

War material: re-export, financing and neutrality

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

War material in the narrow sense is governed by the Federal Act of 13 December 1996 on War Material (War Material Act, KMG, SR 514.51). The Act prohibits nuclear, biological and chemical weapons, anti-personnel mines and cluster munitions outright. For all other war material, manufacture, brokering, export and transit require a licence, which is granted according to the criteria in Article 22a. They include the maintenance of peace, international security and regional stability, the internal situation in the country of destination, including respect for human rights, the development cooperation efforts of Switzerland, the behaviour of the recipient country towards the international community and the positions of the states that participate in the international export control regimes.¹

Article 18 KMG is the provision at the heart of the Ukraine debate. As a rule, an export licence may be granted only for deliveries to a foreign government or to a company acting on its behalf, and only if that government declares that the material will not be re-exported. Components and assemblies that are incorporated abroad into a product and not re-exported unchanged are exempt.² Because Swiss law also required the refusal of exports to countries involved in an international armed conflict, and because neutrality law requires the equal treatment of belligerents in arms matters, the Federal Council refused to consent to the re-export of Swiss material to Ukraine. On 3 November 2022 Economics Minister Guy Parmelin rejected for the second time a German request to pass 12,400 rounds of Swiss-made 35-millimetre ammunition for the Gepard anti-aircraft tank to Ukraine. The government stated that under the principle of equal treatment in neutrality law Switzerland could not agree to the transfer of war material to a country engaged in an international armed conflict.³ Similar requests from Denmark, Spain and the Netherlands were also refused. The refusals damaged the Swiss arms industry. The Netherlands halted purchases of Swiss weapons, and

Germany excluded Swiss manufacturers from certain procurement procedures.⁴

The political reaction went through several stages. Proposals for a “Lex Ukraine”, which would have allowed re-exports to Ukraine specifically, failed in 2023 when negotiations between the Centre, the Liberals and the Social Democrats collapsed.⁵ In September and December 2023 both chambers adopted a motion asking for a power of the Federal Council to deviate from the licensing criteria in extraordinary circumstances. The National Council approved it by 117 votes to 74.⁶ The Federal Council then submitted a bill (business 25.024). Parliament went further than the government proposed. In the version debated in the Council of States, countries listed in Annex 2 of the War Material Ordinance may pass on war material received from Switzerland without Swiss consent, and licence applications for these countries are granted unless extraordinary circumstances exist.⁷ The final text, adopted on 19 December 2025, applies to twenty-five countries, among them seventeen EU member states and states such as the United States, Canada, Japan, Australia, New Zealand and Argentina. Re-exports to Ukraine remain excluded, since the rules have no retroactive effect, and the Federal Council retains a power of veto where national interests are at stake.⁸

The amendment has not yet entered into force. An alliance of some fifty organisations, including the Group for a Switzerland without an Army, the Social Democrats and the Greens, launched a referendum. The Federal Chancellery confirmed on 30 April 2026 that 58,767 of the 58,952 signatures submitted were valid. The vote is scheduled for 29 November 2026.⁹ Meanwhile the industry has recovered somewhat. Swiss companies exported war material worth CHF 948.2 million to 64 countries in 2025, 43 per cent more than the CHF 664.7 million of 2024. Germany was the largest recipient with CHF 386.4 million, followed by the United States, Hungary, Italy and Luxembourg, and 86 per cent of exports went to Europe.¹⁰

For the financial centre, the most relevant provisions of the War Material Act are the financing prohibitions. Article 8b prohibits the direct financing of the development, manufacture or acquisition of prohibited war material, meaning nuclear, biological and chemical weapons, anti-personnel mines and cluster munitions. Direct financing covers the granting of credits, loans and donations or comparable financial advantages. Article 8c extends the prohibition to indirect financing, such as participation in companies that develop, manufacture or acquire prohibited war material or the acquisition of bonds or other investment products issued by such companies, where

the indirect financing is intended to circumvent the prohibition of direct financing. Both provisions were inserted by an amendment of 16 March 2012 and have been in force since 1 February 2013.¹¹ The requirement of an intent to circumvent in Article 8c makes the indirect prohibition narrow. An asset manager who buys shares of a diversified defence group that produces cluster munitions in one of its divisions does not commit an offence unless the investment serves to channel financing that could not be granted directly. Nonetheless, most Zurich banks and asset managers maintain exclusion lists that go further than the statute, partly because of their sustainability policies and partly because of the expectations of institutional clients.

