demands from Washington that go beyond defence spending and touch on questions of political solidarity with US military action that most European publics are not prepared to endorse.

The Summit takes place in Ankara for only the second time in NATO's history — Türkiye last hosted in Istanbul in 2004. That choice carries its own significance and allows Türkiye to occupy a position within the Alliance unlike any other Member State: a NATO ally that has maintained working relationships with Moscow throughout the war in Ukraine, used its leverage over Alliance's decisions to extract concessions on unrelated bilateral issues, and positioned itself as an indispensable interlocutor in ceasefire negotiations between Russia and Ukraine. Hosting the Summit is a signal of Türkiye's centrality to the Alliance's current strategic moment, and managing its particular interests will be an undercurrent that the formal agenda will not fully capture.

**What Ankara needs to be is the Summit where the Alliance stops managing its internal contradictions and starts resolving them. Whether it will be is a different question.**

## VULCAN INSIGHT

*Ankara is not a routine summit. Every major unresolved question from The Hague arrives here with greater urgency and less political room for manoeuvre.*

*The test is not whether NATO produces a Summit Declaration.*

*It is whether the Alliance produces decisions.*

## WHAT TO WATCH

Whether the Summit Declaration moves beyond The Hague language on Ukraine — or restates it.

Türkiye's role in the Summit agenda — and whether its ceasefire positioning creates friction with other Allies.

How the Iran disagreement between the US and European Allies is managed — publicly and privately.

Whether the Summit produces hard timelines on capability delivery — not just spending pledges.

# 02

# THE US FACTOR — RELIABLE ALLY OR TRANSACTIONAL PARTNER?

## The nature of American commitment is changing, Ankara will test whether NATO can adapt before it is forced to.

President Trump's demand at The Hague for a 5% GDP spending target set a precedent that continues to shape the Ankara agenda. Burden-shifting — European states taking the lead in conventional defence of the continent — has moved from political aspiration to operational planning assumption.

European governments now need to take substantially more responsibility for the continent's conventional defence. In many capitals, the political debate has not yet caught up with that reality. The distance between what defence ministries understand to be necessary and what finance ministries are prepared to fund remains one of the Alliance's most persistent internal tensions.

The more significant shift, though, may be less visible than spending figures. The model of American presence in Europe appears to be moving away from a permanent, structural forward posture toward something more reactive and deployable — a capacity configured to surge or draw down depending on priorities elsewhere, rather than one permanently embedded in European defence architecture. The United States retains an unmatched ability to deploy combat power at scale and at speed, repositioning forces in response to emerging requirements in ways that no European ally can replicate. But that capability is increasingly configured around flexibility and global reach rather than permanent commitment to a specific theatre. A rotational, deployable American presence is a different strategic guarantee from a permanently stationed one, even if the hardware involved is identical.

**5%**

GDP defence spending target agreed in The Hague continues to drive the Ankara agenda.

### From presence to posture

US military posture in Europe is shifting from permanent forward presence to rotational flexibility.

### Conditional commitment

Suggestions of Article 5 conditionality are reshaping European planning and strategic assumptions.

### Global priorities, local pressure

Iran, China and domestic politics are testing transatlantic alignment as never before.

### Europe's moment

The gap between what Europe must do and what it is prepared to fund remains wide.

Senior administration figures have suggested more than once that the United States might not automatically defend Allies failing to meet spending targets. That introduced a conditional logic into Article 5 that the Alliance's founding framework was never designed to accommodate, and it has not been formally walked back. The damage to the credibility of the guarantee is difficult to quantify but not difficult to observe. It is evident in the acceleration of European bilateral defence arrangements, in the renewed interest in strategic autonomy among governments that previously resisted the concept, and in the growing willingness of European defence planners to scenario-plan for a NATO in which American political will cannot be assumed.

US Secretary of State, Marco Rubio, has compounded this by using NATO forums to press European Allies on their absence from the US-Israel military campaign against Iran. The implication — that allied solidarity should extend to conflicts Washington chooses to enter unilaterally — signals a shift in what the United States expects from the Alliance relationship that goes well beyond defence spending. European governments have declined to endorse that framing publicly, but the pressure is real and will not disappear from the Ankara agenda simply because it is not on the formal programme.

Iran has introduced a set of complications that Ankara cannot sidestep. European governments are under pressure to align with Washington on a conflict they did not choose and that their publics do not support, while simultaneously managing the domestic consequences of rising energy costs, slowing economic growth and interest rate pressure from the European Central Bank. A May 2026 Bertelsmann Stiftung survey found that 73% of EU citizens now say Europe must go its own way — up from 63% in 2024. That figure is not primarily a reaction to Iran; it reflects years of accumulated frustration with the terms of the transatlantic relationship. The campaign has sharpened the debate and given it an urgency that was previously more diffuse.

The United States remains irreplaceable in areas European Allies cannot replicate in the near term: nuclear deterrence, satellite architecture, strategic intelligence and the capacity to project force globally. That dependency is real even where political commitment is uncertain, and it shapes what European governments can actually say at Ankara as opposed to what their defence analysts privately believe.

What the Summit needs to begin addressing is how European deterrence functions if American engagement becomes more conditional over time. That should be a baseline planning assumption, not a contingency scenario reserved for pessimistic war games. It should already be shaping the capability development and procurement decisions that European governments are making with significantly larger defence budgets.

