



Swiss Defence Industry Under Pressure

Impact of the vote on the War Materiel
Act (WMA)



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Executive Summary



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01 Executive Summary

On 29 November 2026, Swiss voters will decide on the revision of the War Materiel Act (WMA). The revision is intended to facilitate exports of defence goods to clearly defined partner countries—primarily in Europe. At the same time, subject to certain exceptions, the ban on re-exports would be waived.

Through this survey, Deloitte aims to contribute to an objective discussion of the impact of the proposed WMA revision on the Swiss defence industry and its companies.

Since the last WMA revision, the geopolitical and security environment has changed significantly. As a result, at its meeting on 20 June 2025, the Federal Council approved its first Defence Industry Strategy. It aims to preserve Switzerland’s remaining defence-critical industrial base (DCIB) and strengthen the security-relevant technology and industrial base (STIB) as a whole. This survey therefore examines the significance of the forthcoming WMA revision in light of these Federal Council objectives.

The survey yielded the following findings:

1.Existing control mechanisms hinder exports—clear export rules and re-exports are desired

Two thirds (64%) of the surveyed Swiss manufacturers of war materiel subject to the WMA, see the current export-control framework as creating substantial practical barriers to their export activities. Almost half of the manufacturers of special military goods and dual-use goods also criticise the existing rules. A large majority of manufacturers of war materiel (>72%) and special military goods (>63%) consider the WMA revision’s proposed simplification of export rules and permission to transfer goods onward (re-export) to be very important.

About the survey

The survey was conducted with the support of Swissmem from 16 July to 23 August 2026. It focused in particular on the perspectives of members of ASD (Aeronautics, Security and Defence), SSIG (Swiss Space Industry Group) and STA (Swiss Society for Technology and the Armed Forces), and on their roles as system integrators, suppliers and niche providers. Quantitative rating questions and qualitative comment questions were used to capture individual views.

A total of 66 companies participated. All generate revenue and employ staff in Switzerland and are directly or indirectly affected by the WMA revision. The sample is around two thirds of all relevant production companies. Of the respondents, 35% produce primarily (i.e. >50%) for the domestic market and 52% primarily for export. 38% manufacture war materiel subject to the WMA, 41% produce special military goods that are not conventional war materiel, and 67% manufacture dual-use goods for civilian and military purposes. The latter were also surveyed to provide an overall industrial-policy perspective, including dependence on security-related export-control regimes.



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01 Executive Summary

For companies with export-oriented, security-relevant products and supplies to international programmes, predictable export rules that are compatible with international practice are essential to remaining competitive.

2.Strong positive effects on revenue and business performance expected if the WMA revision is approved

Export-oriented companies—and especially manufacturers of war materiel—expect approval of the WMA revision to have a positive effect on revenue over the next 3–5 years. A good nine out of ten respondents (87%) clearly believe that the new rules would improve business performance through better export opportunities. Manufacturers of special military goods and dual-use goods, by contrast, assess the effects more cautiously because they are only indirectly affected by the WMA and find the positive impact harder to estimate.

3.A stronger defence industry, competitiveness and cooperation are expected

Nine out of ten respondents (93%) also believe that approval of the WMA revision would strengthen the Swiss defence industry overall. A further eight out of ten believe that Switzerland's international competitiveness would improve (80%) and its ability to participate in international cooperation programmes would increase (77%)—for example in joint ventures or European procurement and R&D projects. Many export-oriented companies are integrated into international value chains or programmes as suppliers and can succeed only if they can continue to cooperate internationally, work with foreign partners and conduct reliable cross-border business. The alternative is to relocate WMA-relevant production and jobs abroad.

Glossary

War materiel: Weapons, weapon systems, ammunition, explosives, and products and technologies specifically designed or modified for military purposes. These goods are subject to the WMA and require a special export licence.

Special military goods: Goods specifically designed or modified for military purposes but not classified as conventional weapons, ammunition or explosives (e.g. military training aircraft and military simulators). These goods are subject to the Goods Control Act (GCA) and require an export licence.

Dual-use goods: Goods with both civilian and military applications (e.g. machine tools, laboratory equipment, drones and chemicals). Because they can also be used for military purposes, they are subject to the GCA and require an export licence.



