

# 2023 NATO Summit in Vilnius: Assessing the Future of the Alliance and Ukraine

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Analysis of the NATO Summit in Vilnius, its opportunities and challenges  
for the Alliance and Ukraine

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## Introduction

Since the previous NATO summit in Madrid, where the [2022 Strategic Concept](#) was approved, NATO's commitment to collective defense and Article 5 was back again in the midst of the Russian invasion of Ukraine. Since last year, nevertheless, some things have changed. The most remarking one is the way Ukraine has [strengthened and resisted](#) since the start of the invasion in February 2022 to the point of conducting a [counter-offensive](#) against Russian forces. For instance, Ukrainian forces downed 31 out of 36 Shahed kamikaze drones from Russian forces on the 18th, which gives an insight into the efficiency and performance of Ukraine's weapons and military assets. This sense of resistance is making the war stagnate, to the point of generating increased turmoil inside the Russian *status quo* - with Wagner claiming mediatic worldwide attention after conducting a [rebellion in Rostov](#). When the Russian invasion of Ukraine started, some analysts wondered if Ukraine would win the war - now the question is no longer based on an "if", but an increasing sense of "when". This spirit of relative optimism in Vilnius could not have been possible if NATO had not delivered its mandate in supporting Ukraine's freedom, independence and sovereignty with robust backing from the Transatlantic partners in [military and humanitarian assistance](#).

This report by London Politica's Europe Watch will analyze the latest NATO Summit in Vilnius under this context. We will see how the outcomes and its agreements are shaping the Alliance's future in dealing with Ukraine, but also with the remaining issues on the Euro-Atlantic agenda - such as the defense burden sharing, the strategy of deterrence in the Eastern Flank or the lack of consensus on China and the Indo-Pacific. NATO leaders met in Vilnius with the respective leaders from each county. New member Finland, Sweden, several non-NATO partner countries, and Ukrainian President Volodymyr Zelenskyy also attended the Summit. Even if Ukraine's future accession attracted most of the attention, the analysis will balance and consider NATO's progress in other advancements, as well as to provide context on why Ukraine is not yet a member of the Alliance.

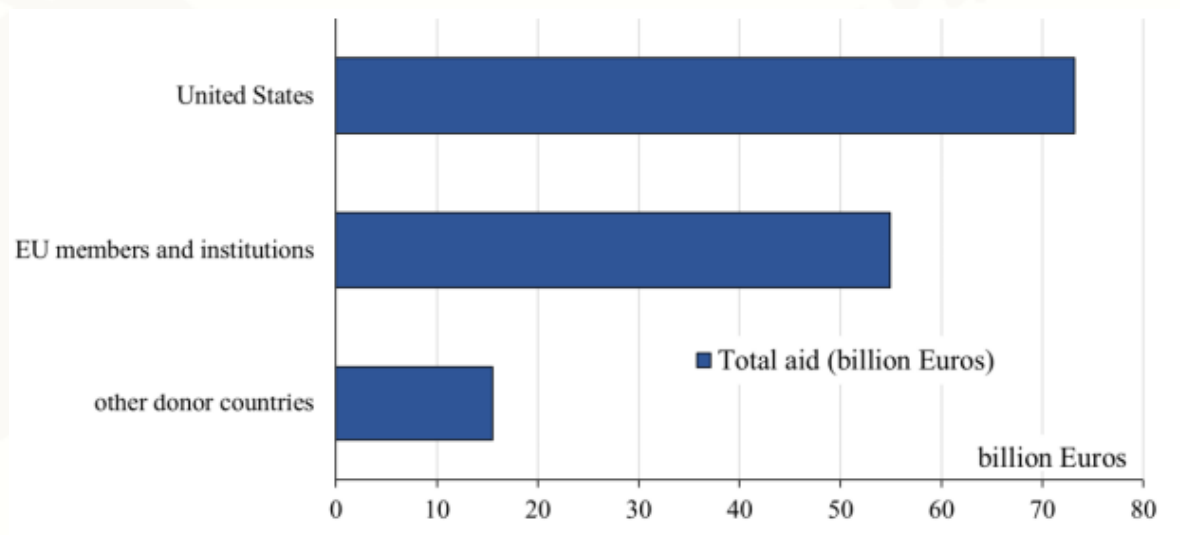


## More NATO, More Ukraine: Assessing Ukraine’s major security program as the cornerstone of the NATO Summit

The main cornerstone during the Summit has been the approval from the G7 countries of a comprehensive [set of guarantees](#) for Ukraine’s future based on bilateral security arrangements and assistance to Kyiv from every G7 country - from defense and military assistance to economic and financial recovery, while also ensuring good governance under Euro-Atlantic standards. The package specifically includes a [specific delivery](#) of military assistance for Ukraine’s air, sea and land defenses and sustained humanitarian funding over the long term.

Even if the commitments have been agreed by the G7, the relevancy of acquiring such compromise in the Vilnius Summit is that the Euro-Atlantic community, as we see in Figure 1 below, has provided the majority of support to Ukraine in these bilateral commitments of assistance. The graph understands the United States and the EU member states, so it does not necessarily mean NATO countries - like Türkiye or the UK, which are neither in the US nor the EU category. Nevertheless, the small variation in the graph does not erase the overall picture: NATO and its allies have been the biggest contributors to Ukraine’s security, freedom and independence.

**Figure 1.** Aid commitments to Ukraine across donor groups (billion Euros) total bilateral commitments from January 24, 2022, to January 15, 2023.



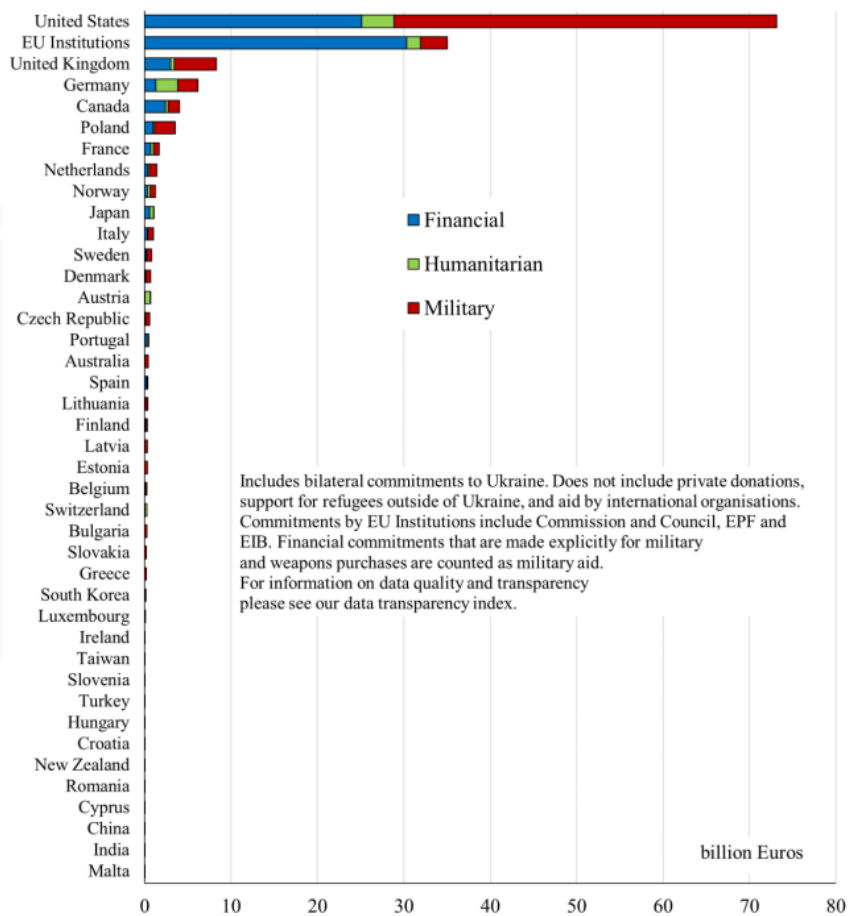
Source: Kiel Institute for the World Economy. *The Ukraine Support Tracker: Which countries help Ukraine and how?*. February 2023.



