

Arbitration in commodity trading and finance

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Arbitration occupies a particular place in commodity trading, which Parts G and H will describe. Contracts for the sale of oil, metals, grain or sugar almost always contain an arbitration clause, often in favour of specialised institutions established in London, such as the trade associations for grain, oilseeds or sugar, or of general institutions such as the International Court of Arbitration of the International Chamber of Commerce, with the seat in Geneva, London, Paris or Singapore.¹ The disputes concern the quality and quantity of the goods, delivery delays, payment defaults, force majeure, sanctions and the termination of contracts.

Geneva, where many trading companies are established, hosts a share of these arbitrations and is home to lawyers and arbitrators who specialise in this field. The combined presence of the traders, the banks that finance them, the inspection companies that certify the goods, the insurers and the lawyers makes the city a natural venue for the resolution of trading disputes.

In finance, arbitration is less widespread, since banking contracts generally provide for the jurisdiction of the ordinary courts. It is nonetheless developing for certain disputes: disputes between banks and institutional clients, disputes concerning structured products, litigation between shareholders of financial institutions, and disputes arising from mergers and acquisitions. The confidentiality of arbitration is attractive to parties who wish to avoid the publicity of court proceedings.

Disputes between banks and their private clients fall first within the scope of mediation, which the Financial Services Act has made mandatory for providers serving private clients, and then within that of the civil courts. The Swiss Arbitration Centre is among the ombudsman bodies recognised for this purpose.² Mediation, which is less costly and quicker than a trial, allows many disputes to be resolved without contentious proceedings.

1 Notes

1. GAFTA, “Arbitration” page (gafta.com): the GAFTA arbitration rules (Rules No. 125, in the version in force since 1 July 2024) are incorporated into all of its standard contracts; the arbitration, seated in London, has two tiers (first-tier tribunal, then Board of Appeal) and an expedited procedure (Rules No. 126). ↩
2. Berne Chamber of Commerce, “Arbitrage”, bern-cci.ch (accessed September 2026). ↩

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