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4. Long-term weakening of Switzerland as an innovation hub feared if the WMA revision is rejected

If the WMA revision is rejected, nine out of ten respondents (91%) fear that Switzerland's position as a location for security-relevant key technologies would be weakened over the long term. Manufacturers of highly specialised technologies depend on exports because the Swiss market is too small. If export barriers and foreign customers' reservations about Switzerland remain high, the entire sector could weaken. Less may also be invested in new technologies, or more development may take place abroad, weakening Switzerland as an innovation hub and reducing the technological competitiveness of its defence industry.

5. Restricted access to supply chains and a weaker order book expected

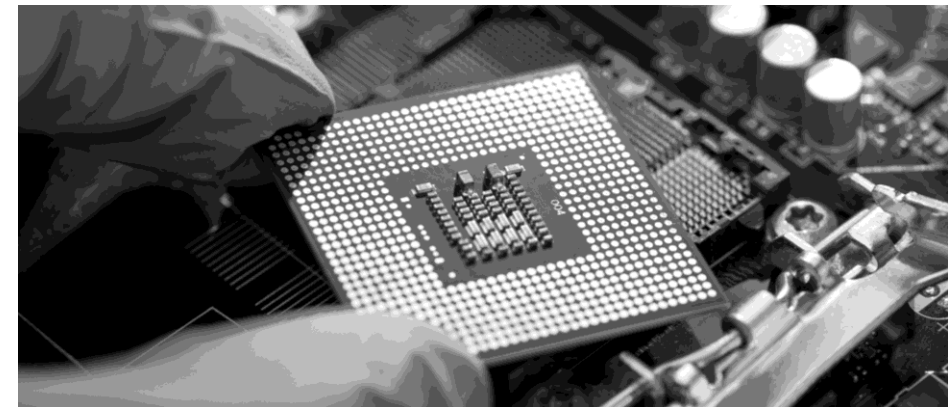
Three quarters of respondents also believe that access to international supply chains would become more difficult (76%) and that their order books would suffer (74%). Many

manufacturers of products or components used in international systems or programmes already feel exposed and face reservations from potential buyers. Rejection of the WMA revision would likely intensify this trend and directly affect orders. If the WMA remains restrictive, foreign system integrators could increasingly award contracts to countries with more liberal export regimes in order to avoid Swiss bureaucracy and restrictions.

6. Significant relocation of jobs and know-how feared

Almost two thirds (64%) of respondents also believe that rejection would lead to jobs being relocated abroad. Among manufacturers of war materiel, eight out of ten respondents (84%) expect jobs in parts of the value chain to move—for example R&D, production or key functions relocating to countries with more liberal export regimes. Relocating parts of the value chain often also transfers know-how. Alternatively, technological expertise may no longer be developed in Switzerland because it is more attractive to establish production

capacity and development teams directly abroad. The Federal Council's Defence Industry Strategy would not be successful, and Switzerland would lose its remaining relevance in the defence industry's international business.



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Context:

