

How the Pentagon Stole 158 Million USD from Switzerland

Imagine you walk into a restaurant, order a bottle of wine and a steak, and the waiter tells you: “Pay for the wine upfront; we’ll charge the steak when it arrives.” You hand over the cash for the wine — promptly, in good faith. Hours pass. The kitchen is silent — no wine, no steak, nothing. When you complain and say you’re freezing any further payments until something actually shows up, the manager smiles and replies: “Oh, we’ve already taken your wine money and booked it toward the steak. It’s all one big tab anyway — our policy lets us move funds between your orders whenever one side is short. The kitchen is ramping up in the back... just not for your table right now.”

That is exactly how Switzerland feels right now.

In late March 2026, Swiss public broadcaster SRF revealed that the United States had quietly redirected roughly 126 million Swiss francs — approximately 158 million USD — in payments Switzerland had already made, in full and on time, toward its F-35 fighter jet program. Those funds were shifted inside a single pooled Foreign Military Sales (FMS) trust fund to cover shortfalls in Switzerland’s separate Patriot air-defense contract, even though Bern had frozen Patriot payments precisely because of massive delivery delays caused by U.S. prioritization of other allies. Switzerland, a model customer that had never been slow to pay, found its good-faith payments quietly rebooked to keep cash flowing to Lockheed Martin despite zero visible progress on its own orders.

Switzerland’s Patriot Order: Deprioritization, Not Default

As part of its Air2030 modernization program, Switzerland ordered five Patriot fire units (batteries) alongside up to 36 F-35A Lightning II stealth fighters (later trimmed to around 30 for cost reasons). Both programs route all payments through the U.S. Foreign Military Sales system. Switzerland met every payment schedule without delay.

Patriot deliveries were originally scheduled to begin in 2026–2028. In 2025 Washington first cited priority for Ukraine, pushing Swiss deliveries back. Then the Iran conflict erupted, and the Pentagon deprioritized Switzerland’s order even further. By early 2026 Bern was told the timeline had slipped four to five years — possibly longer — while program costs ballooned by up to 50 percent, from roughly 2 billion to 3 billion CHF. In autumn 2025 Switzerland froze further Patriot payments, arguing that without verifiable manufacturing or delivery progress it had no obligation to keep paying.

The F-35 program faced its own cost overruns and production strains, but Switzerland had continued making those payments into the shared fund, fully expecting the two programs to be treated as separate.

The Mathematical Futility of the Iran Conflict

This was not happening in a vacuum. The United States and Israel burned through Patriot interceptors at a staggering rate in the war against Iran. In just the first four days of the conflict, U.S. and allied forces fired 943 Patriot missiles — roughly the entire production output of 18 months under normal peacetime rates.

Each Patriot PAC-3 MSE interceptor costs about 3.9–4.2 million USD. The low-cost Iranian Shahed drones they were shooting down cost between 20,000 and 50,000 USD apiece. Iran is manufacturing around 10,000 of these drones per month. The mathematics are unforgiving:

- A single Patriot shot costs roughly 100 times more than the average Shahed drone.
- At current production rates (~50–60 missiles per month), it would take over 16 years just to match one month of Iranian drone output — assuming perfect efficiency that never exists in combat.

Even with Lockheed Martin's promised quadrupling of production to 2,000 missiles per year, the math remains impossible: $10,000 \text{ drones per month} \div 167 \text{ missiles per month} = \mathbf{60 \text{ months (5 years)}}$ just to match Iran's current production rate — and this assumes perfect intercept efficiency, which never occurs in real combat.

This mathematical impossibility goes beyond strategic failure — it represents a fundamental breach of the contractual basis. When fulfillment is mathematically impossible due to circumstances entirely within the control of the seller (prioritizing other customers for geopolitical reasons), the buyer's obligation to perform is excused under international law principles. Switzerland rightly judged this promised step-up was meaningless in the face of Iran's overwhelming production advantage. The delivery date for Swiss Patriots had effectively slipped to infinity not because of production delays, but because the entire strategic approach was mathematically doomed to fail. This rational assessment — based on strategic analysis, not reluctance to pay — prompted Bern to suspend progress payments.