The package is very in harmony with Ukraine’s aspirations: [interoperability](#) within the Euro-Atlantic community. Through joint military training of Ukrainian forces and Ukrainian defense industrial base, intelligence sharing as well as cooperation in protecting cyber, energy and nuclear infrastructure, the [package](#) is a win-win decision for both Ukraine and NATO. The Ukrainian forces have been the only ones in Europe to frontally fight against the Russian army, so their input to the Alliance should be very valuable and would create a reciprocity of interest when Ukraine eventually joins NATO.

The [bilateral rationale](#) behind the arrangements is due to the specificity of the programs, as they will require consultations between leaders and their respective parliaments. Every country will try to deliver its provisions within its boundaries and constraints. Nevertheless, placing too much importance on bilateral arrangements about arms transfers between Ukraine and individual G7 leaves aside the benefits that common and [collective security guarantees](#) by the G7 would have in the face of the Kremlin’s aggression.

**Figure 2.** Total bilateral commitments - by type of assistance (billion Euros) bilateral commitments January 24, 2022, to January 15, 2023.





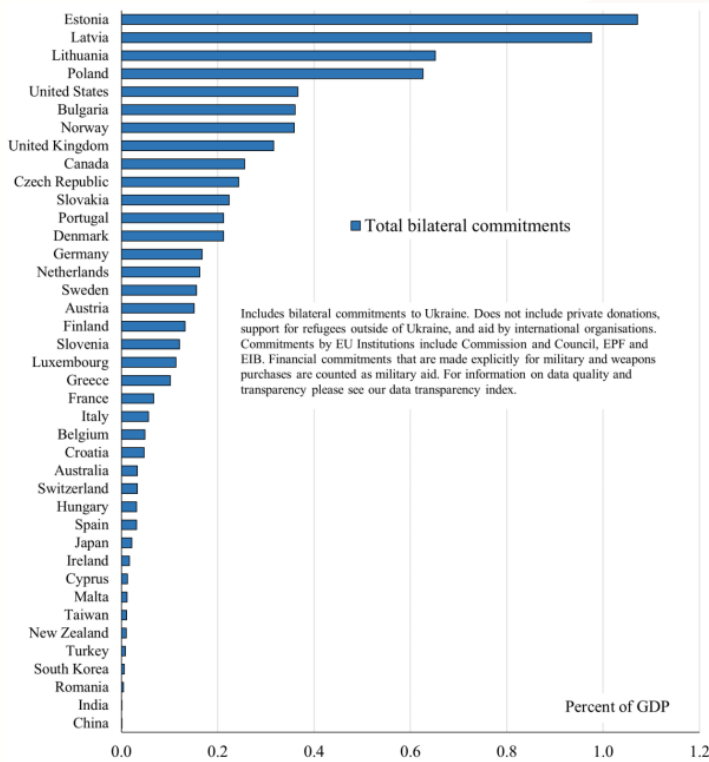
Source: Kiel Institute for the World Economy. *The Ukraine Support Tracker: Which countries help Ukraine and how?*. February 2023.

Even if the interpretation of this commitment still remains up to each state, individual contributions by each country are also [beneficial in comparative advantage](#), as they allow each country to be more flexible and focus on what they do better. On an individual level, for instance, NATO itself contributed to \$500M in non-lethal support, France provided long-range SCALP-EG missiles, Denmark provided \$240M of humanitarian aid and the UK and Germany guaranteed new packages of high-level weapons. Even if the US still has been the [biggest contributor](#), by far, the EU has performed a big effort in humanitarian relief through the European Civil Protection and Humanitarian Aid Operations ([ECHO](#)), the Instrument contributing to Stability and Peace ([IcSP](#)), the [EU Civil Protection Mechanism](#) as well as consistent support to refugees and host families who have fled from Ukraine in countries like Moldova.

Nevertheless, even if the EU has provided military support with the European Peace Facility ([EPF](#)), the Biden administration has [provided](#) approximately \$29.8 billion both in humanitarian and military aid since the beginning of Russia's invasion on February 2022. The US' commitment contrasts in an astonishing way with the rest of the contributions in absolute terms. In relative terms, nevertheless, the focus goes to the East: Poland and the Baltic States take the lead in their respective contribution in regards to their %GDP - that is to say, in [relative terms](#). Nevertheless, in the case of the EU, even if the humanitarian contributions are more or less the same, the delivery of military assets is very away from the efforts from the White House.



**Figure 3.** Bilateral commitments in percent of donor country GDP bilateral commitments January 24, 2022, to January 15, 2023



Source: Kiel Institute for the World Economy. *The Ukraine Support Tracker: Which countries help Ukraine and how?*. February 2023.

**Figure 4:** Committed Security Assistance in Military Support



Source: U.S. Department of Defense, *U.S. Security Assistance to Ukraine*, February 21, 2023.



The evidence in all figures shows that Ukraine's military support practically depends on the US' contributions to military delivery. This is why, among all bilateral relations, Ukraine has strengthened ties the most with the US'. If the US stops to ensure security to Ukraine through delivering military aid, the latter will not be able to keep up the *momentum* - that is the main problem inside NATO which dictates the unbalance of power inside the organization.

Days before the Summit, the Department of Defense (DoD) [disclosed](#) its *Additional Security Assistance* to Ukraine - which will add up to the existing \$29.8 billions. The first part of the plan consisted of an increase in ammunition systems for High Mobility Artillery Rocket Systems (HIMARS) and highly effective and reliable dual-purpose improved conventional munitions (DPICM). This decision has to be contextualized in the supply [shortage](#) of 155-millimeter shells which has been a concerning topic for the Alliance already in the first semester of this year. Along this direction, the need for ensuring a more effective and secure production of ammunition in both American and European defense industries was a topic that was eventually discussed at the Summit - yet the concrete steps from both sides altogether are up to be seen.