A challenging environment and extensive international dependencies



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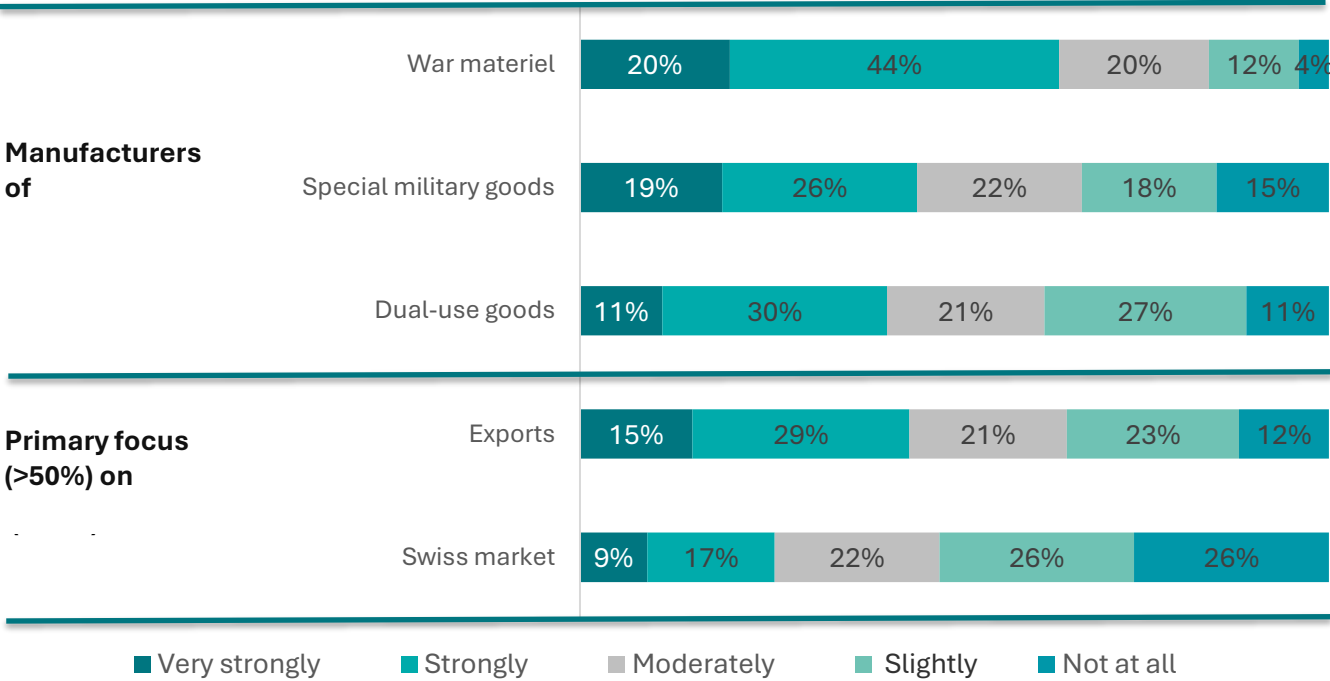
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Existing rules conflict with new operating conditions

- Since the last WMA revision, the geopolitical and security environment—and therefore the conditions for defence exports—have changed substantially. This includes the war in Ukraine, escalation in Iran, European cooperation projects, the list of partner countries and pressure on international supply chains. Higher defence spending, closer international cooperation, and more complex value and supply chains mean that supplies to security-relevant programmes are increasingly assessed in terms of their subsequent use, onward transfer and regulatory predictability.
- In this changed environment, two thirds (64%) of surveyed manufacturers of products and services subject to the WMA (war materiel) feel that control mechanisms strongly or very strongly impede their exports (see Fig. 1).

Fig. 1. Defence exports impeded by control mechanisms
(manufacturer focus, geographic focus)



Question: Under the current legal framework (as of 2026), to what extent are your defence exports impeded by control mechanisms?

02 Context: A challenging environment and extensive international dependencies

- Almost half of manufacturers of special military goods (45%) and dual-use goods (41%) also criticise the current control mechanisms, such as export licences, information requirements and end-use declarations. Although many of these products are not classified as war materiel under Swiss law because of their level of integration, foreign customers are often unaware of this when awarding new business and may exclude Swiss manufacturers as a precaution.
- According to respondents, many foreign system manufacturers and potential buyers of Swiss defence systems, subsystems and components have already adapted to the situation and are planning future projects without Swiss companies. Foreign manufacturers considering investment or expansion in Switzerland are making their decisions dependent on the applicable export rules and are awaiting the outcome of the vote. This is creating an investment

backlog and causing Switzerland to miss opportunities to participate in leading foreign key technologies and position its own technologies as targeted key systems for international partners.

Clear export rules at home and abroad are desired

- The large majority of manufacturers of war materiel (>72%) and special military goods (>63%) therefore consider the WMA revision's proposed simplification of export rules to partner countries and permission for onward transfer (re-export) of parts and assemblies within multinational programmes, to be very important (see Fig. 2). Amending the WMA would create clarity and certainty for many companies and foreign buyers.
- For export-oriented companies integrated into international value chains or programmes as suppliers, clear, predictable rules aligned with international practice are

highly important. Simplified procedures for partner countries with comparable export-control regimes could increase planning certainty, reduce delays and facilitate participation in multinational procurement and R&D projects, without undermining the fundamental responsibility of export controls.

- If the existing restrictions remain unchanged, respondents expect competitive disadvantages relative to suppliers in countries with comparable but more workable export-control regimes to increase.



