

FOUR KEY TAKEAWAYS FROM THE 2023 NATO SUMMIT

Vilnius Summit Unlocks Swedish NATO Membership but Falls Short of Ukraine's Expectations

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SUMMARY

Ukraine is now closer to NATO than ever before, however Allies have once again failed to offer Kyiv a clear membership path, falling short of expectations from the majority of NATO member states on the Alliance's eastern flank. At the same time, NATO dropped previously important formal application requirements, while the G7 launched a framework to offer Ukraine bilateral aid in the future, in addition to providing much-needed military and financial support.

Turkish President Recep Tayyip Erdoğan's much-anticipated approval of Sweden's NATO membership bid has made Ankara an even more influential player within the Alliance, with Türkiye likely to benefit from the decision both politically and economically. Furthermore, Stockholm's future joining will make the Alliance stronger as a whole, much to the benefit of NATO's eastern flank and the international companies present in the CEE region.

These are Aretera's main takeaways from this week's historic NATO Summit. Below, we unpack and analyze the main implications of the Vilnius Summit from a Central and Eastern European perspective.

This memo will cover:

-  key decisions on Ukraine and its future within the Alliance,
-  G7 commitments to support Kyiv,
-  Türkiye's decision to greenlight Sweden's NATO bid,
-  implications for international investors in the CEE region.

1. VILNIUS SUMMIT FALLS SHORT OF REGIONAL EXPECTATIONS

As the majority of Central and Eastern European countries maintain unwavering support for Kyiv joining the North Atlantic Treaty Organization (and the European Union), the Vilnius Summit has fallen short of regional expectations. Ukraine was offered neither an invitation to join the defense bloc, nor a clear membership path. Largely due to the US and Germany, the Alliance has once again refused to give Kyiv a definitive timeline on when the country could eventually join NATO.

The bloc remains divided over concrete promises to Kyiv on NATO membership. Much of this is due to concerns from some Western European countries over how Russia might retaliate, as well as to opposition from Hungary, a CEE outlier whose government considers such promises to Kyiv a form of escalation, to which Moscow would respond.

2. NO DIRECT SECURITY GUARANTEES FOR UKRAINE

Despite not offering Kyiv a clear membership path, NATO dropped the requirement of a Membership Action Plan (MAP) for Ukraine, a previously essential prerequisite needed to become part of the bloc. In addition, the NATO-Ukraine Council, a newly formed crisis communications and decision-making forum, which held its inaugural session on 12th July, offers institutional certainty for maintaining the strategic relationship between Kyiv and the Alliance at the highest level.

With no NATO membership prospect offered, more attention was paid to the [Joint Declaration of the Group of Seven](#), in which G7 countries – the US, the UK, Canada, Germany, France, Italy and Japan – announced a framework for providing (more) bilateral military, intelligence, political and economic support to Kyiv. In exchange, Ukraine will commit (even) further to undertake a series of systemic reforms to improve its governance.

In particular, the G7 pledged “to immediately consult with Ukraine to determine appropriate next steps in the event of a future Russian armed attack.” The statement suggests potential security guarantees from the West, however only in case of a future attack, with the details yet to be defined. This points to a future possible direction, in which Ukraine may be offered the prospect of long-term protection by Western allies.

3. TÜRKIYE GREENLIGHTS SWEDISH MEMBERSHIP BID

In line with Aretera's forecast following the Turkish general elections in May, Türkiye has greenlighted Sweden's NATO membership application. By doing so, President Recep Tayyip Erdoğan has emerged as an even more influential player within the Alliance, while the Turkish decision will make the Western bloc even stronger.

Markets have reacted highly positively to the announcement, as well as to Türkiye's increased support to Kyiv, while the decision on Sweden is also likely to benefit the Turkish government's economic objectives and is estimated to boost foreign investment to the country.

Sweden's much-anticipated joining will undoubtedly benefit the security of the Alliance as a whole. This specifically applies to CEE countries on NATO's eastern flank where security has become the top priority since the Russian aggression against Ukraine started back in 2014, with the NATO newcomers – Sweden and Finland – enjoying close cooperation with the countries of the CEE region.

Based on President Erdoğan's announcement, the Turkish parliament is expected to ratify the Swedish application during its first autumn session, in October. Aside from Türkiye, Hungary, which maintains close ties to Ankara, remains the only other NATO country the parliament of which is yet to ratify the Swedish bid. With President Erdoğan confirming Türkiye's support for Stockholm, Hungary is widely expected to follow suit, either in an extraordinary parliamentary session during the summer or during the next regular session of parliament, which will be commenced on 1st September.

4. NATO REMAINS TOP GUARANTOR OF REGIONAL SECURITY

In the wider CEE region, NATO remains the single largest guarantor of security. In wake of the continuing Russian aggression, which has unleashed a series of tragic consequences, an increased NATO presence and an enlarged Alliance means enhanced security, which comes as a reassurance for international investors doing business in the region, reaffirming that Central and Eastern Europe remains not only open but also safe for businesses.

With Ukraine moving closer to the Western orbit, discussions around the country's recovery and reconstruction are also likely to be stepped up. The NATO Summit in Vilnius follows the Ukraine Recovery Conference (URC) recently organized by the UK government that raised \$60 billion towards the country's reconstruction. Ukraine's recovery is likely to face growing momentum as the West remains committed not only to continue providing support but also confident in Ukraine's victory.

LOOKING AHEAD


NATO Secretary General Jens Stoltenberg underlined that "Ukraine is closer to NATO than ever before." In turn, Ukrainian President Volodymyr Zelensky, who initially called out the West for failing to offer Kyiv a membership path, said that "Ukraine will be invited into NATO and Ukraine will clearly become a member of the Alliance when the war is over."

Consensus remains that Russia's war against Ukraine has no clear end in sight. Despite the high expectations from Kyiv, the 2023 NATO Summit has failed to provide Ukraine with a clear membership path. The West remains reluctant to do so as bringing Ukraine into NATO now would essentially mean that – due to the Alliance's so-called Article V commitments – the defense bloc would become a direct part of the conflict.

For this reason, the Alliance is expected to refrain from providing support as a whole, looking for bilateral ways to support Kyiv instead, as suggested by the G7 statement. Nevertheless, Ukraine's Western partners – as in the case of [the EU-Ukraine Summit earlier this year](#) – remain committed to support Kyiv "for as long as it takes", primarily through upping military and economic aid.

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If you would like to schedule a discussion of this paper, please contact:
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