

Reading a commodity trading statistic: three pitfalls

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The experience of the debates on the weight of commodity trading makes it possible to identify three pitfalls into which commentators, policymakers and sometimes practitioners regularly fall.

The first pitfall is the confusion between turnover and value added. Trading houses announce turnover of several hundred billion dollars, which reflects the value of the goods handled. These amounts bear only a distant relationship to the wealth created in Switzerland, which is measured by value added, or to profits, which represent a fraction of it. Presenting commodity trading by its turnover amounts to confusing the price of the cargoes with the income of the traders.

The second pitfall is the confusion between financial flows and physical flows. The assertion that a third of the world's oil passes through Geneva, repeated by several sources, refers to contracts whose barrels follow other routes.¹ It measures the share of contracts negotiated from Switzerland in world trade, with the uncertainties that such an estimate entails. It means neither that the oil passes through Switzerland nor that Swiss traders own a third of the world's oil.

The third pitfall is the confusion between Swiss entities and groups. A group with its headquarters in Singapore, part of its activities in Geneva and subsidiaries in twenty countries distributes its value added, its profits and its taxes among these entities according to transfer pricing rules. Attributing to Geneva all of the group's results, or only those of the Geneva entity, leads to opposite conclusions. The Federal Statistical Office's statistics measure the Swiss entities, whereas the groups' annual reports measure the whole.

These pitfalls are not peculiar to commodity trading. Wealth management experiences comparable confusions between assets under management, assets deposited in Switzerland and the assets of foreign clients. Statistical

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rigour constitutes, for a financial centre that sells trust, a requirement of credibility.

1 Notes

1. “Matières premières. Genève, plate-forme mondiale dans le négoce” (Commodities. Geneva, a global platform for trading), *Le Temps*, 16 February 2023; Federal Department of Foreign Affairs, Presence Switzerland, “Négoce de matières premières” (accessed September 2026). ↩

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