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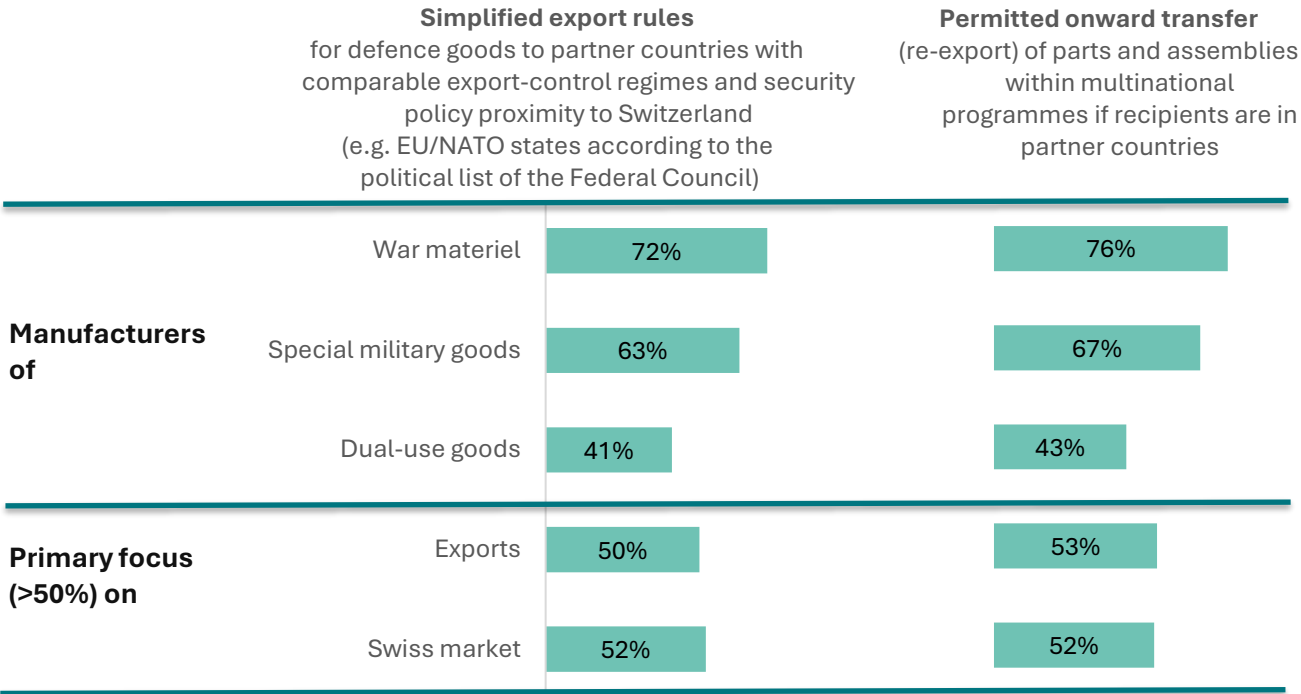


02 Context: A challenging environment and extensive international dependencies

- Interestingly, half of the companies that produce primarily (i.e. >50%) for the domestic market consider the two aspects—simplified export rules and permitted onward transfer (re-export)—to be just as important as companies producing primarily for export. If even a small share of production is exported, manufacturers may be affected by the existing control mechanisms.



Fig. 2. Simplified export rules and permitted onward transfer
(manufacturer focus, geographic focus; “Very important” responses only)



Question: How important are the following aspects to your company in connection with the WMA revision?



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Expected consequences if the WMA revision is approved: strengthening industry, competitiveness and cooperation