The issue of ammunition systems also landed a controversy between the US and other European countries like the UK, France or Germany due to the White House delivering cluster munitions to Ukraine. Even if the US has not signed it nor ratified it, cluster munitions are forbidden under the [Convention on Cluster Munitions](#), where the Treaty prohibits the *use, production, transfer and stockpiling* of cluster munitions, as they have [indiscriminate effects](#) on civilians which can spread over a large area and hit unintended targets.

On another page, collective security should go hand in hand with a renewed Transatlantic perspective on industrial strategy. If the Euro-Atlantic Allies want to deliver the G7 commitments as efficiently as possible, they should aim for stronger Euro-Atlantic efforts on guaranteeing the economic side of the strategy. The issue of ammunition systems should make the Allies reconsider possible ways of guaranteeing strong European and American [defence industries](#), in order to prevent beggar-thy-neighbour behaviours while promoting public-private cooperation with [prime contractors](#) in each national market in the upcoming summit in DC and exploring collaborative frameworks like PESCO.

In the specific case of the EU, European leaders should [address](#) in the upcoming summit the benefits that a new EU's industrial policy would have on the Alliance, concretely addressing





the fragmentation between member states and their technological and defense markets, as well as the issue of strategic subsidies and the reformation of the WTO principles. Free and open trade has been the EU's leverage for many years, but with the current scenario reconfiguring economy and security as two sides of the same coin, the EU is facing complex challenges if it wants a strong industrial policy. An example of this wake-up call has been the Commission's approval in May for the [Act in Support of Ammunition Production \(ASAP\)](#), a proposal for a Regulation to support the European Union's industry in increasing and speeding up its production capacities to prevent ammunition shortages.

Going back to Biden's [commitment](#) and to Figure 4, the second part of the package disclosed the delivery of Patriot air defense systems, AIM-7 missiles for air defense and Stinger anti-aircraft systems was promised, among other additional artillery systems. While the [Patriots](#) were part of the initial demands from the Ukrainian side, now they are already on the table as a must - in this sense, Zelenksyy's leadership has been an effective push for the Alliance to deliver high-qualified military assistance to the country. Nevertheless, that is not enough for Kyiv, which has been demanding the competitive F-16 aircraft lately. The latter has been intentionally omitted from the package.

F-16s would give Ukraine a tangible degree of [air superiority](#) against Russia and more possibility of breaking through its defensive lines in its counter-offensive. Even if the US accepted Ukraine's petition, Biden has been reluctant to the delivery of F-16. First of all, Russia's air defense and air force capabilities do not create the "ideal situation" for its delivery - meaning that due to alleged Ukraine's lack of expertise and the existing Russian air forces, the performance of F-16s would not be as successful as expected without the due training. The lack of approval for F-16s Ukrainian pilots' training was very important in the Summit. The US was holding back the decision behind the [training of Ukrainian pilots](#) to pilot F-16s, even if it [approved](#) \$100 million to train Ukrainian pilots on F-15 and F-16 fighter jets in August 2022. The US joined the European countries, led by Denmark and the Netherlands, in setting up the training programs, which are expected to last four months.

Nevertheless, the lack of transfer of instruction manuals, flight simulators, as well as other materials associated with the jets as of July 2023, showed how [joint intelligence sharing](#) is still a challenge inside the Alliance. The risk of escalation due to Ukraine's use of F-16s also hides behind Russia's [nuclear deterrent](#): a big shadow that makes the US skeptical about indiscriminately delivering F-16s. Russia has blackmailed NATO continuously about the



[nuclear deterrent](#) way before the war, through uncontrolled [nuclear exercises](#) in the Swedish sea, for example. The question of mass destruction due to Russia's nuclear warheads is one of the biggest risks which are still at the table and is shaping the limits of NATO's response - with reminiscent flashbacks of the Cold War dynamics.

The [Russian Federation](#) is still the UNSC permanent member which has the world's biggest stockpile of nuclear warheads. The nuclear deterrent has been weaponized to deter Ukraine from its counter-offensive, and Putin has backtracked from New START, the INF Treaty, the Open Skies treaty, as well as [every substantial arms control](#) treaty on nuclear and mass destruction warfare. This pessimistic view on global arms control is also indicative that the nuclear risk is still on the table. Of course, this influences NATO's course of action and the cautious boundaries the Euro-Atlantic has in this regard. With this picture, during NATO Public Forum, some panelists tried to also decipher the current status of [security commitments](#) and arms control in the midst of the invasion of Ukraine, and some experts shed their perspectives on new narratives and perspectives that should be taken into account for [new arms control arrangements](#).

On the other hand, through the G7's financial and technical support, the [economic dimension](#) of the security guarantees is very much present. This economic backing provides interesting precedents for what has been debated as potentially Ukraine's [Marshall Plan](#). The package provides economic stability and resilience, with a [specific provision](#) for energy security, reconstruction and recovery efforts. Last but not least, the G7 also establishes a mechanism for [immediate consultation](#) with Ukraine for future attacks from Russia. Not surprisingly, the Russian forces organized a bombed attack on Kyiv after the first day of the Public Forum and the new communiqué in Vilnius; that is why this consultation forum and the newly approved [NATO-Ukraine Council](#) should provide a platform for rapid [intelligence sharing](#) and Ukraine could share their demands in a smoother and more effective manner.



## **NATO's Enlargement and the (un)promised accession of Ukraine**

The biggest disappointment from Ukraine after the Summit has been the lack of concrete steps toward Ukraine's accession to NATO, as Allies agreed to accept Ukraine into the Alliance under the wording of "when allies agree and conditions are met." This statement is very similar, if not almost identical, to the one from 2008, when NATO leaders extended their invitation to accession after the [Bucharest Summit](#) to both Ukraine and Georgia. NATO left these invitations to a rather [unclear and unpromising future](#) after Russia's war against [Georgia](#) through the recognition of South Ossethia and Abkhazia and the worsening of bilateral relations between Russia and Ukraine.

More than a year after the war, NATO leaders have [re-extended](#) Ukraine's invitation to NATO through the Euro-Atlantic open door policy, foreseen in [Article 10](#), but without a clear statement of when and how this accession will take place. This is why, after the [comuniqué](#), Zelenskyy brought up his disappointment in a heated [tweet](#). Even if the statement mentioned that "Ukraine's future belongs in the Alliance", a clear path towards enlargement was not there. Nevertheless, the coordinated support from the Alliance has, to some degree, compensated for this lack of clear steps toward Ukraine's accession. With Euro-Atlantic integration seeming as close as ever, Ukraine is and will still be the main topic in the next Summit in Washington DC - we have yet to see if Ukraine's accession will come true next year. This is why Zelenskyy was disappointed by this partial and bittersweet success.

