

1956: the arrival of Cargill

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The establishment in Geneva of Cargill, the world's leading grain trader, marks, according to *Le Temps*, the beginning of a new era for commodity trading in Switzerland, in whose wake dozens of foreign traders would settle.¹ The Federal Department of Foreign Affairs places the arrival of Cargill and Alcoa at around 1950.² The Geneva subsidiary, Tradax, became the centre of the American group's international trade.

In a rare interview given to the *Journal de Genève* in 1993, a vice-president of Cargill explained this choice: Europe, ravaged by the war, had an enormous need for cereals, so that it was necessary to set up close to all the potential markets.³ Geneva offered that proximity, together with neutrality, stability, favourable taxation for companies with international activities, banks capable of financing trade and a multilingual workforce.

The history of Tradax illustrates Geneva's role in East–West trade during the Cold War. In February 1964, representatives of its Geneva and London offices negotiated in Moscow the sale of 700,000 tonnes of cereals, a first that marked the beginning of a long relationship. A special department was created in Geneva in 1966 to deal with the Soviet Union. In 1972, poor harvests caused Soviet demand to leap to 29 million tonnes, which enabled Cargill to record for the 1972–1973 financial year a record profit of USD 107 million, against USD 40 million the previous year.⁴ These colossal sales, which contributed to the surge in cereal prices, gave rise in the United States to criticism of the large traders.⁵

Swiss neutrality thus allowed American companies to trade with the Soviet Union from Geneva, in a context where direct relations were politically delicate. This function of intermediary between blocs, heir to the function of passage performed by the medieval fairs, was one of the driving forces behind the development of Geneva commodity trading during the Cold War.

Worked example. The sale of 700,000 tonnes of cereals negotiated in Moscow in 1964, at a hypothetical price of USD 60 per tonne, represented a contract of around USD 42 million, a considerable sum for the time. The sales of 1972, covering tens of millions of tonnes, more than doubled Cargill's annual profit, from USD 40 million to USD 107 million. The 1964 tonnage and the profits are attested by the source cited, whereas the price per tonne is an assumption.

1 Notes

1. "Cargill, l'université genevoise du trading", Le Temps, 10 June 2023. ↩
2. Federal Department of Foreign Affairs, cited above. ↩
3. Le Temps, 10 June 2023, cited above, quoting Jake Mermagen. ↩
4. Le Temps, 10 June 2023, cited above. ↩
5. Le Temps, 10 June 2023, cited above. ↩

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