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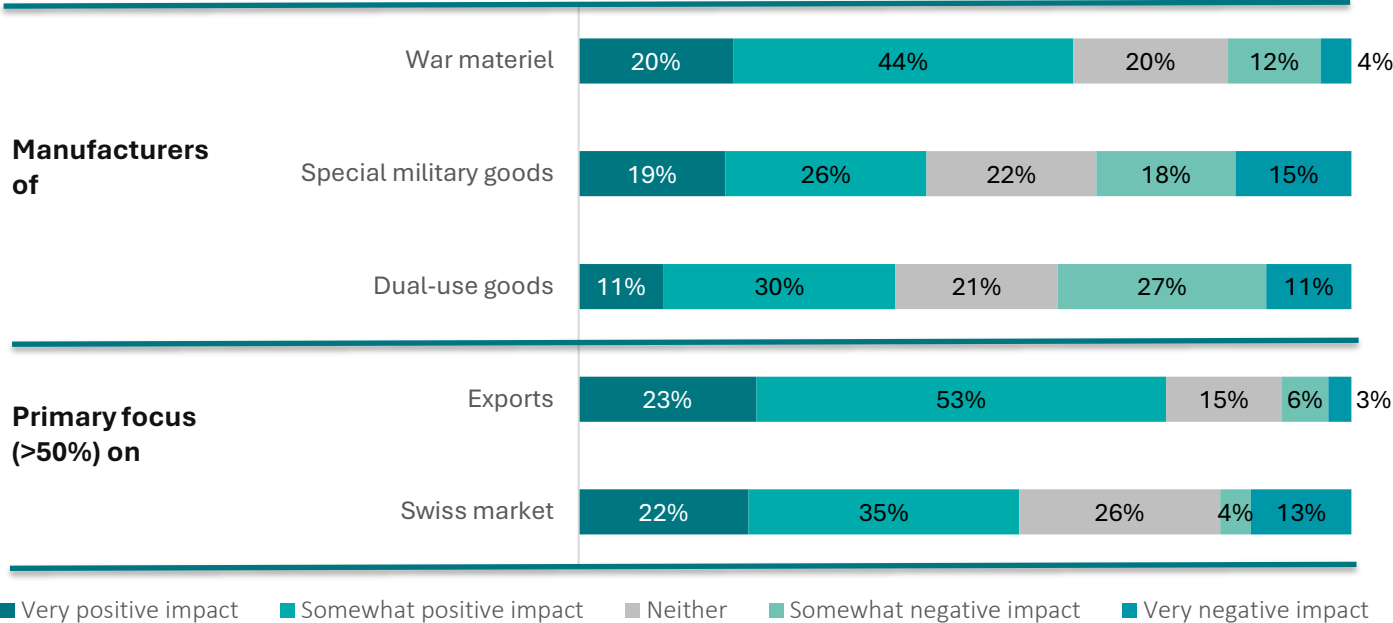


03 Expected consequences if the WMA revision is approved: strengthening industry, competitiveness and cooperation

Strong positive effects on revenue expected if the WMA revision is approved

- If the WMA revision is approved, export-oriented companies (76%) and manufacturers of war materiel (64%) expect the most positive impact on revenue (see Fig. 3). The large majority expect simplified export rules and permitted onward transfer to increase revenue over the next 3–5 years.
- Companies that do not exclusively manufacture conventional war materiel have a more mixed assessment: they expect fewer positive effects and in some cases fear a negative impact on revenue. This is probably because dual-use goods have historically been affected indirectly by restrictive WMA measures. Increased domestic competitive pressure from companies subject to the WMA may also become a factor.

Fig. 3. Impact on revenue over the next 3–5 years if the WMA revision is approved
(manufacturer focus, geographic focus)



Question: How strongly would approval of the WMA revision affect your revenue over the next 3–5 years?

03 Expected consequences if the WMA revision is approved: strengthening industry, competitiveness and cooperation

A stronger defence industry, competitiveness and cooperation are expected

- Regarding the main effects of approving the WMA revision, nine out of ten respondents believe that the Swiss defence industry as a whole would be strengthened (93%) and that their business performance would improve through better export opportunities (87%) (see Fig. 4). In particular, the revision should ensure that deliveries to reliable partner countries with comparable export-control regimes remain predictable in a changed geopolitical and security environment.

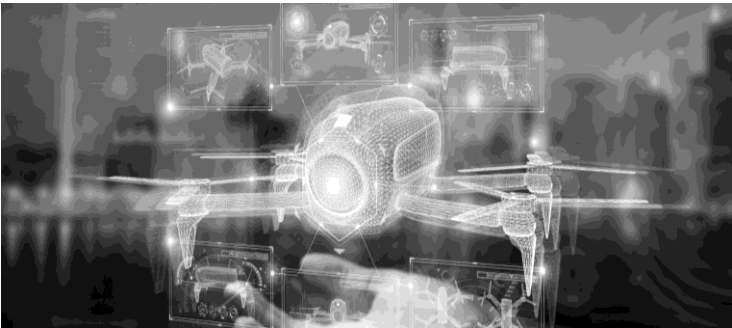


Fig. 4. Effects of approving the WMA revision



Question: Approval of the WMA revision would have various effects on Swiss companies. To what extent do you agree with the following statements for your company?