Already introduced with the risk of the nuclear deterrent and the failure of global arms control between the Euro-Atlantic community and Russia, there is also a red line that explains why Ukraine is still not in NATO. Even if Putin's [propagandistic efforts](#) have placed the blame on "the West", NATO has [refused](#) many times any confrontation with Russia and only supports Ukraine's freedom and independence. In other words, NATO is not at war and never will be with Russia.

In this sense, this is why Biden has always rejected any demand from the Ukrainian side to establish [no-fly zones](#) in the area. This would force NATO and the US to shoot down Russian airforces and would contribute to [further escalation](#) due to NATO's involvement in the war. To some degree, the situation follows a very similar rationale to the country's accession to the Alliance. Accepting Ukraine as a NATO member would mean directly invoking [Article 5](#), which guarantees collective security in case any member's territory in the European continent



is attacked, seized, or invaded. In other words: NATO would be at war with Russia, as the Alliance would most likely have to trigger Article 5 - and that is the first and foremost red line the Allies have established in assisting Ukraine.

On the other side of the Black Sea, Erdogan lifted his veto to Sweden's entrance as well as the requirements for Sweden's accession [before the Summit](#) - and not during or after, which surprised analysts. Even if the parliament must ratify the country's accession, Sweden should become a member of the Alliance due to the political bargainings which have been negotiated, especially between the US and Türkiye. US Senator Bob Menendez, chairman of the Senate Foreign Relations Committee, [admitted](#) that the approval for Türkiye to acquire F-16 after the respective bilateral meetings was one of the bargainings at stake behind the decision. On the other hand, European leaders have been discussing for a long time an agreement on new criteria for expediting visas in the Schengen area and further facilitating Türkiye into European integration.

Some analysts [point out](#) how Türkiye is interested in a bigger NATO. First of all, as a member of the organization itself, Türkiye directly benefits from the contribution of every member, hence it benefits from the Alliance's enlargement. Nevertheless, and most importantly, NATO is not only an intergovernmental forum for Ankara to advocate for their demands. It is also a possibility for the country to advance its national interests through the veto system. Through more members in the Alliance, NATO will be stronger but also more vulnerable to national vetos - even if only Türkiye and Hungary are consistently using theirs and breaking the overall consensus from time to time.

Even if the continuation of democratic and security reforms was mentioned in the communiqué, Georgia was the big forgotten of the Summit. The country's entrance to NATO now remains under the vague 2008 Bucharest principles and is facing an unclear and unpromising future, different from Ukraine. Georgia's NATO ambitions have been, of course, overshadowed by the invasion, but also by several Georgian politicians who have been reluctant to commit to the path to Euro-Atlantic accession. Concretely, Georgia [gained attention](#) again this year as the parliament had backed a draft law that limited press freedom and thus endangered the country's accession to NATO and the EU - it was even called the 'Russian law'.

As a result, thousands of people took to the streets in Tbilisi, and the ruling party [backtracked](#), yet there has been no positive sign towards the country's accession. Some



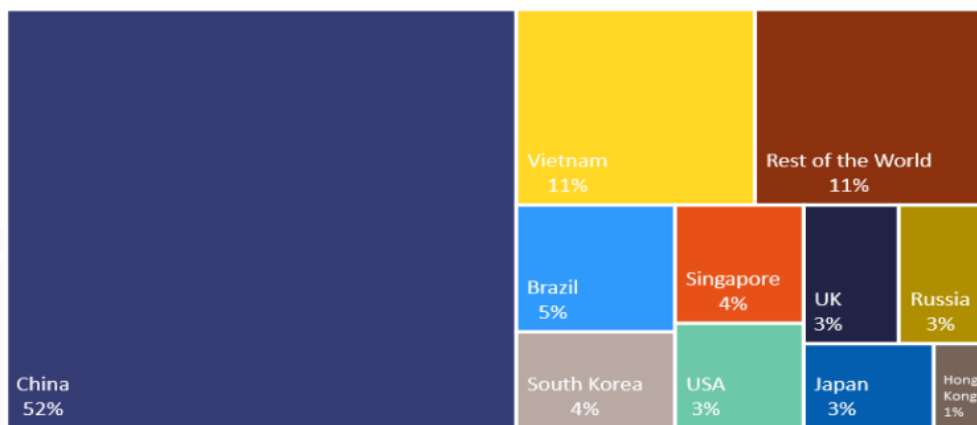
leaders have pointed out how the most effective and less costly deterrent for a country in Europe neighboring Russia is [NATO's membership](#). In this sense, facilitating Georgia's entrance into the next Summit and acknowledging that the country's future should also be within NATO's agenda if the Alliance wants to effectively deter Russia from a future invasion.



## The Panda in the Room: NATO's (lack of) consensus on the People's Republic of China (PRC)

On March 30th, the President of the European Commission Von der Leyen gave her [remarks](#) about the EU de-risking economically from the People's Republic of China (PRC), specifically in [strategic dependencies](#) and key imports. This goes hand by hand with what the [2021 EU's Industrial Strategy](#) asserted: more than 50% of the EU's strategic dependencies come from the PRC - namely, critical raw materials (CRM) like lithium or cobalt, semiconductors or hydrogen-enabled technologies, for instance. Even if a “de-risking” strategy did not mean a “de-coupling” one and diplomatic stability and open communication with China were stressed as “vitaly important”, just a week later, the French president Macron filled headlines with his [contradicting statement](#) in what seemed to be a rapprochement to the East and a frontal rejection of the White House's stance against Beijing.

**Figure 5:** Share of EU import value by origin of the identified 137 products where the EU is dependent in sensitive ecosystems.



Source: European Commission (based on BACI database). *Updating the 2020 New Industrial Strategy: Building a stronger Single Market for Europe's recovery*. May 5, 2021.

Washington and the SecGen have been pushing for NATO to [focus on China and the Indo-Pacific](#), in line with the US's strategic documents that emphasize the rivalry with China and the SecGen's vision for NATO to be a global actor. However, this direction has faced some opposition, especially from [Hungary](#), which has close ties with Beijing, [Türkiye](#) and [Germany](#), who both have their specific views on the PRC, and [France](#), which considers that NATO should only concentrate on its Euro-Atlantic region - and thus [rejected](#) the mention of the development of tailored partnership programmes to Japan and other Indo-Pacific partners.



The Public Forum dedicated a safe amount of focus on the PRC, with a specific panel about NATO, the Indo-Pacific and its partners - Australia, Japan, South Korea and New Zealand. Diplomatic efforts towards these countries will for sure be part of the Alliance's strategy in the upcoming years. On the other hand, the communiqué amplified in a substantive way its [criticism](#) of Beijing's systemic challenges, concretely on the PRC's strategic partnership with Russia, which remains the main source of unease with the Alliance. Nevertheless, the communiqué exposed the obvious [lack of strategy](#) and common front towards the PRC, and the different challenges Beijing poses to the Alliance were aborded superficially under the lowest common denominator, as they differ a lot from state to state.