## VULCAN INSIGHT

*The United States is not leaving NATO, but the nature of American commitment is changing — from permanent structural guarantee to conditional partnership.*

*European governments that have not internalised that shift in their procurement planning and force structure decisions are not ready for what Ankara will confirm.*

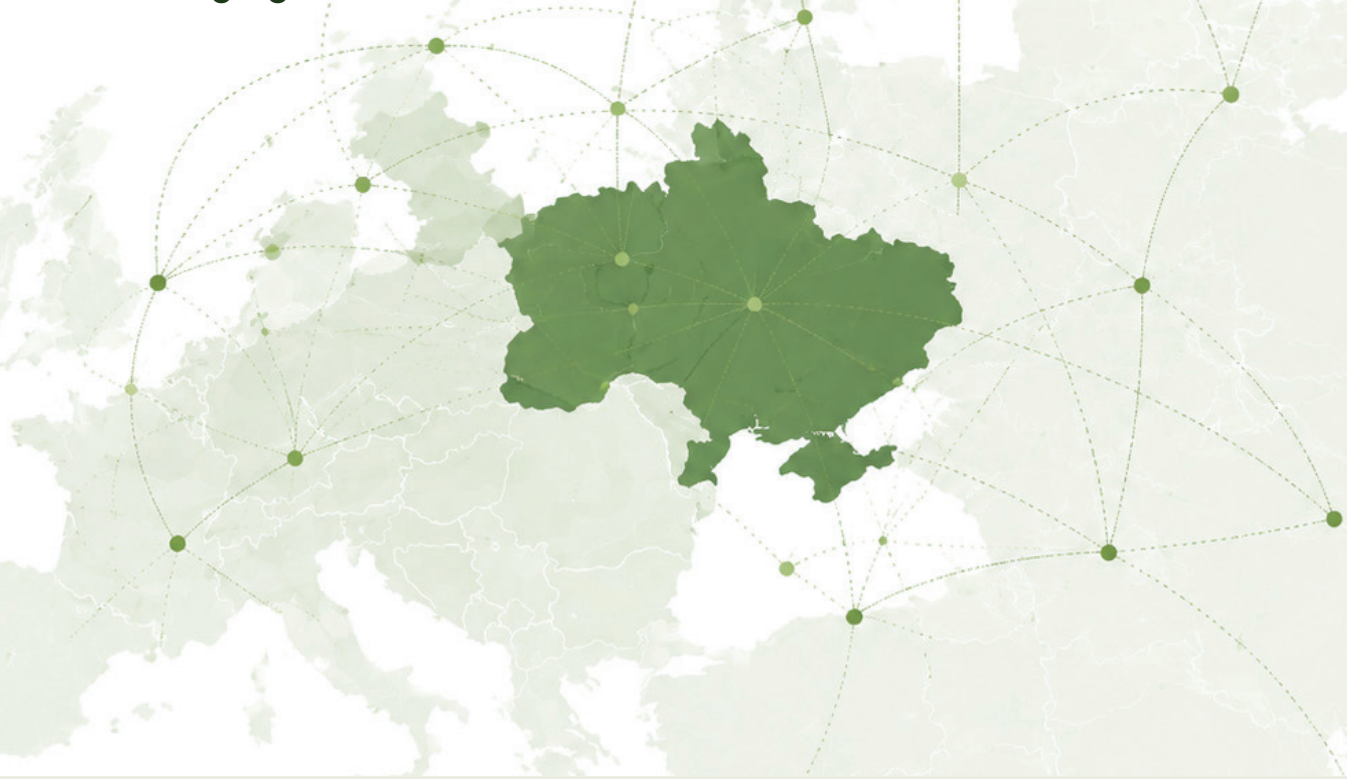
## WHAT TO WATCH

- Whether the Summit produces formal language on the European conventional defence lead — 'NATO 3.0' given political endorsement.
- Trump's bilateral meeting tone — the most reliable signal of whether the Alliance relationship is stabilising or deteriorating.
- The outcome of the review of US forces in Europe — announced in June 2026, not yet concluded.
- How the Iran disagreement is addressed in the Summit Declaration — and whether allies agree on a common line or revert to studied ambiguity.
- Whether Article 5 conditionality is formally addressed — or left unresolved for the next Summit.

# 03

# UKRAINE — THE SUMMIT'S MOST CONTESTED ISSUE

Ukraine will be the most politically charged item at Ankara, and the one where the gap between stated ambition and practical commitment is most exposed. It is also where the Alliance's internal divisions are sharpest and where the consequences of fudging are most serious.



## IF MEMBERSHIP IS NOT POSSIBLE, WHAT CREDIBLE SECURITY FRAMEWORK CAN REPLACE IT?

## MEMBERSHIP — THE QUESTION NATO CANNOT ANSWER

On membership, the position has not moved in any substantive sense since the 2024 Washington Summit described Ukraine's path as 'irreversible'. Washington has blocked a clear membership pathway, and the current context makes a formal invitation at Ankara inconceivable in practical terms. Ceasefire negotiations remain live. The Trump administration has been applying sustained pressure on Kyiv to reach a settlement on terms that most European allies regard as inadequate. The political conditions in Washington for a membership commitment simply do not exist.

The language of irreversibility, intended to provide strategic reassurance, now risks functioning as a substitute for the concrete decisions it was meant to prefigure. Ukraine itself, drawing on the bitter experience of the 1994 Budapest Memorandum — under which it surrendered the world's third-largest nuclear arsenal in exchange for security assurances that subsequently proved worthless — has formally stated it will not accept any alternative to full NATO membership. This is a coherent position. But it leaves Kyiv seeking the one guarantee the Alliance cannot currently provide.

President Volodymyr Zelenskyy will attend the Summit, NATO Secretary General Mark Rutte having confirmed the invitation. The scope of his participation in closed sessions remains uncertain. At The Hague, the White House moved to limit Ukraine's prominence in the programme, reducing the sessions Zelenskyy attended and the visibility of Ukrainian participation in Summit outputs.

That precedent has not been formally reversed, and the political dynamics of Washington's management of a ceasefire process in which NATO membership is explicitly off the table remain unchanged.

## CONTINUED MILITARY SUPPORT

On continued military support,  Mark Rutte has been direct: sustaining strong support for Ukraine is a Summit priority, and he has stated plainly that a strong Ukraine today is how Russian aggression is stopped. The Summit will address defence spending trajectories, industrial production capacity and the pipeline of material support to Ukraine.

There is genuine progress to report across all three. European defence industrial output has increased, a number of Member States have made multi-year commitments to Ukrainian military assistance, and the political consensus within the Alliance in favour of continued support has held more durably than many observers expected.

Against this, US military resources committed to operations in the Middle East are not available for Ukraine. Washington has indicated that delivery timelines on previously committed equipment orders will slip.

