Ankara Reckoning: NATO summit’s impact on European Defence

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Wichtige Erkenntnisse

- The Ankara summit was the most consequential NATO gathering in years. Alongside $50bn in new defence contracts, European allies demonstrated tangible progress on the 5% GDP commitment made at The Hague — moving the alliance's conversation from pledges to delivery.
- The Patriot production licence granted to Ukraine is the summit's most consequential bilateral outcome — a technology-transfer decision that creates a long-duration demand pipeline for air defence components, manufacturing infrastructure, and systems integration across European primes.
- European defence M&A is accelerating sharply: the Canada–TKMS submarine deal, Thales's €3.9bn acquisition of Exail, and the Deutz–FFG transaction all signal that industry is moving decisively to build scale and sovereign capability ahead of the largest procurement cycles in decades.

The 2026 NATO summit in Ankara arrived freighted with expectation. European allies had hoped to use the gathering to showcase their rearmament progress – translating the landmark 5% GDP spending pledge made in The Hague last year into tangible capabilities and contracts. Instead, it became a summit of two registers: a noisy, headline-generating political drama driven by US grievances, and a quieter but consequential set of structural commitments and bilateral deals that will shape European security for years to come. For investors, it is the second register that matters.

From the Hague to Ankara: a delivery summit under pressure

Last year's summit in The Hague was a watershed. All 32 NATO allies met the 2% GDP defence spending floor for the first time. More importantly, they committed to 3.5% of GDP on core defence and a further 1.5% on defence-adjacent spending — cyber resilience, critical infrastructure and civil preparedness by 2035. European defence spending rose 20% in real terms in 2025, with European allies and Canada adding US$139bn in nominal investment1

Ankara was designated the delivery summit, marking the moment to demonstrate those commitments were translating into real capabilities. NATO Secretary General Mark Rutte's framing was direct: the alliance must move "from money to missiles." Against that backdrop, over US$50bn in new defence industry contracts and initiatives were unveiled at the NATO Defence Industry Forum on 7 July, with European prime contractors at the centre of the action.

Five fault lines

- **Greenland.** Trump reiterated his view that the US should acquire Greenland, calling it critical to American national security while dismissing its strategic value to Denmark. Danish Prime Minister Mette Frederiksen was unequivocal in response: "We are ready to defend every inch of NATO, including our own territory." The dispute has unsettled the alliance deeply enough that NATO reportedly deployed troops to the Danish island earlier this year.
- **Spain and the Iran rift.** Trump's frustration over European responses to US military operations in Iran broke into the open most forcefully against Spain. Madrid had refused the US use of its airspace and bases, condemned the conflict, and rejected Trump's spending demands. Trump ordered the Treasury to cut all trade ties with Spain and declared it "a terrible partner in NATO." Spain's government publicly pushed back, asserting its sovereignty and calling Trump's approach bullying rather than diplomacy. Italy raised legal objections. Britain initially hesitated before reaffirming base access. The episode exposed a genuine crack in the alliance over out-of-area operations that will not close quickly.
- **US troop posture review.** Secretary of Defense Pete Hegseth announced a six-month review of US force posture in Europe — designed, in his words, to ensure Europe takes "primary responsibility" for its own continental defence. The announcement surprised European planners. It reinforces the defining strategic question of this era: whether Europe can fill the capability gaps left by a US that is, at minimum, reducing its European commitment and, at maximum, beginning a phased withdrawal.
- **Ukraine.** Despite the surrounding turbulence, Ankara reaffirmed allied support for Kyiv, with an immediate focus on the air defence gap. Russia's recent swarm missile and UAV attacks on Ukrainian cities have exposed a critical shortage of Patriot interceptors. The summit's communiqué is expected to build on the Prioritised Ukraine Requirements List (PURL) initiative, which has kept military aid flowing.
- **The Patriot production licence.** The most significant bilateral outcome of the summit came in the meeting between Trump and Zelenskyy. The US agreed to grant Ukraine a licence to produce Patriot surface-to-air interceptor missiles — specifically the Lockheed Martin Pac-3 system, which is central to Ukraine's ability to defend against Russian ballistic missiles. The Patriot production licence adds a further long-duration demand signal: the production facilities, supply chain expansion, component manufacturing, and systems integration required represent order pipelines that extend well beyond the current conflict cycle.

The Iran conflict has fractured alliance unity on out-of-area operations, and Trump's bilateral signals — rewarding Turkey with F-35 programme re-entry and lifting CAATSA sanctions while punishing Spain exposes an increasingly transactional US approach to alliance management. Yet, paradoxically, each rupture accelerates the European strategic autonomy that NATO 3.0 demands. The political case for sustained defence investment is now essentially unchallengeable across Europe.