The Summit ultimately failed to turn this criticism into factual strategies or long-term stances that members could find consensus on, without properly addressing the [intersections](#) between Euro-Atlantic and Indo-Pacific security and how they impact each other. Most importantly, European leaders did not think about the negative consequences that this lack of strategy can entail for the transatlantic partnership, as the US still remains the pivot and main guarantor of the Alliance - by far. The US is closely looking at the [Indo-Pacific](#) with the People's Liberation Army (PLA) sea forces [surpassing](#) the US Navy's number of combat ships for the first time since 2020.

**Figure 6:** Numbers of Chinese and U.S. Navy Battle Force Ships, 2000-2030. Figures for Chinese ships taken from the ONI information paper of February 2020.

	2000	2005	2010	2015	2020	2025	2030
<b>Selected ship types</b>							
Ballistic missile submarines	1	1	3	4	4	6	8
Nuclear-powered attack submarines	5	4	5	6	7	10	13
Diesel attack submarines	56	56	48	53	55	55	55
Aircraft carriers, cruisers, destroyers	19	25	25	26	43	55	65
Frigates, corvettes	38	43	50	74	102	120	135
<b>Total number of China navy battle force ships, including types not shown above</b>	<b>210</b>	<b>220</b>	<b>220</b>	<b>255</b>	<b>360</b>	<b>400</b>	<b>425</b>
<b>Total U.S. Navy battle force ships</b>	<b>318</b>	<b>282</b>	<b>288</b>	<b>271</b>	<b>296</b>	<b>286</b>	<b>290</b>
<b>U.S. total above compared to China total above</b>	<b>+108</b>	<b>+62</b>	<b>+68</b>	<b>+16</b>	<b>-64</b>	<b>-114</b>	<b>-135</b>

Source: U.S. Congressional Research Service. *China Naval Modernization: Implications for U.S. Navy Capabilities — Background and Issues for Congress*. May 15, 2023.

With the tensions in the Strait increasing and their military activities in the waters of the [Taiwan Strait](#) being more present, the discourse in Washington against the PRC is as strong as



ever. Strangely enough, it is an issue that effectively unites the polarization between Republicans and Democrats. What most analysts have for sure, is that the US will respond to an invasion of Taiwan. With a lack of Indo-Pacific strategy from the European countries, Europe and Ukraine face a highly risky scenario: in case of an upcoming invasion from the PRC to the island of Taiwan, the US involvement in Taiwan would inevitably divide its commitment to security, and would perhaps reassess the degree of security guarantees to Ukraine from the White House - not completely, but partially and to an impactful degree, for sure. In other words, the risk of an attack on Taiwan would mean for the Alliance that the US would focus on the Indo-Pacific and perhaps put Europe and Ukraine as a secondary theater, which would threaten NATO's success.





## Re-understanding the EU-NATO Conundrum in 2023

In 2022, both NATO and the EU released their respective strategic documents - NATO's [Strategic Concept](#) and the EU's [Strategic Compass](#), entailing an increased securitization of their agenda in front of the Russian invasion of Ukraine. In the case of the EU, this aspect was more prominent, as the efforts to advance on security matters since Mogherini's EU Global Strategy ([EUGS](#)) in 2016 have echoed the need for more EU-NATO cooperation. Both documents describe the EU and NATO as unparalleled and indispensable partners, with complementary, coherent, and mutually supportive roles in providing international peace and security. Nevertheless, their outlooks and priorities do not seem to properly address an optimal [task distribution](#) between each other. This lack of acknowledgment should be a priority to tackle in Washington next year, which was not present enough this year.

A new bargain between the EU and NATO would be positive to the Alliance in front of what seems to be overlapping agendas from two different institutions - even if 23 out of 27 of EU member states are in NATO. The debate of interoperability between both officially emerged with the [Berlin Plus](#) agreement when NATO's assets were approved for the EU's civilian mission [EUFOR ALTHEA](#) in Bosnia and Herzegovina and the role of the EU in providing security in the Euro-Atlantic area was brought to the table. The EU's 'language of power' in global security has been mostly based on economic and regulatory leverage and a principled pragmatism approach to a rules-based international order.

It is difficult to overcome decades of outsourcing our defense efforts to NATO and the US, both at an economic and strategic level, as well as incorporating a perspective that has never been on the agenda of the EU. Nevertheless, the EU can collaborate with NATO and assume the tasks which may cause more difficulty to NATO - that is to say, everything which is not deterrence and defence: from hybrid threats, to civilian missions, there is much more to do apart from deterrence. The [EU-NATO task force](#) of this year has been an example of collaboration between both institutions.

The Summit could have addressed two fundamental topics when talking about EU-NATO cooperation. First of all, the division of tasks in addressing the increasing security challenges - in other words, [hybrid threats](#). Addressing threats as hybrid requires a whole-of-government and transversal approach in incorporating securitization to fields and aspects of societal life - cyber, information, media landscape, energy, and infrastructure - which do not necessarily



have to do with defence and deterrence, NATO's main focus. Given how the EU has more expertise in other fields apart from the military, NATO will need to integrate the EU's perspective on addressing emerging and disruptive technologies and further cooperate with the Centers of Excellence (CoE) in Finland, Estonia and Latvia, tackling artificial intelligence, disinformation, quantum computing, biotechnology, and space, among other fields.

Secondly, the issue of relations between EU and non-EU member states within NATO needs to be addressed - especially since [Brexit](#) and with the tensions continuing between [Türkiye and Cyprus](#). EU-NATO cooperation has been strengthened in recent years, especially after the joint declarations, with the last one being in 2023. They all set out a shared vision of how the two organizations will act together against common security threats, but the Summit should have placed more emphasis on these two exposed challenges, which will threaten a smooth cooperation between the two organizations. The issues of EU-NATO cooperation are also impacted by the already existing rifts inside the Alliance, such as China, as we mentioned above. NATO needs to decipher and integrate the interests and perspectives of some EU member states and NATO allies on issues such as Russia, China, Türkiye, and the transatlantic relationship itself if it wants to keep integrating the EU in its advancements.

Thirdly, at some point NATO leaders will need to clarify the [relationship](#) between the EU's mutual assistance clause (Article 42.7 of the TEU) and NATO's collective defence clause (Article 5 of the Washington Treaty). This was nowhere to be found during the Summit, and the implications of the concept of EU's strategic autonomy should be tackled as well. Mainly because there has been no shared vision nor tangible commitments to what member states understand as European strategic autonomy. In the context of the ongoing war in the European continent by the Russian invasion of Ukraine, both NATO and the EU have delivered strong support to Ukraine; but the former seems to be perceived as the winner in this conundrum, leaving the EU's CSDP in the back of the corner.