The practical effect is that Ukraine is receiving less American military support than it was twelve months ago, at a point when the battlefield situation has not materially improved and when any ceasefire is likely to leave Russian forces in a position from which they could reconstitute and threaten again within a relatively short timeframe.

## THE SECURITY ARCHITECTURE QUESTION

The harder question is what interim security architecture can be constructed in the absence of a membership pathway. The Coalition of the Willing model, led by the UK, France and Poland, has emerged as the most credible alternative framework — providing a structure through which European states can make binding commitments to Ukraine's defence outside the formal NATO umbrella.

It is a meaningful development. But it is a substitute for the real thing, and the political and legal distance between a coalition arrangement and an Article 5 guarantee remains significant. Coalition commitments depend on the political will of individual governments, can be withdrawn as governments change, and do not carry the automatic, treaty-based character that makes Article 5 a genuine deterrent.

Ankara will test whether Member States are prepared to begin closing that gap in practical terms — through more binding long-term commitments, through deeper integration of Ukrainian forces into NATO planning structures, and through a more honest public account of what the Alliance is and is not prepared to offer. Ukraine will not receive a membership invitation. What it needs instead is a security framework robust enough to function as a credible deterrent even in the absence of one.

The most realistic architecture is layered: at the centre, Ukraine's own army — large, battle-hardened and permanently mobilised. Around it, a network of European support encompassing training missions, intelligence sharing, defence-industrial integration and potentially multinational forces on Ukrainian territory. Above that, the political backing of the United States and NATO partners. The NATO-Ukraine Council met for the first time on Ukrainian territory on 3 June 2026 — a deliberate signal of intent one month before Ankara. Whether that signal is backed by substance at the Summit will be the real test.

The direction of travel on Ukraine—NATO industrial integration is already visible in concrete terms. Legislation introduced in the US Congress in late June 2026 would create a formal commission between Ukrainian and American armed forces to transfer drone innovation and modernise US military capabilities using Ukrainian battlefield experience.

A Ukrainian drone manufacturer has announced it will open production in the United States. The question is no longer whether Ukraine's military innovation has value to NATO.

It is whether the Alliance can build the institutional architecture to absorb it at scale and at speed — and Ankara is the moment to set that in motion.

### VULCAN INSIGHT

*Ukraine will not get a membership invitation. What it gets instead — and whether that is durable, funded and binding rather than declaratory — is the most important single outcome of the Summit.*

*A framework that functions as a credible deterrent is achievable. A restatement of existing positions is not enough.*

### WHAT TO WATCH

Whether a multi-year military support framework for Ukraine is announced with specific figures and timelines.

The scope of President Zelenskyy's participation in closed sessions — a direct signal of US intent.

Whether the Coalition of the Willing is given any formal NATO institutional recognition.

Language on the membership path — whether 'irreversible' is operationalised or left as political cover.

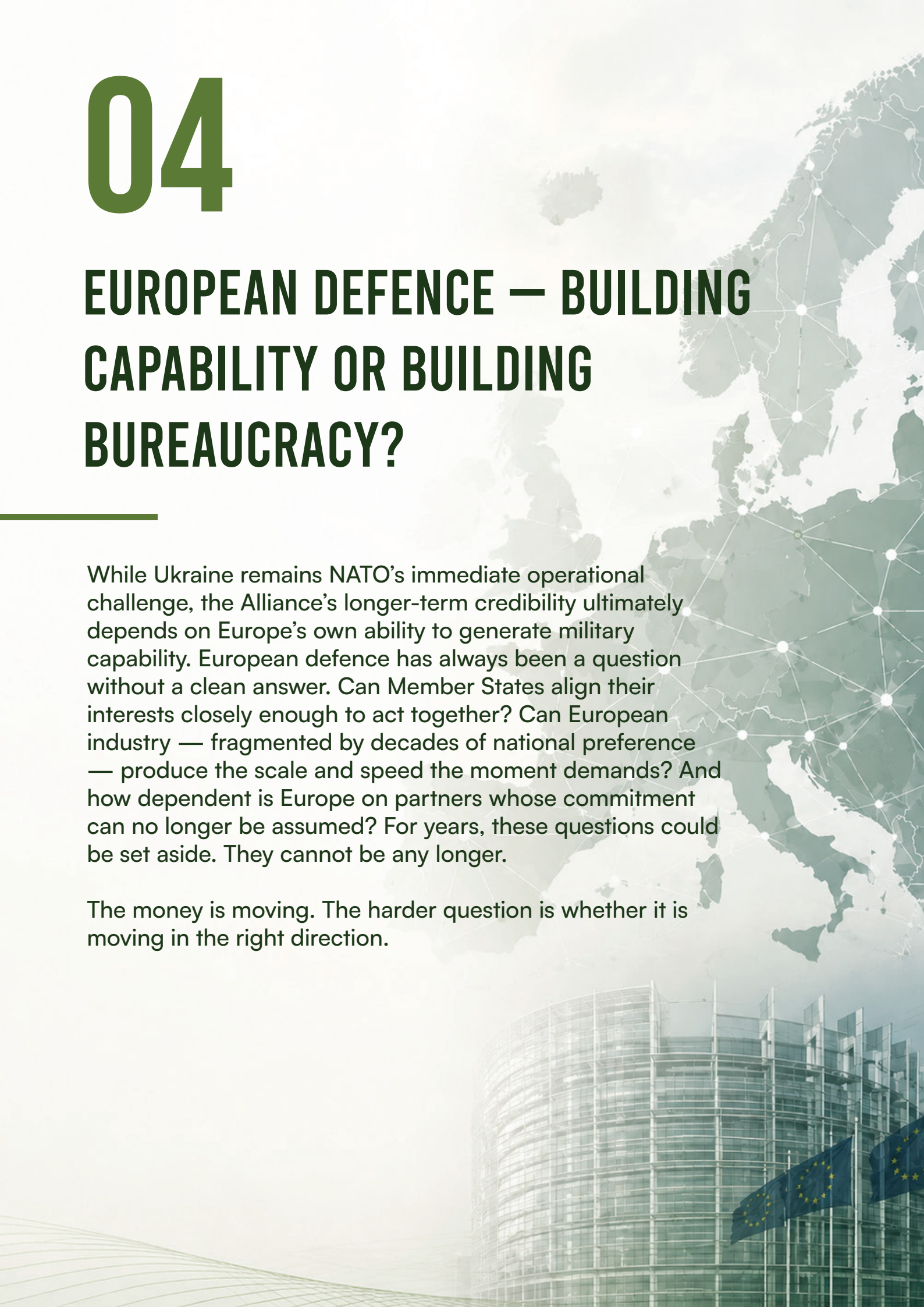
Joint defence production commitments with Ukraine — the most durable form of long-term security integration.