This mathematical futility is the real reason the Pentagon redirected the Swiss F-35 money. The cash transfer was never about helping Switzerland receive its long-delayed systems. It was a deliberate maneuver to use Swiss taxpayer funds to bankroll America's own war effort in the Middle East — keeping production lines running and interceptors flowing for U.S. and Israeli operations against Iran, even as Switzerland's own orders remained deprioritized and undelivered. In effect, neutral Switzerland was forced to subsidize the very conflict that had made its Patriot deliveries impossible in the first place.

The Pooled-Fund Loophole

Under FMS rules, **all** Swiss payments for U.S. weapons — F-35s, Patriots, or anything else — flow into one single pooled trust fund managed by the Pentagon. The contract language explicitly allows the U.S. to reallocate money between a customer's own programs whenever one side shows a shortfall.

Switzerland treated the two contracts as separate leverage points and acted in good faith. It suspended Patriot payments and expected F-35 money to stay ring-fenced for that program. Instead, the Pentagon simply moved existing F-35 funds over to keep the Patriot side alive, bypassing the freeze completely. Cash continued flowing to Lockheed Martin and its partners even though there had been little to no progress on Switzerland-specific deliveries for either system. To plug the resulting hole in its F-35 budget, the Swiss Defense Ministry was forced to advance tens of millions of extra taxpayer francs ahead of schedule.

Political Fallout in Switzerland

Armasuisse director Urs Loher, Switzerland's top armaments official, confirmed the redirection to SRF but could only describe the amount publicly as "a low three-digit million" sum. He called the situation "very unsatisfactory." The episode has triggered parliamentary questions in Bern and renewed calls for a full investigation. Lawmakers across the spectrum are now openly discussing whether to cut the F-35 order even further or seek European alternatives (such as France's SAMP/T) for future air-defense needs to avoid this kind of dependence on a supplier that places smaller, neutral partners at the back of the queue.

A Moral and Ethical Reckoning

There is no international criminal court that will prosecute this as "theft" or "fraud." Yet by any moral or ethical standard — and certainly under common-law principles of contract, good faith, and unjust enrichment — the Pentagon's maneuver feels indistinguishable from bad-faith dealing. Switzerland paid on time, met every obligation, and simply exercised its right to withhold further payments on a program that had been effectively deprioritized into oblivion.

This incident exposes a fundamental sovereignty violation: Swiss taxpayers who funded their nation's defense found their money redirected to finance U.S. wars of aggression in the Middle East. This was never merely a contractual dispute. It was a neutral country being forced to subsidize conflicts entirely outside its security interests, with its citizens' tax dollars used for purposes that directly contradict Switzerland's long-standing foreign policy of neutrality.

The principle of *pacta sunt servanda* ("agreements must be kept") is a cornerstone of international law. While the technical language of the FMS pooled fund may give the U.S. a contractual fig leaf, the spirit of the deal — progress-based payments tied to verifiable delivery — was undermined. Switzerland asked only for the performance it had contracted for. Instead, its money was redirected to underwrite a program deprioritized for reasons entirely outside Bern's control.

Switzerland's experience is now part of a growing record of why nations should be extremely cautious about entering defense contracts with U.S. manufacturers. The United States has developed a terrible reputation as a defense contractor - one that prioritizes po-

litically connected customers over contractual obligations, uses financial loopholes to extract maximum value regardless of delivery, and builds dependency only to exploit it for geopolitical ends. Pooled funds offer administrative convenience for the seller but strip the buyer of intended leverage. When you pay upfront for the wine and the restaurant books it toward a steak that never arrives — while the real cooking is happening for someone else's urgent order — you quickly learn who really controls the tab.

Whether Bern can extract compensation, penalties, or greater transparency remains to be seen. For now, this episode stands as a textbook case of asymmetric power in defense contracting: the buyer writes the checks, meets every deadline, and still gets pushed to the back of the line. Switzerland did nothing wrong. It simply discovered, the hard way, that good faith is not always reciprocated when geopolitical expediency calls.