While NATO is the deterrence force in Europe, the EU has shown progress and increased presence in external [crisis management](#), specially addressing Russia's [hybrid warfare](#) and grey-zone activities from a transversal perspective - hence the creation of the EU-NATO task-force in resilience from hybrid threats. In disinformation, the EU has established a dedicated team within the EEAS, called the [EU East StratCom Task Force](#), in order to expose and counter disinformation campaigns (mainly from Russia) targeting the EU and its



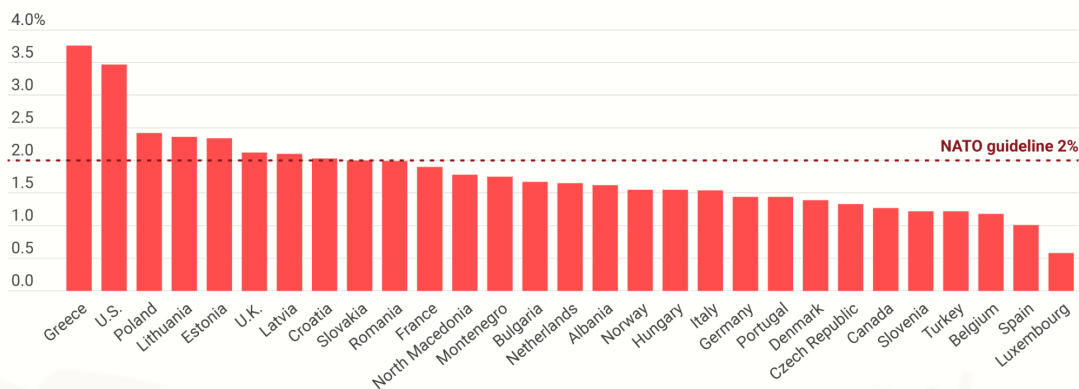
neighbourhood. In cyber, the EU has adopted a [Cybersecurity Strategy](#), which aims to enhance the resilience, deterrence and response capabilities of the EU and its member states against cyber threats. In energy, the EU is making steps towards ensuring a stable supply of energy through, among other solutions, the [Energy Union Strategy](#), with the aim to ensure secure, affordable and sustainable energy for all Europeans. In migration, the EU is adopting a [comprehensive approach to migration](#), which addresses both the immediate challenges and the long-term opportunities of migration. Both NATO and the EU have the tools to be successful in the fields where the other is not. While NATO has been a strong and solid hammer in managing hard security and deterrence, the EU can be a more flexible Swiss knife when responding to threats. Even if it cannot equate NATO's gross contribution to territorial defense, it can provide a bigger contribution to assessing hybrid threats.



## A Revision of the Defense Investment Pledge: Addressing the Transatlantic Defense Burden Sharing

The issue of EU-NATO also shows a concerning reality that impacts the political dynamics inside the Alliance: the [contribution](#) between the US and the rest of the partners is too big. So it is a bit difficult for the Alliance's side to separate the priorities of the US and the ones from NATO, precisely due to this basic difference. Also, on the other side, the US has raised its concern about European countries actively underspending in defense, while benefiting from the White House's commitment to collective defense through Article 5. This is why the 2014 Wales Summit, after the annexation of Crimea, [agreed](#) on the Defence Investment Pledge, which required Allies to dedicate at least 2% of their GDP to defence for 2024.

**Figure 7:** NATO 2022 Defense Spending as a Percentage of GDP.



Source: Defense Priorities, NATO. 2022.

In 2022, as Figure 7 shows, only 70% of the Allies [failed](#) to meet the guideline. However, the war in Ukraine has led to an unprecedented increase in defense budgets among European Allies. Before the war, European budgets [were estimated](#) to rise by 14% between 2021-2026. The current increase should be expected to range between 53% and 65%, clearly influenced by Ukraine's situation. Now already in 2023, the issue of 2% has already been brought up to the table, with a clear consensus: the 2% is a floor, not a ceiling.

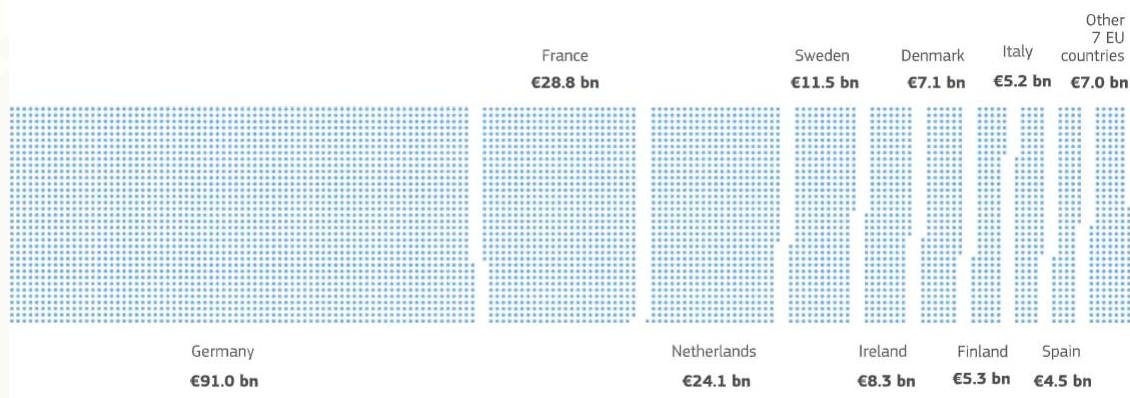
While some [pledged](#) earlier for a 3% target, the communiqué has shown that this modification is the lowest common denominator. As the target does not require mandatory commitments, but it is more like a strategic encouragement, allies have performed very differently - and that is what makes it a [source of tension](#) in NATO's burden sharing. There has been an overall



increase of +8,3% in 2023, but this general growth has been [burdened](#) by only a third of NATO members achieving the aim this year. Among the lowest contributors, we find Luxembourg, Spain or Belgium. Nevertheless, some critics have pointed out how the 2% pledge may not be the most [efficient](#) (nor the clearest) way to contribute to the Alliance. On the contrary, countries in the Eastern Flank are [speeding up](#) their investment in defense as they have been the most vocal in providing a strong deterrence against Russia. Here we find the case of [Poland](#), with a current expenditure of 2.42% of its GDP and with the ambition to reach 4% by the end of 2023.

Even though the 2% should be the starting point, more defense spending should also take into account the specificities and differences among the Allies. With significant differences in GDP and population sizes in countries such as Luxembourg and Poland, the investments in defense by certain countries' budgets should perhaps be spent on closing capability gaps identified by the NATO Defense Planning Progress, instead of directly national militaries. The reasoning is simple: spending more does not mean spending smart, and the problem of [duplication and lack of inter-operability](#) is a challenge both NATO and the EU will face in the future in front of this increase in defence expenditure.