# 04

# EUROPEAN DEFENCE — BUILDING CAPABILITY OR BUILDING BUREAUCRACY?

While Ukraine remains NATO's immediate operational challenge, the Alliance's longer-term credibility ultimately depends on Europe's own ability to generate military capability. European defence has always been a question without a clean answer. Can Member States align their interests closely enough to act together? Can European industry — fragmented by decades of national preference — produce the scale and speed the moment demands? And how dependent is Europe on partners whose commitment can no longer be assumed? For years, these questions could be set aside. They cannot be any longer.

The money is moving. The harder question is whether it is moving in the right direction.



# 4.1

# THE SPENDING SURGE

## EU Member States spent €343 billion on defence in 2024 — up 57% from €218 billion in 2021. By 2025, every NATO Ally was meeting the 2% of GDP target for the first time since the Alliance was founded. European allies and Canada together spent a record $574 billion in 2025, 20% more than the year before.

The increase is real and, this time, politically durable. Countries that spent years resisting NATO targets have not just met them — some have blown well past them. Poland is now spending 4.48% of GDP on defence. The Baltic states — Lithuania at 4%, Latvia at 3.73%, Estonia at 3.38% — are among the highest spenders in the Alliance. For these countries, NATO is not a political commitment. It is an existential one. They share a border with Russia or Belarus, and they have drawn the right conclusions from what has happened to Ukraine.

Larger economies have followed. Germany's defence budget has doubled since 2021, reaching €95 billion in 2025 and projected to hit €162 billion by 2029. France has raised its 2026 allocation to €68.5 billion. Denmark established a DKK50 billion acceleration fund. For the first time in recorded NATO history, Norway has surpassed the United States in defence spending per capita. But not every Ally is moving at the same pace — and the divide is significant.

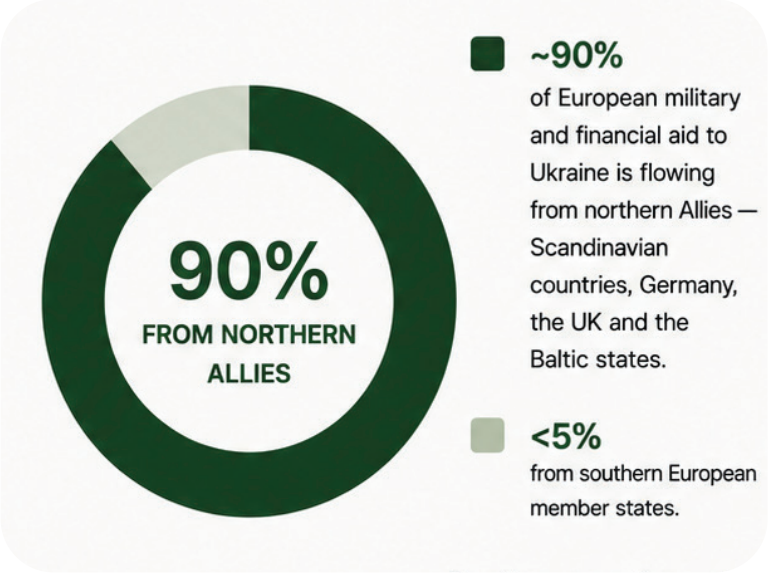
The Czech Republic confirmed on 19 June 2026 that it will miss even the baseline 2% target this year. Prime Minister Andrej Babiš cut the national plan to around 1.7—1.8% of GDP, citing inherited budget deficits. The Czechs are not alone. Sixteen Allies — half the Alliance — are estimated to be spending between 2.0% and 2.1% of GDP, meeting the old target by the narrowest margin with no credible plan to reach 3.5% or 5%.

The most politically awkward case is Spain. Prime Minister Pedro Sánchez was the only NATO leader to formally opt out of the 5% commitment at The Hague, describing the target as "unreasonable and counterproductive" and securing an exemption capping Spain's commitment at around 2.1%. His argument was direct: "If we had accepted 5%, Spain would have to spend an extra €300 billion on defence by 2035. Where would it come from? From cuts in health and education". Belgium, Italy and Slovakia raised concerns before eventually signing. Only Poland, Latvia and Lithuania currently have credible plans to reach the new 3.5% core target.

The divide shows up not just in defence budgets but in direct support to Ukraine. According to the Kiel Institute, roughly 90% of European military and financial aid to Ukraine is flowing from northern Allies — Scandinavian countries, Germany, the UK and the Baltic states. Southern European member states account for a small fraction of European military aid to Ukraine — their combined share has fallen to under 5% of European military contributions despite representing nearly a fifth of European economic output. It is a measurable gap in Alliance solidarity that Ankara cannot paper over, and that southern European governments will face growing pressure to explain.

This divide is not simply about distance from Russia, though geography plays a role. It is about domestic politics, debt levels and what governments are willing to cut. Countries running debt-to-GDP ratios above 100% — France, Italy, Belgium — face a genuine fiscal arithmetic that cannot be resolved by political will alone. Ankara will increase the reputational cost of lagging by making national implementation plans public and specific. But the structural divide between frontline spenders and western laggards will take years — not Summits — to close.

### MILITARY & FINANCIAL AID TO UKRAINE (EUROPEAN ALLIES)




### VULCAN INSIGHT

*Spending levels are no longer the main story. What matters now is what the money is buying, who is buying it together, and whether it maps to the capability gaps that actually need to be closed. Ankara must shift the conversation from inputs to outcomes.*

# 4.2

# WHAT UKRAINE HAS TAUGHT NATO – THE CAPABILITY GAPS

The war in Ukraine has been the most instructive real-world test of modern high-intensity warfare NATO has had in decades. The lessons are uncomfortable, because they reveal that much of what European militaries have been buying for thirty years is increasingly misaligned with the kind of conflict they may actually have to fight.

