

The NATO Summit Outcomes and the EU's Response

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The NATO Summit in The Hague at the end of June marked a victory for those trying to preserve Alliance unity by committing to increased military spending. Chosen partly for his transatlantic diplomatic skills, NATO Secretary General Mark Rutte was tasked with re-engaging the United States and renewing its commitment to mutual defense, following President Trump's controversial statement that "Article 5 was open to interpretation."

The new NATO spending targets came just a few weeks before the European Commission announced a €130 billion envelope for defense and space in the next multiannual EU budget proposal, confirming a push to bolster European strategic autonomy and contribute more credibly to collective defense. After the NATO Summit and recent EU-level initiatives to support increased defense investment, it is now up to national governments around Europe to deliver.

Outcome of the Hague Summit

Allies agreed to target 5% of GDP annually by 2035, covering both core defense requirements and broader security-related spending. Specifically, 3.5% of Alliance members' GDP is to be allocated to defense capabilities, with an additional 1.5% dedicated to resilience, including civil preparedness and infrastructure. The summit also emphasized transatlantic defense industrial cooperation.

Still, some EU members expressed skepticism. Spain endorsed the declaration with caveats, declining to commit to the 5% target and arguing that NATO Capability Targets could be achieved with less spending. Slovakia and Slovenia later claimed the declaration was non-binding, and Italy said it planned to include some civilian infrastructure—such as the construction of a bridge between the mainland and Sicily—in its defense accounting. Meanwhile, given their proximity to Russia and historical experience with occupation, the frontline countries including Finland, Estonia, Latvia, Lithuania, Poland and Romania continued to press for rapid reinforcement capabilities and enhanced NATO infrastructure along the Eastern flank, with limited success.

EU Response

Given the context, EU leaders adopted a low profile at the Hague Summit to avoid derailing ongoing trade talks with the U.S., while insisting on their commitments to the 'European pillar' within NATO. However, Spain's position created additional tensions. When EU officials met in Brussels for their own summit the next day, they clearly expressed the need for Europe to be able to defend itself.

Following the launch of its 'Readiness 2030' plan, including EUR150 billion in loans by the EU to Member States, the Commission announced over EUR130 billion dedicated to defense in its budget proposal presented on July 16.

The upcoming European Defense Industry Programme and the reallocation of some of the remaining 'NextGenerationEU' (Covid-recovery) and regional cohesion funds to defense are additional financial tools at Member States' disposal. They are also expected to spend several hundred billion on defense at the national level, given the increased NATO targets. Germany has already announced it would dispense with its "constitutional brake" on public spending for defense and infrastructure, yet most other European countries lack the fiscal space to invest massively in their resilience.

Outlook and Expectations

The NATO Summit ensured continued U.S. commitment to the Alliance, but EU Member States now recognize that they need to do more financially and industrially. Resources are being identified, but industrial fragmentation remains.

European countries will need to agree on joint procurement, standardized logistics and shared development—particularly in the seven priority areas identified in the "Readiness 2030" plan—to avoid duplicating competing national projects and to address continental gaps in defense capabilities.

Coordinated investment and harmonization are crucial for the EU to meet its strategic objectives, starting with the NATO spending targets. After years of competition among EU Member States, only a collective effort will allow Europe to become the defense giant it has never been.



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