**Figure 8:** The 361 EU companies invested €192.8 bn in R&D, an increase of 8.9% compared to the previous year.



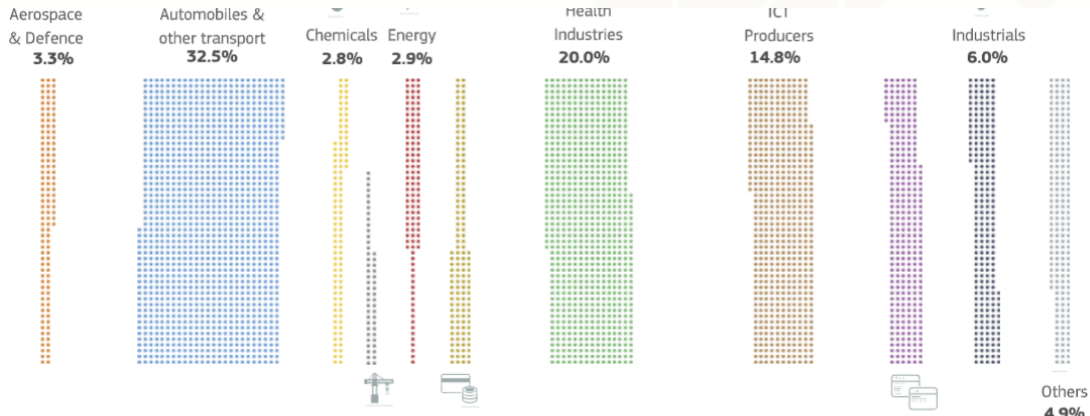
Source: European Commission. The 2022 EU Industrial R&D Investment Scoreboard. December 13, 2022.

The countries that do not necessarily need to invest in their own defense would need *ad hoc* specific requirements. Nevertheless, if we take into account the overall investments in R&D directed at the aerospace and defence sectors, they [barely comprise](#) 3.3%; in this sense, reassessing these R&D investments to defence should be a must, but finding more spillovers



and integrating both the technological and ICT and defence sectors could bring more effective results towards the 2% goal.

**Figure 9:** Total R&D investments of the 361 EU companies in different sectors. The companies invested €192.8 bn in R&D, an increase of 8.9% compared to the previous year, nevertheless, only 3.3% was targeted to aerospace and defence.



Source: European Commission. The 2022 EU Industrial R&D Investment Scoreboard. December 13, 2022.

We have to also [take into account](#) the economic dimension of defence investment, as well as its challenges, and contextualize it with the context of inflation that the European continent has faced with the COVID-19 pandemic and the invasion. Higher prices and social struggles in their respective countries have forced European leaders to take up respective measures to curtail inequalities, which has sacrificed their respective investment in defense to other sources of public expenditure, such as health care or social protection. Saying that investment has increased does not allow us to see the full picture, as inflation has [impacted and slowed down](#) the real growth in defence spending. For instance, France's military spending increased by 1.8% in nominal terms in 2022, but faced a decrease of 0.8% in real terms due to inflation. The case is [similar](#) to other important European economies like Italy's, where military spending also grew by 1.4% in nominal terms, but decreased by 1.2% in real terms.

The [recent agreement](#) between Luxembourg and NATO on spending on GNI, not GDP, should set a precedent on the possibility of states also contributing to a common pool of resources through enhanced flexibility on the 2% requirement - even if it should remain mandatory for the rest of the Allies if the Alliance wants to keep its objectives. For instance, countries like Denmark or Germany are intensive in R&D, and others in Central Europe could enhance infrastructure for military mobility in Allied territory. Analyzing case by case



would ensure a sustained and constructive approach to the 2% requirement while contributing to NATO's operability.

In 2021, the 26 member states of the European Defence Agency (EDA) continued their trend of increasing total defence expenditure for the seventh year in a row - even if we already explained above the real growth in defence investment due to the inflation. This has resulted in countries spending €214 billion, a 6% increase in real terms compared to 2020. This has marked the strongest yearly growth rate since 2015 after the annexation of Crimea. In this sense, the investments by European countries reflect the crises that the continent is facing. Nevertheless, as the EDA discloses, the issue is not about how much Member States have spent, but on how they have spent together in a coordinated manner, as they have proved themselves to be unsuccessful in coordinating joint procurement between them.

The Russian invasion has prompted more investment in defense but a concerning lack of cooperation, questioning the effectiveness of policy advancements from the EU side such as the Permanent Structured Cooperation (PESCO), the European Defence Fund (EDF) or the European Defence Procurement Directive (EDPD). The EU and NATO should coordinate for next year's Summit in order to tackle concerning gaps in the European defense industry in order to place both institutions as prime contractors of the European defense market.

The role of PESCO as a framework of cooperation between the institutions and the countries should also be fundamental in tackling capacity-building in defence from each side. Greater cooperation from both institutions should ensure a stable supply chain in joint procurement, and would solve problems such as the shortage of ammunitions we already mentioned. This would enhance the capabilities of both organizations, avoid duplication and, in the long term, integrate and enhance the European single market in defense.



## **NATO's Geopolitical Hotspots: Prospects for a Renewed Strategy towards the Eastern Flank and the Black Sea**

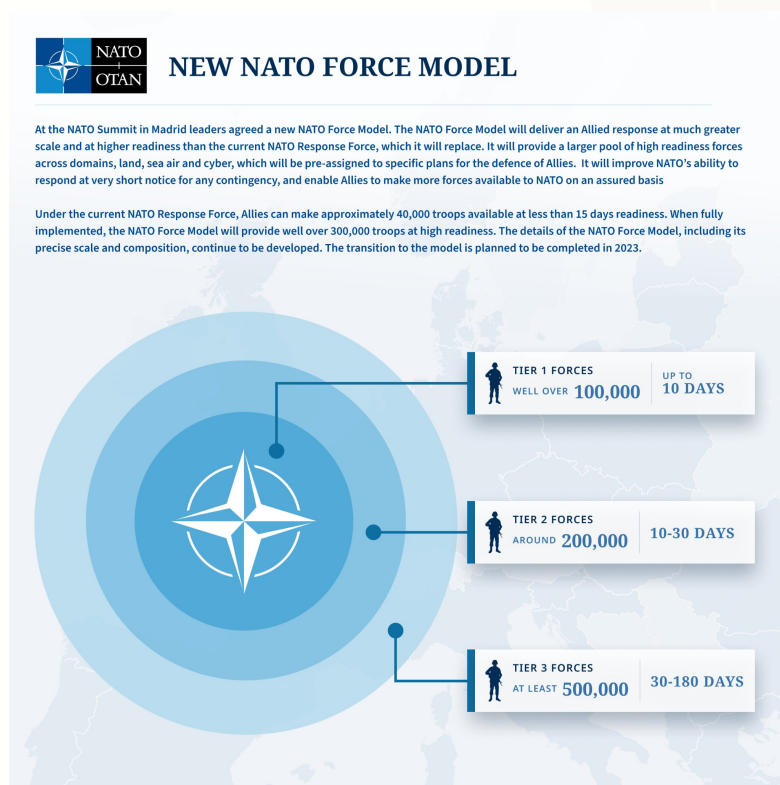
Last but not least, if NATO wants to ensure its deterrence strategy, it has to integrate its vision on both the Eastern flank and the Black Sea. Expanding the understanding of what NATO calls the Eastern Flank with Finland's entrance - Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania and Slovakia - would mean integrating the challenges that the Arctic and the Black Sea region pose global commons, hotspots as well as trade routes. In other words, any part that borders Russia with a NATO territory needs to be integrated into the same strategy for effective deterrence and defence planning. In the upcoming summits, the expectation of further contributions from member states in multinational battalions should be increased, as the demand for [permanent garrisons](#) has also been on the table - just as the recently approved by the US in Poland.