## MUNITIONS AND INDUSTRIAL DEPTH:

Europe entered the war with stockpiles calibrated for short interventions. Artillery shell consumption in Ukraine runs at rates that would exhaust most NATO members' entire reserves within weeks. Production lines had been wound down after the Cold War and could not be restarted quickly. EU ammunition capacity has grown from around 300,000 rounds per year in 2022 to an estimated 2 million by end of 2025 — but the gap between production and battlefield demand remains significant.

## AIR AND MISSILE DEFENCE:

Three decades of post-Cold War disinvestment created critical vulnerabilities. Russia fires hundreds of drones and dozens of missiles in a single night. The core weakness of NATO air defence is cost: expensive interceptors cannot economically defeat cheap Shahed drones indefinitely. The answer is layered defence combining high-end systems with affordable local interceptors — a model that European procurement culture is not built for.

## DRONES AND COUNTER-DRONES:

Ukraine has manufactured 100,000 interceptor drones at a cost of $1,000—$5,000 per unit, achieving interception rates exceeding 90% against Russian Shahed drones costing $35,000 each. NATO's long acquisition cycles and preference for high-end platforms are structurally misaligned with this reality. European nations that acquired some counter-drone capability frequently lacked the doctrine, training and operational concepts to use it effectively.

The structural mismatch goes deeper than doctrine. European defence procurement has operated like a fashion house producing haute couture — exquisite, expensive and years in the making. Ukraine has demonstrated that modern warfare demands the opposite: fast, scalable and producible at volume. Ukraine produces an estimated 200,000 or more drones a month. Most strikingly, the UK cancelled its planned Type 83 destroyer programme just days before Ankara, replacing it with at least six 'Common Combat Vessels' designed as command hubs for drone fleets — a decision announced on 29 June 2026 that captures exactly the shift in procurement thinking that the war in Ukraine demands.

## ELECTRONIC WARFARE:

Russia has used electronic warfare to isolate Ukrainian units, disrupt command networks and neutralise Western systems. Its large, mature electronic warfare arsenal stands in stark contrast to NATO's capabilities — and the United States, which provides the Alliance's critical electronic warfare enablers, is increasingly focused on other theatres.

## LOGISTICS AND SUPPLY CHAINS:

The conflict has exposed fundamental vulnerabilities in how NATO armies move and sustain forces. Large infrastructure nodes — distribution facilities, transport networks, bridges — are prime targets in modern high-intensity conflict in ways that decades of counterinsurgency experience did not prepare Western militaries for.

These gaps are not hypothetical. They are documented, specific and increasingly reflected in European procurement priorities — which is precisely why SAFE's focus areas read less like a wish list and more like a lessons-learned document.

### WHAT TO WATCH

Munitions production capacity and stockpile targets — are allies publishing verified timelines?

Drone and counter-drone procurement commitments at the Defence Industry Forum.

Electronic warfare investment plans — one of the most underfunded capability areas in European defence.

Logistics and military mobility commitments under the 1.5% GDP component.

# 4.3

# REARM EUROPE AND SAFE — HOW IT WORKS

## The centrepiece of the EU's defence push is the ReArm Europe Plan/Readiness 2030. Its first practical instrument is SAFE — the Security Action for Europe. Understanding what SAFE is and how it works matters, because it is already reshaping procurement across the continent.

SAFE is not a grant programme nor is it an EU defence budget, it is a loan mechanism. The European Commission issues bonds in the capital markets — using the EU's credit rating — and lends the proceeds to Member States at long-maturity rates with a 10-year grace period before repayments begin. The money does not come from the EU budget. It comes from the market, backed by the EU's borrowing headroom. The same mechanism underpinned the post-COVID recovery fund.

To receive a loan, a Member State must submit a National Defence Investment Plan and must use the money for joint procurement — involving at least one other Member State, Ukraine or an EEA/EFTA country. This joint procurement requirement is central. The EU is not simply providing cheap financing for national purchases. It is using the financial incentive to push Member States toward buying together — reducing fragmentation, building interoperability and giving European industry larger orders to plan against.

Priority investment areas cover air and missile defence, artillery, ammunition, drones, anti-drone systems, cybersecurity, AI and electronic warfare — the capability gaps Ukraine exposed. The regulation was adopted in May 2025, and between February and April 2026 the Council approved assistance to 18 Member States, with disbursements already under way. 19 Member States have submitted national plans, with 15 including Ukrainian procurement. A bilateral agreement with Canada was concluded in June 2026.

Procurement contracts must ensure that no more than 35% of component costs originate from outside the EU, EEA-EFTA or Ukraine. This "European preference" rule is designed to build European industrial capacity rather than flow money to US or Asian suppliers. It is also the rule that creates tension with non-EU NATO allies. Because SAFE is classified as an emergency instrument, Member States can use accelerated procurement procedures — cutting through the timelines that have historically been one of European defence procurement's most persistent failures.

The UK's position deserves direct attention. The UK cannot receive SAFE loans. As a third country with a Security and Defence Partnership, it can in principle join common procurement projects — but the 35% non-EU component cap creates a structural disadvantage for UK industry in key categories. This is not a technicality. It is the most live point of tension between EU defence ambitions and the transatlantic industrial integration that NATO's collective effectiveness depends on.

### VULCAN INSIGHT

*SAFE is the most significant European defence financing mechanism since the Cold War. For businesses in the defence and security space, the question is not whether to engage with it. It is how — and how quickly.*

# 4.4

# TWO INSTITUTIONS, ONE SET OF FORCES — THE NATO-EU STRUCTURAL PROBLEM AND THE FRAGMENTATION CHALLENGE

Both NATO and the EU now claim a mandate to defend Europe, yet European countries have only one set of armed forces. This is the core tension — and it is becoming more acute as the EU rapidly expands its defence architecture while NATO asks European Allies to assume greater responsibility within the Alliance.