03 Expected consequences if the WMA revision is approved: strengthening industry, competitiveness and cooperation

- A further eight out of ten respondents believe that Switzerland's international competitiveness would be strengthened (80%) and its ability to participate in international cooperation programmes—such as joint ventures and European procurement and R&D projects—would improve (77%). For the large majority, cooperation and cross-border business are key to success.

Higher delivery reliability expected

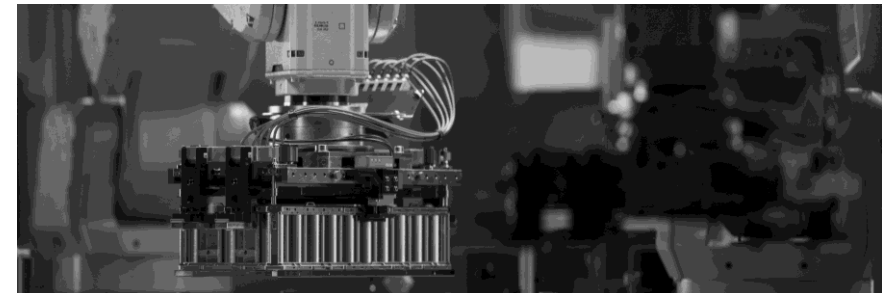
- For many companies, approval of the WMA revision is relevant not only to competitiveness and export capability, but especially to their ability to deliver reliably to customers (68% of respondents). If deliveries from Switzerland cannot be planned reliably because of restrictive licensing practices, the country's position as a dependable supplier is called into question.

- According to some respondents, European customers—particularly NATO countries—have lost confidence in the Swiss defence industry because the strict WMA means Switzerland is no longer viewed as a reliable partner. Foreign customers are uncertain and currently select Swiss suppliers only when there is no alternative. Approval of the WMA revision could reverse this trend.

Better planning certainty for investment decisions expected

- Two thirds (66%) also expect investment decisions to become easier if the WMA revision is approved, especially among export-oriented companies. Export-oriented manufacturers and technology leaders will invest in Switzerland only if they can export their technologies and products from Switzerland without major restrictions.

- Optimistic respondents believe approval of the WMA revision would once again justify new investment and the creation of jobs in Switzerland.
- More pessimistic respondents argue that the current WMA has already caused substantial investment to shift abroad in recent years and that this trend will be difficult to reverse. They do not expect investment in Switzerland to rise immediately after approval. The transfer of know-how abroad has already created many foreign locations that are more attractive for investment than Switzerland.



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Expected consequences if the WMA revision is rejected: loss of innovation, supply problems and relocation of jobs



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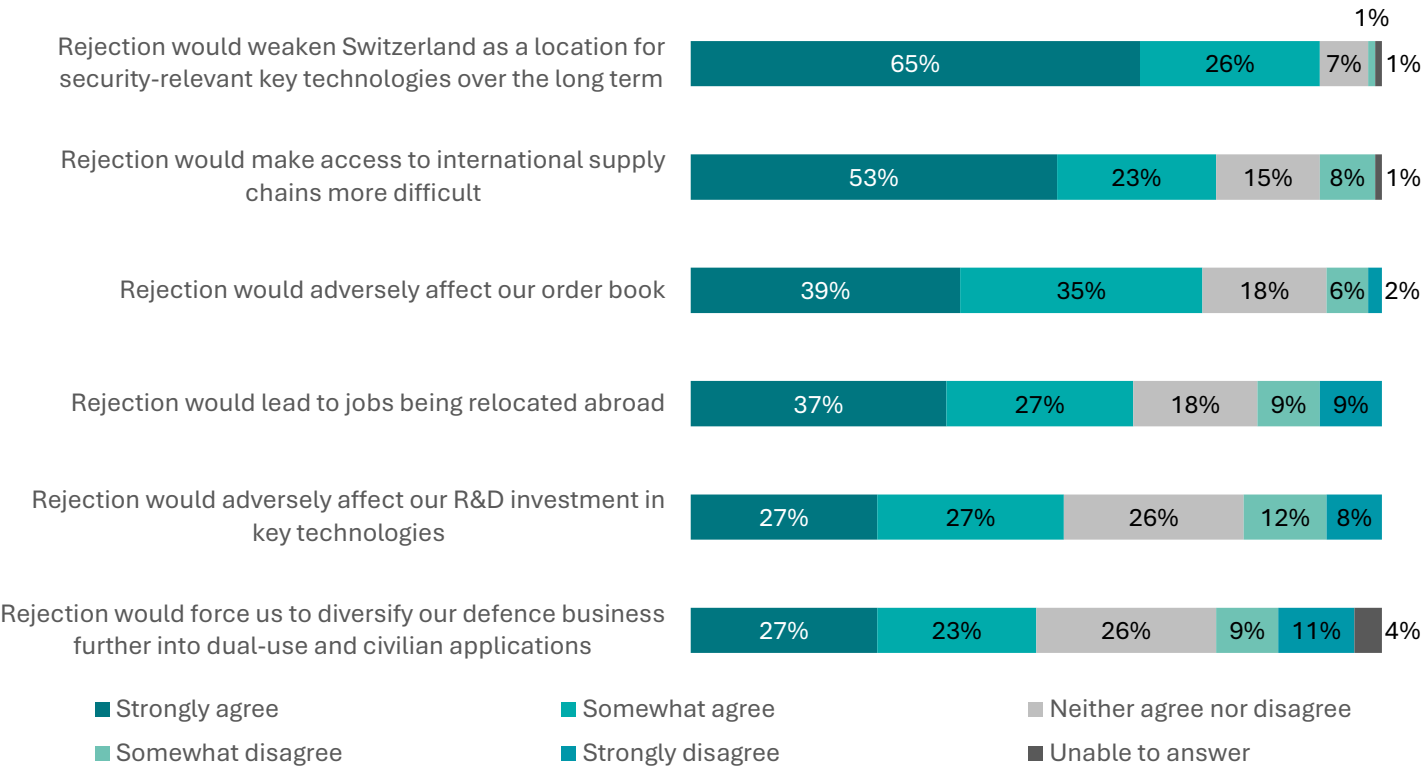
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Long-term weakening of Switzerland as an innovation hub feared if the WMA revision is rejected

