

Metals trading and the transition

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Metals occupy a growing place in Geneva trading, alongside Zug, the traditional centre for metals. Copper, aluminium, nickel, zinc, cobalt and lithium are the raw materials of the energy transition, demand for which is growing with electricity grids, electric vehicles and batteries. Their trading combines physical contracts, hedges on the metal exchanges and the financing of inventories and mines.¹ The metals markets have had their own crises, including the suspension of the nickel market in March 2022, after a price surge that threatened several traders and the exchange itself.²

Geneva's metals trading is distinguished by its relationship with Africa, described in Part I: the copper and cobalt of the Democratic Republic of the Congo, of Zambia and of other countries pass through Geneva contracts and financing, with the questions of traceability, artisanal mining and corruption that these countries raise. The European due-diligence requirements on conflict minerals and batteries, described in Part H, reach Geneva traders through their European customers. The energy transition thus makes metals trading a craft in which compliance and sustainability count as much as arbitrage.

1 Notes

1. IEA, press release of 11 July 2023 presenting the Critical Minerals Market Review 2023: market for energy-transition minerals of 320 billion dollars in 2022, doubled in five years; demand for lithium tripled, for cobalt up 70 per cent and for nickel up 40 per cent between 2017 and 2022; investment up 30 per cent in 2022 after 20 per cent in 2021; Trafigura, press release of 8 December 2022: 23.3 million tonnes of non-ferrous metals traded, bulk minerals up 10 per cent to 91.3 million tonnes. ↩

2. Wikipedia (en), art. “LME Nickel”: “On 8 March 2022, the LME suspended trading in all nickel contracts and canceled trades executed on or after midnight local time”; prices having more than doubled to exceed 100,000 dollars a tonne; unrealised losses of 8 billion dollars for the Chinese group Tsingshan; reopening on 16 March 2022; art. “London Metal Exchange”: action brought by Elliott Management (456 million dollars) and fine of 9.2 million pounds imposed by the Financial Conduct Authority. ↩

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