**Both institutions pursue complementary objectives in military mobility, resilience and defence industrial development, but cooperation has struggled to move beyond the technical level.** Institutional asymmetry remains a major obstacle: not all EU Member States are NATO Allies, and not all NATO Allies belong to the EU. The long-running Türkiye-Cyprus dispute has further constrained cooperation despite Türkiye's pivotal strategic position and NATO's second-largest military.

**The greater challenge, however, is industrial.** Separate planning structures and procurement rules risk directing increased defence spending towards duplication rather than capability. SAFE's European preference requirements sit uneasily alongside NATO's emphasis on transatlantic industrial integration. Excluding partners such as the UK, Türkiye or the United States would increase costs, reduce interoperability and weaken collective military effectiveness.

## ONE SET OF FORCES. TWO INSTITUTIONS. THE CHALLENGE IS COORDINATION — NOT COMPETITION.

**What is emerging is often described as the "Europeanisation of NATO" — European Allies taking the lead in conventional deterrence while the United States continues to provide the nuclear umbrella and critical strategic enablers.**
This is not about replacing the United States, but adapting to a future in which American political commitment may become more conditional. Canada's decision to join SAFE demonstrates that pragmatic third-country participation is possible and strengthens the case for similar arrangements with the UK and Türkiye.

**The question Ankara must address is whether this evolution strengthens NATO or develops alongside it.**
If the EU builds complementary capabilities based on common standards and coordinated planning, the European pillar of the Alliance will become stronger. If it creates parallel structures and competing procurement systems, fragmentation will deepen. NATO Secretary General Mark Rutte has repeatedly argued that the European pillar must complement the Alliance, while Washington has voiced similar concerns over procurement rules that risk excluding American industry.

**This challenge is compounded by fragmentation at the national level. Europe continues to operate a far wider range of weapons systems than the United States, limiting interoperability and economies of scale.**
Germany continues to prioritise national and bilateral procurement, Sweden has not applied for SAFE loans, and several governments are turning to South Korean and Israeli suppliers to fill urgent capability gaps. Individually these decisions are understandable; collectively they reinforce the fragmentation Europe's rearmament is intended to overcome.

## VULCAN INSIGHT

*The EU-NATO structural tension is manageable — but only if both institutions deliberately avoid duplication. Europe is investing heavily in defence, but its industrial strategy remains fragmented. The organisations best placed to succeed will be those that understand how NATO and EU priorities converge — and can help bridge the gap.*

## WHAT TO WATCH

- Joint procurement commitments at the Summit — how many involve three or more Member States?
- Progress on EU-NATO capability development coordination — is there a shared roster to avoid duplication?
- Whether the Defence Industry Transformation Roadmap's 40% joint procurement target for 2027 has credible national plans behind it.

# 05

# WHAT ANKARA MUST DELIVER — KEY OUTCOMES TO WATCH

Few NATO summits have combined such a wide range of simultaneous strategic pressures such as Ankara. It isn't like Rome in 1991, which managed the Cold War transition, nor Prague in 2002, which opened NATO's doors to Eastern Europe. Not even like Madrid in 2022, which formally named Russia as the Alliance's principal threat for the first time in a generation. Now, the pressures are coming from every direction at once.

The risks of simultaneous crises on multiple fronts — Russia in the east, Iran and the Strait of Hormuz in the south, China in the strategic background — are no longer theoretical.

As Lord Ismay, NATO's first Secretary General, famously put it, the Alliance existed to keep the Russians out, the Americans in and the Germans down. That world no longer exists. But the need for a clear political bargain at the Alliance's core has never been more urgent. A modern version of Ismay's dictum would be: keep the Americans committed, the Europeans capable and the Russians contained. Ankara is where that bargain either gets renewed on credible terms — or doesn't.

The threats are too immediate, the gaps too visible and the audience — in Moscow, Beijing and Tehran — too attentive. Ankara must deliver a clear pathway forward: on expenditure, on industrial production and on the dialogue and communication between allies that is the precondition for everything else.

The challenge for Ankara is no longer agreeing ambitious targets, but demonstrating credible implementation of those agreed at The Hague.

Here are the four things that will define whether Ankara delivers.

**1**

**A Real Implementation Plan for the 5% Target**

**2**

**A Durable Support Framework for Ukraine**

**3**

**A Clearer Line Between NATO and EU Industrial Policy**

**4**

**A Working Relationship with Washington**

# 5.1

# A REAL IMPLEMENTATION PLAN FOR THE 5% TARGET

For the first time, the Summit will produce a structured report on where Allies stand on the 1.5% resilience component. NATO also intends to publish aggregated figures for industry, setting out what capabilities are needed and at what scale.

This last point matters more than it sounds. Industry cannot plan production capacity around political declarations. If Ankara produces forward visibility on what NATO needs and when, it will have done something genuinely useful. If it produces another round of commitments without timelines, it will have missed the point entirely.




## WHAT TO WATCH

- Whether national implementation plans contain hard timelines — or remain aspirational.
- The NATO-to-industry demand signals emerging from the Defence Industry Forum on 7 July.
- The structured 1.5% report — what it reveals about where allies actually stand on resilience spending.
- How SMEs and civil sector repurposing are addressed — this is new territory for the Alliance.

# 5.2

## A DURABLE SUPPORT FRAMEWORK FOR UKRAINE

Ukraine's path towards NATO membership is unlikely to change at Ankara. The Summit's success will instead be measured by whether Allies move beyond political declarations and agree practical measures that strengthen Ukraine's long-term security.

The key outcomes to watch are a funded, multi-year military assistance framework with clear financial commitments and delivery timelines, accelerated defence industrial cooperation, expanded joint production, and stronger long-term bilateral security commitments from Member States. Together, these would provide the foundations of a more credible security architecture while the question of NATO membership remains unresolved.

President Volodymyr Zelenskyy is expected to use the Summit to reinforce the urgency of these decisions. The challenge for Allies will be to demonstrate that long-term support for Ukraine remains a strategic priority, not simply a political commitment repeated from previous Summits.