- Regarding the main effects of rejecting the WMA revision, nine out of ten surveyed companies (91%) fear that Switzerland’s attractiveness as a location for security-relevant key technologies would be weakened over the long term. More than half (54%) believe that R&D investment in key technologies would be adversely affected (see Fig. 5).
- Many manufacturers of highly specialised technologies in Switzerland depend on exports because the domestic market is too small. If export barriers and foreign customers’ reservations about Switzerland remain high, respondents believe the entire sector could weaken.

Fig. 5. Effects of rejecting the WMA revision



Question: Rejection of the WMA revision would have various effects on Swiss companies. To what extent do you agree with the following statements for your company?

04 Expected consequences if the WMA revision is rejected: loss of innovation, supply problems and relocation of jobs

- New technologies could increasingly be developed abroad in future, weakening Switzerland as an innovation hub and reducing the technological competitiveness of the Swiss defence industry over the long term.

Restricted access to supply chains and a weaker order book expected

- Three quarters of respondents also believe that rejection of the WMA revision would make access to international supply chains more difficult (76%) and adversely affect their order books (74%).
- Many manufacturers of products or components used in international systems or programmes already feel exposed and face reservations from potential buyers. Rejection of the WMA revision would likely intensify this trend and further weaken orders. If the WMA remains restrictive, foreign system integrators would increasingly award contracts to other countries to avoid Swiss bureaucracy and restrictions.

Significant relocation of jobs and know-how feared

- Almost two thirds (64%) of respondents also believe rejection of the WMA revision would lead to jobs being relocated abroad. Among manufacturers of war materiel, this view is far more pronounced than among manufacturers of special military goods and dual-use goods: eight out of ten respondents (84%) expect parts of the value chain—such as R&D, production or key functions—to move to countries with more liberal export regimes. Some respondents even fear that not only jobs but entire companies could leave Switzerland.
- Relocating parts of the value chain often also transfers know-how. Alternatively, technological expertise may no longer be developed in Switzerland because it makes more sense to establish production capacity and development teams abroad.

Different levels of pressure to diversify into dual-use and civilian applications

- If the WMA revision is rejected, manufacturers of special military goods and dual-use goods expect the greatest pressure to diversify further from defence into dual-use and civilian applications, as these activities are governed by the less stringent GCA rather than the WMA.
- Manufacturers of war materiel do not necessarily see an immediate strategic withdrawal from defence as unavoidable. More realistically, they expect individual investments, development activities or key functions to be located in future at sites offering more reliable export conditions.



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