

Commodity trading and the transition

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Commodity trading, described in Part G, occupies a paradoxical position in sustainable finance. The Geneva trading houses handle a significant share of the world's oil, gas and coal, the combustion of which is the leading cause of climate change. They also trade copper, nickel, lithium, cobalt and the other metals that the energy transition requires in growing quantities, as well as the agricultural products on which food security depends. The same companies finance gas-fired power stations and copper mines, refineries and charging parks. Their Geneva banks, which finance their flows, are exposed to the same contradictions.

This position creates both risks and opportunities. The risks are regulatory, with the climate reporting obligations that apply to the largest traders; reputational, with the campaigns targeting those who finance the fossil fuel sector; and financial, with the possibility that fossil assets lose their value before the end of their economic life. The opportunities lie in the demand for transition metals, in the carbon markets, where traders bring their know-how, and in alternative fuels, whose flows are beginning to resemble those of hydrocarbons. The Geneva traders have begun to publish emission reduction targets and to invest in metals and renewable energies, with a sincerity that observers judge to be uneven.¹ The coming decade will tell whether Geneva's commodity trading is an obstacle to the transition or an instrument of it; in all likelihood it will be both.

1 Notes

1. Trafigura, 2022 Annual Report: “We made good progress on our commitments to reduce greenhouse gas emissions from our operations by 30 percent compared to a 2020 baseline”; Nala Renewables joint venture with IFM Investors (target 4 GW, 2.8 GW at the end of 2022) and a one-gigawatt renewable hydrogen project in Denmark; Wikipedia (en), art. “Mercuria” (Beyond6, 2021); Public Eye, “La flotte géante des négociants suisses” (The giant fleet of the Swiss traders), 17 January 2024, and Climate Home News, 30 September 2025 (Kariba carbon credits marketed by South Pole). ↩

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