# 5.3

## A CLEARER LINE BETWEEN NATO AND EU INDUSTRIAL POLICY

This is the issue that gets the least public attention at Ankara. It may matter the most in the long run. Both organisations are trying to build European defence capacity. Without coordination, they risk building two different things.

NATO Secretary General Mark Rutte, speaking to the European Parliament on 10 June 2026, called NATO-EU cooperation "essential" and said Ankara would focus on spending, industrial production and Ukraine. The NATO Front Door for Industry portal — expected to launch at the Summit — will give businesses direct access to procurement opportunities across all 32 members from a single platform. NATO is also preparing scale-up packages to bring more private capital into defence. If these land properly, they will be the most commercially significant outputs of the entire Summit.

### WHAT TO WATCH

- Whether the Defence Industry Forum produces binding commitments on interoperability standards.
- The NATO Front Door for Industry portal — scope, functionality and which Member States are fully signed up.
- Progress on third-country participation rules — especially for the UK and Türkiye.
- Private capital instruments and EIB financing envelopes attached to Summit commitments.

# 5.4

# A WORKING RELATIONSHIP WITH WASHINGTON

The 2026 US National Defence Strategy is explicit: Europe is no longer a priority theatre for American conventional primacy. Washington will retain its nuclear deterrent role and provide high-end strategic enablers. But it will not underwrite European conventional defence by default. The Summit must acknowledge this reality, not paper over it.

At The Hague, Mark Rutte's strategy of direct engagement with President Trump secured a smooth outcome. Whether the same approach works again — in the aftermath of the Iran crisis and Hegseth's June remarks — is genuinely open. The bilateral meetings will matter as much as the formal sessions.

### WHAT TO WATCH

- Trump's tone in bilateral meetings — the signal that matters most for Alliance cohesion.
- Whether the US force posture review produces concrete drawdown commitments before or at the Summit.
- How the Iran disagreement is handled in the Summit Declaration — silence is a political choice, not resolution.
- Whether 'NATO 3.0' — European conventional primacy, American nuclear and strategic enablers — is given formal political endorsement.

# 06

# BUSINESS IMPLICATIONS – WHERE THE OPPORTUNITY ACTUALLY LIES

Ankara is a political Summit but for the defence and security business community, it is also a market event. The decisions made in Türkiye over 48 hours will shape procurement frameworks, industrial partnerships and investment priorities across 32 Allies for the next decade. The organisations that are already positioned to engage will benefit. Those waiting to see what the Summit Declaration says will be too late.

Europe's defence and security economy is being rebuilt from the ground up. Government capital is at the front. Private capital is being actively invited to follow. The window for early positioning is narrowing.

# 6.1

# DEFENCE AND AEROSPACE

European defence and security startups raised a record $8.7 billion in 2025 — up 55% year-on-year and nearly four times the level of five years ago, now accounting for 43% of all deeptech funding in Europe. The established primes — Rheinmetall, Leonardo, Saab, BAE Systems — are expanding production at rates not seen since the Cold War.

The less obvious opportunity is further down the supply chain. NATO has explicitly discussed repurposing civil sectors — including automotive — for defence production. The war in Ukraine has demonstrated that modern conflict needs components, logistics software, battlefield communications and maintenance infrastructure, not just platforms. Any business in advanced manufacturing, electronics, engineering or software services should be asking honestly whether there is a role for them in this market that they have not yet explored.

There is a structural tension that the defence tech investment boom is quietly generating. At the moment Europe most needs interoperability and collaborative production, the capital market is pulling in the opposite direction. Venture-backed defence technology companies are optimised for winner-takes-most returns — a logic that is fundamentally incompatible with the open standards and shared architectures that effective Alliance defence requires. Turning a glut of products into integrated capability, and doing it across national boundaries rather than within them, is a problem that neither governments nor investors have yet solved. For businesses, the opportunity lies precisely in that gap.

**$8.7 BILLION**
European defence and security startups raised in 2025

**55%**
year-on-year increase

**4x NEARLY 4 TIMES**
the level of five years ago

**43%**
of all deeptech funding in Europe

**PRIMES EXPANDING PRODUCTION**
at rates not seen since the Cold War

## WHAT TO WATCH

NATO's aggregated demand signals from the Defence Industry Forum — the most comprehensive set of NATO demand signals for industry the Alliance has produced

EU defence industrial funding rounds under EDIP and EDF for 2026—27.

Which primes are leading consortium bids under SAFE — and where the sub-contractor opportunities are.

# 6.2

# TECHNOLOGY AND AI — REAL BUDGETS, REAL TIMELINES

The EU's European Defence Fund has committed €1 billion to collaborative R&D in 2026, with priority investment in AI, cyber, drones and counter-drone systems. Funded projects include AI-powered cyber defence systems for drone swarms and European Readiness Flagships covering air defence, unmanned systems and battlefield communications.

DIANA — NATO's Defence Innovation Accelerator for the North Atlantic — has its largest-ever cohort of 150 companies working on defence challenges in 2026 and has now enabled the first R&D contract between a NATO ally and a commercial technology company.

The route from commercial innovation to defence contract is getting shorter. Technology companies that have treated defence as too complex, too slow or too politically sensitive should revisit that assessment. The market is opening, the procurement timelines are compressing and the funding is already committed.

## WHAT TO WATCH

- DIANA's Rapid Adoption Service — how many new contracts are announced at or around Ankara.
- AI and autonomous systems procurement commitments — which capability gaps are being prioritised.
- Dual-use technology frameworks — how NATO is managing the boundary between civil and defence application.
- Whether a formal NATO-EU coordination mechanism on emerging technology is established.

# 6.3

# CRITICAL INFRASTRUCTURE AND CYBER — THE FASTEST-MOVING SEGMENT

The 1.5% of GDP committed to defence-related spending covers critical infrastructure protection, cyber resilience and civil preparedness. This is not traditional defence spending. It extends across energy networks, transport, telecommunications, financial systems and healthcare. Every business operating in these sectors sits — whether it recognises it or not — at the intersection of commercial and security priorities.