Regarding the Eastern Flank, NATO has [increased](#) its number of land troops on the ground through a total of eight multinational battlegroups stationed along the zone, from the Baltic Sea to the Black Sea. Moreover, the Allies recently approved the NATO Force Model ([NFM](#)), which should increase the number of high-readiness forces along the Eastern flank to a number of 300,000 by the end of 2023. The readiness and rapidness aspect is based on a strategy of [deterrence by denial](#): through strengthening the NFM, Russia will be disincentivized from any of Russia's military advances - in other words, [preventing](#) instead of responding.





Figure 10: NATO's Eastern Flank. Stronger defence and deterrence.



Source: NATO. June 2022.

In Vilnius, the Allies committed to the new Allied Reaction Force, which will complement the existing NFM and will put more emphasis on the ‘deterrence by denial’ aspect. New details are not available as of now. The Chair of the Military Committee, Admiral Bauer, [disclosed](#) before the Summit that the Alliance is making progress but is still in the process of drafting the details towards those numbers. It seems like the contribution and distribution of every country’s burden is still not ready.

What will be sure is making sure that all these plans and deployments remain interoperable. Both the existing NFM and the newly approved Allied Reaction Force have to be integrated with the existing Enhanced Force Presence ([EFP](#)), which was approved in 2019 and was considered a big step in NATO’s [deterrence strategy](#) based on multinational battalions on a rotational basis in Estonia, Latvia, Lithuania and Poland. The troops have been led by the armies of the United Kingdom, Canada, Germany and the United States, with the other NATO countries’ contributions.



Figure 11: NATO's Eastern Flank. Stronger defence and deterrence.



Source: NATO. March 2022.

NATO's future success in protecting the Eastern Flank will not be based on the number of plans NATO may set up, or even the gross contributions to the battalions, but on their qualitative [interoperability](#). This is why the issue of establishing permanent battalions in the Eastern Flank has been one of the [key demands](#) of the Baltic States and Poland. With the new [US garrison](#) in Polish territory, the idea of placing permanent NATO battalions or bases [should be revisited](#), as it would enhance situational awareness, interoperability and responsiveness of NATO forces in the region, by increasing Allied activity on land, at sea and in the air.

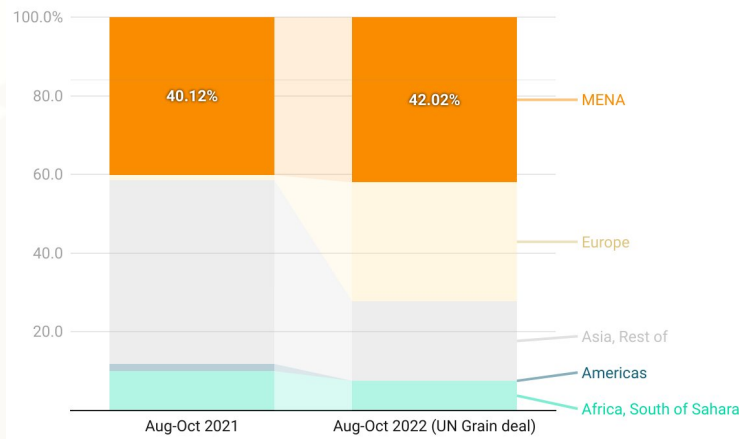
With NATO welcoming Finland as a new member of the Alliance and now Türkiye removing the veto to Sweden's accession, the sense of success may hide the need to ensure a safer Eastern Flank, especially with the issue of [military mobility](#). Military mobility on the European continent is underdeveloped. This has been echoed during the war, as the flow of military personnel, on the one hand, and equipment and logistics, on the other hand, have



faced problems around European territory in assisting Ukraine. One of the key [projects](#) within PESCO framework aims precisely at tackling this problem. This shows potential for future [EU-NATO cooperation](#) in order to provide a network of movement for both military personnel and assets within the European continent through dual-use infrastructure, for both military and civilian use. In other words, the more the merrier, as long as the [investments in military mobility](#) are properly done.

Going down to the Black Sea, NATO should understand that the region has a key geopolitical and economic importance, especially for the production and export of grain and other foodstuffs. In order to lift the Russian naval blockade on Ukrainian ports in response to the food security crisis in Africa after the invasion in July 2022 Türkiye brokered with the UN the [Black Sea Grain Initiative](#). The diplomatic success allowed millions of tonnes of grain and other primary goods and commodities to maintain their trade flows with Ukraine's ports, showing the key hotspot that the Black Sea represents to global food security, as Figure 12 shows.

**Figure 12:** Ukrainian wheat exports between August and October: Comparison 2021-2022. Total exports during the period aim to 11.4 million metric tonnes in 2021 against 2.87 million metric tonnes in 2022 under the UN Grain deal.



Source: COMTRADE, UN

However, in June 2023, Russia [announced](#) its withdrawal from the deal - and giving no sense of signal about its renewal. Nevertheless, less than 3% of the grain in this deal went to the Global South countries which need the products the most, and for instance, Somalia barely received 0.2%. Even if the situation with [global food security](#) is too concerning for NATO to



not have a clear strategy in the Black Sea, other solutions from the Euro-Atlantic countries should be tackled for guaranteeing food security - in Europe and, most importantly, beyond.

As of today, Türkiye has the second largest Army in the Alliance, after the U.S. Armed Forces. Türkiye's importance in preserving the stability in the region is both important for the country and for the Alliance, and consensus should be found in the next Summit in the US. Concretely, NATO acknowledged the strategic importance of the Black Sea region for the Euro-Atlantic community in the last Strategic Concept [for the first time](#). Even if Türkiye has taken on the role of some sort of mediator and has been the easiest communication line with Russia inside NATO, the situation shows that other solutions should be discussed in Washington. Depending on Türkiye's role in the Sea can make the Alliance too lenient on Türkiye's national demands. While NATO has been deepening its Eastern Flank Strategy, NATO has to look towards the Black Sea and include Bulgaria, Romania and, with the most importance, Türkiye.