A popular initiative sought to extend the prohibition to all war material producers. The initiative “For a ban on financing war material producers”, launched by the Group for a Switzerland without an Army and the Young Greens, would have prohibited the Swiss National Bank, foundations and pension funds from investing in companies that generate more than five per cent of their turnover from war material. On 29 November 2020 it was rejected by the people and the cantons. According to the early results, Geneva, Jura, Neuchâtel and Ticino were the only cantons among those counted that accepted it, while about 42 per cent of voters supported it.¹² The vote shows the balance that Swiss voters strike between the ethical concerns of a financial centre and the freedom of investors, a balance that the forthcoming vote on re-exports will test again.

1 Notes

1. Parliamentary synopsis on business 25.024, “Bundesgesetz über das Kriegsmaterial”, <https://www.parlament.ch/centers/eparl/curia/2025/20250024/S11%20D.pdf>, reproducing Art. 22a KMG in its current version and the amendments proposed. ↩
2. KMG, Art. 18, <https://www.droit-bilingue.ch/de-fr/5/51/514.51-18-25.html>. ↩
3. swissinfo.ch, “Switzerland refuses to budge on German ammunition request”, 3 November 2022, <https://www.swissinfo.ch/eng/politics/switzerland-refuses-to-budge-on-german-ammunition-request/48028348>. ↩
4. swissinfo.ch, “Switzerland eases arms export rules as its industry is shunned by Europe”, <https://www.swissinfo.ch/eng/neutrality/switzerland-eases-arms-export-rules-as-its-industry-shunned-by-europe/90836288>. The

article also reports that Swiss arms exports fell by 27 per cent in 2023 and by a further 5 per cent in 2024. ↩

5. watson.ch, “Ausfuhr von Kriegsmaterial: Jetzt muss das Volk entscheiden”, 20 March 2026, <https://www.watson.ch/schweiz/armee/914669538-ausfuhr-von-kriegsmaterial-jetzt-muss-das-volk-entscheiden>. ↩
6. humanrights.ch, “Kriegsmaterialausfuhr – Entwicklung Gesetzgebung”, <https://www.humanrights.ch/de/ipf/initiativen-parlament/korrektur-initiative/chronologie/>. The chronology also records the earlier tightening of the Act by the indirect counter-proposal to the “Korrektur-Initiative”, adopted in October 2021 and in force since 1 May 2022. ↩
7. Parliamentary synopsis on business 25.024 (cited above), Art. 18 para. 1bis and Art. 22a para. 2bis as adopted by the Council of States. ↩
8. watson.ch, “Ausfuhr von Kriegsmaterial: Jetzt muss das Volk entscheiden” (cited above); swissinfo.ch, “Switzerland eases arms export rules as its industry is shunned by Europe” (cited above). ↩
9. Federal Council, “Abstimmungsvorlagen für den 29. November 2026”, 30 June 2026, <https://www.admin.ch/de/newnsb/KpnrPOW9cpZAvB6IXOekf> On the referendum, see Federal Chancellery, “Kriegsmaterialgesetz: Referendum zustande gekommen”, 30 April 2026, <https://www.bav.admin.ch/de/newnsb/6FKPS4DauZHEk2eUaf-eO>, which records that 58,767 of the 58,952 signatures submitted were valid. ↩
10. Federal Council, “Ausfuhr von Kriegsmaterial im Jahr 2025”, <https://www.admin.ch/de/newnsb/TH6DWe30NGhy7CIVBW22P>. The press release notes that war material accounted for 0.21 per cent of total Swiss merchandise exports. ↩
11. KMG, Arts. 8b and 8c, <https://www.droit-bilingue.ch/de-fr/5/51/514.51-8b-13.html> and <https://www.droit-bilingue.ch/de-fr/5/51/514.51-8c-14.html>. ↩

12. [swissinfo.ch](https://www.swissinfo.ch/ger/kriegsgeschaefte-initiative-scheitert-am-volks-und-staendemehr/46191702), “Kriegsgeschäfte-Initiative scheitert am Volks- und Ständemehr”, 29 November 2020, <https://www.swissinfo.ch/ger/kriegsgeschaefte-initiative-scheitert-am-volks-und-staendemehr/46191702>. The figure of 42 per cent was an early gfs.bern projection reported in the article. ↩

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