

# ***Defense capability*** is an important location factor

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## At a glance

- In view of the geopolitical upheavals, Switzerland's defense capability must be strengthened. After all, a strong economy requires physical security.
- The politically agreed increase in military spending to 1% of GDP must be ensured without additional revenue by setting priorities in the federal budget.
- For armaments procurements that go beyond this, the umbrella organization supports a temporary increase in VAT of a maximum of 0.5 percent over ten years, with these funds being used exclusively to finance armaments procurements.

The financial requirements for the armed forces and for civilian security areas are rising sharply due to the security situation in Europe and the world. As the necessary leeway for expanding Switzerland's defense capabilities could not be created as part of the 27th budget reduction package (EP27), the Federal Council proposed a ten-year increase in value-added tax by 0.8 percentage points. This is intended to generate the funds for a new fund to be created to finance armaments expenditure.</p></div>
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## Important arms procurements to strengthen security

economiesuisse recognizes the additional need for action with regard to Switzerland's security and defence. After all, a strong economy requires physical security. Despite the considerable negative impact of tax increases, economiesuisse therefore supports an increase in VAT of a maximum of 0.5 percentage points. The increase must be limited to ten years and serve exclusively to finance armaments procurement to strengthen military security.</p></div>

## Prioritize in the federal budget - comply with the debt brake

Economiesuisse rejects the additional 0.3 percentage point increase in VAT to finance a fundamentally stronger defense - in particular the rearmament target of 1 percent of GDP by 2032 and civilian security tasks. This expenditure must be financed by setting priorities within the federal budget. The debt brake must not be touched and must also be strictly adhered to when financing armaments expenditure via the armaments fund.</p></div>

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