SAFE includes cybersecurity as a qualifying procurement category. The EDF 2026 programme funds quantum-secured networks and electronic warfare. Ankara will produce — for the first time — a structured report on where Allies actually stand on the resilience component. That report drives national action plans. National action plans drive contracts. The chain from Summit to tender is shorter in this area than anywhere else.

## WHAT TO WATCH

- The 1.5% structured report — the first baseline assessment of where allies genuinely stand on resilience spending.
- National cyber resilience action plans emerging from the Summit.
- Whether NATO's Critical Infrastructure Protection framework is given stronger operational form.
- EU-NATO coordination on hybrid threats — one of the most tangible areas for practical cooperation.

# 6.4

# ENERGY — SECURITY AND OPPORTUNITY

The US-Israel military campaign against Iran has brought energy price volatility back to the boardroom risk register. European energy security — already restructured by the loss of Russian gas — now faces a further layer of Middle Eastern instability. The ReArm Europe framework explicitly includes energy resilience as a component of defence-related spending.

The European Investment Bank has signed programmes covering energy autonomy for military infrastructure. Renewable energy, grid resilience, storage and supply chain diversification all sit at the intersection of economic and security imperatives that Ankara will reinforce. For energy companies, infrastructure investors and large industrial users, this is both a risk management issue and a commercial opening.

## WHAT TO WATCH

Energy security commitments and any investment guidance from the Summit.

EIB energy autonomy programmes — scope, timeline and which Member States are participating.

Whether Iran-related energy risk is addressed substantively or left to bilateral channels.
Intersection of energy and military infrastructure investment — a growing and underserved market.

# 6.5

# PRIVATE CAPITAL — THE DOOR IS OPENING

NATO and the EU are presenting scale-up packages at Ankara specifically designed to bring more private capital into defence. The logic is simple: even at 5% of GDP, public budgets cannot move fast enough to close the capability gaps at the necessary scale. Private investment must follow.

The European Investment Bank's Security and Defence Office is targeting €3.5 billion in defence financing in 2025. The InvestEU Defence Equity Facility is deploying €175 million into private funds focused on defence innovation, expected to unlock over €500 million in total. The regulatory and cultural barriers to private investment in European defence are coming down — deliberately and with institutional backing.

The most structurally ambitious financing proposal emerging around the Ankara Summit is the proposed NATO Defence Security and Resilience Bank — a dedicated institution championed by Canada and Luxembourg designed to bring new capital into Alliance defence, fund innovation and specifically address the access-to-finance gap that prevents smaller companies from scaling. If it advances at or after Ankara, it would represent a genuine structural shift in how the Alliance thinks about defence financing — moving from national budgets and multilateral loans toward a permanent, Alliance-level capital market instrument.

The post-COVID precedent, in which the European Commission became a bond issuer at scale almost overnight, shows this kind of institutional innovation is possible when political will exists.

### WHAT TO WATCH

- The NATO scale-up packages for private capital — what commitments are attached and which sectors are prioritised.
- EIB and InvestEU announcements around the Summit.
- Whether a European defence investment fund with broader private participation is floated.
- Regulatory changes affecting defence sector investment — export controls, procurement rules, dual-use classification.

# 6.6

# ADVISORY AND PROFESSIONAL SERVICES — COMPLEXITY CREATES DEMAND

Navigating this landscape is genuinely complex. SAFE eligibility rules, EDF consortium requirements, NATO certification standards, export controls and the procurement regulations of 32 different states create substantial demand for expertise that most organisations do not hold internally.

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## VULCAN INSIGHT

*The opportunity created by Europe’s defence transformation is real, large and accelerating.*

*The businesses that benefit will be the ones that are already engaged — that understand the institutional landscape, have built the right relationships and can demonstrate credibility in a market that does not give second chances easily.*

*Ankara does not create this opportunity. It cements it.*

## WHAT TO WATCH

New procurement frameworks and regulatory changes announced at or after the Summit.

SAFE national implementation — which Member States are moving fastest and where the contracting opportunities are.

Changes to export control frameworks — particularly for dual-use and emerging technology.

UK access to EU defence mechanisms — any progress here opens a significant advisory market.

# CONCLUSION

## VULCAN'S VIEW

**Ankara will produce a Summit Declaration where leaders will reaffirm their commitment to the Alliance, to Ukraine and to collective defence. That is expected. The real significance of the Summit lies elsewhere: whether it provides governments and industry with sufficient certainty to accelerate the decisions that Europe has delayed for too long.**

The strategic direction is no longer in doubt. Europe is entering a decade of sustained defence investment, deeper industrial cooperation and greater responsibility for its own security. The questions are no longer whether spending will increase or whether defence will remain a political priority. The questions are where the money will flow, which capabilities will be prioritised and which organisations will be positioned to benefit.

For businesses, this marks a structural rather than cyclical shift. Defence, resilience, cybersecurity, critical infrastructure, AI, advanced manufacturing and dual-use technologies are becoming central to Europe's economic and industrial strategy. Organisations that continue to view defence policy as a niche political issue risk overlooking one of the most significant transformations of the European market in decades.
The challenge extends well beyond the defence sector. Companies across energy, transport, telecommunications, finance and advanced manufacturing will increasingly find that security considerations influence procurement decisions, investment priorities, regulatory frameworks and public funding opportunities. Understanding how NATO priorities, EU industrial policy and national defence strategies interact will become a competitive advantage rather than a policy exercise.

The greatest uncertainty remains the future shape of the transatlantic relationship. The United States is unlikely to disengage from Europe, but European governments are increasingly planning for a future in which American support is more conditional and European capability carries greater responsibility. That assumption is already reshaping procurement, industrial partnerships and investment decisions, regardless of future political developments in Washington.

For businesses, waiting for complete certainty is itself a strategic decision—and increasingly the wrong one. By the time long-term political questions are fully resolved, supply chains, industrial partnerships and procurement frameworks will already have evolved.

The organisations that succeed over the next decade will not necessarily be those with the strongest products, but those that understand where European security policy, industrial strategy and commercial opportunity converge. Ankara is not the end of that process. It is the point at which long-term strategic direction begins to translate into tangible market opportunities—and where early engagement will create lasting competitive advantage.


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