Defence consolidation: the market is already moving

The structural shift visible in Ankara is not only playing out in government spending plans, but also reshaping the European defence industrial landscape through a wave of M&A that is accelerating in both volume and strategic ambition. Just days before Ankara, Canadian Prime Minister Mark Carney announced that Germany's ThyssenKrupp Marine Systems (TKMS) had been selected as preferred bidder to supply up to 12 Type 212CD submarines — the largest defence procurement in Canadian history, with an estimated lifecycle value more than $100bn2. The decision was announced in Halifax before Carney travelled directly to the NATO summit, signalling the political intent clearly: Ottawa is deliberately drawing closer to Europe as its relationship with the US frays. TKMS supplies approximately 70% of NATO's conventional submarine fleet; Canada's selection embeds it firmly within a European-led naval architecture.

In the most significant European defence M&A transaction of the year, Thales signed a binding agreement on 3 July 2026 to buy the Gorgé family's 35.51% stake in Exail Technologies at €134 per share, implying an enterprise value of €3.9bn. The acquisition positions Thales to build a full-spectrum portfolio in autonomous mine countermeasures, uncrewed anti-submarine warfare, and resilient inertial navigation, adding €479m of 2025 revenue and an order book of €1.1bn to the group.

Completing a broader picture of European industrial consolidation, engine and drive systems group Deutz agreed to acquire privately held shipbuilder FFG (Flensburger Fahrzeugbau Gesellschaft) in a deal structured as approximately €1bn in cash funded with debt and an equity component of around €0.6bn through the issuance of Deutz shares to the seller families. The transaction deepens the integration of German industrial capacity into the defence supply chain, as FFG is a key builder of military and naval vessels across European programmes.

A multi-year rearmament cycle with durable political underpinning

For investors, the picture resolving out of Ankara is one of sustained, politically durable capital flows into European defence primes. This is not a short-cycle trade driven by headline risk. It is a structural reallocation of fiscal resources that governments across the continent have publicly committed to, in many cases legislated for, and which faces no credible political reversal across the major European economies.

The Ankara summit sharpens the capability-mix dimension. Four priority areas emerged explicitly:

- Air defence interceptors and ballistic missile defence
- Drone systems & counter-drone technology
- Military mobility & ammunition

- Combat aviation renewal

These map directly onto the revenue bases of the European primes that dominate the WisdomTree Europe Defence UCITS ETF (**Ticker: WDEF**). The ETF launched in March 2025 as the world's first European defence ETF and rapidly gathered assets as geopolitical events validated the structural thesis. Year to Date WDEF has garnered US$1.2bn net inflows, lifting assets under management to US$5.2bn3.

What distinguishes WDEF from conventional market-cap-weighted approaches is its unique revenue-based tilt in the weighting methodology. Rather than simply weighting constituents by size, the index tilts holdings toward companies where defence revenues represent a larger share of total revenues, giving greater weight to pure-play defence companies, and less weight to large, diversified conglomerates where defence is only one of several businesses.

The WisdomTree Europe Defence UCITS Index (**Ticker: WTEUDEFN**) is positioned for strong earnings growth, with earnings per share expected to rise by 24% in 2026 and 21.4% in 20274. This reflects expanding market share, multi-year procurement cycles, and increasing defence budgets across Europe. Dividends per share are also expected to grow over the next two years.

		2026		2027		2028	
Measure	Current	F12 Est	Growth	Y+1 Est	Growth	Y+2 Est	Growth
Earnings Per Share	12.42	15.4	23.97%	18.69	21.38%	22.18	18.63%
Cash Flow Per Share	21.32	22.23	4.28%	25.24	13.53%	31.61	25.24%
Dividends Per Share	5.1	6.38	25.02%	7.49	17.41%	8.97	19.83%
Book Value Per Share	65.95	75.87	15.04%	86.65	14.21%	99.16	14.44%
Sales Per Share	154.58	179.39	16.05%	200.96	12.02%	224.39	11.66%
EBITDA Per Share	22.33	28.77	28.89%	33.1	15.04%	38.17	15.30%
Net Debt Per Share	0.56	-6.19		-13.15	-112.33%	-21.44	-63.02%

Source: Bloomberg, WisdomTree as of 7 July 2026. **Forecasts are not an indicator of future performance and any investments are subject to risks and uncertainties.**

Conclusion

Ankara was more turbulent than The Hague — and arguably more consequential. It confirmed that US strategic reorientation away from European primacy is a durable feature of the transatlantic relationship, not an isolated episode. It produced US$50 billion in new defence contracts and a technology-transfer agreement on Patriot missile production. In the days surrounding it, landmark M&A activity signalled that European industry is moving to capture the rearmament cycle with conviction. It identified the specific capability gaps within air defence, ammunition, drone systems, combat aviation renewal, that will drive European defence order books over the next decade. The WisdomTree Europe Defence UCITS ETF offers investors pure-play, diversified access to the companies best positioned to benefit from this structural cycle.

1NATO overview of 2026 Ankara Summit 2026

2Euractiv as of 6 July 2026

3Bloomberg from 31 December 2025 to 7 July 2026

4Bloomberg Finance L.P. as of 10 July 2026

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