

The distribution of value

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The central question in the trade in African commodities is that of the distribution of value between producing countries, traders and consumers. African countries export raw commodities whose processing and marketing, which concentrate a significant share of the value added, take place elsewhere. Traders capture part of this value through their margins, their logistical and financial services and, at times, through dominant positions or questionable practices.

The criticism levelled at Geneva trading concerns several points: the prices obtained by the producing countries, which are sometimes below market prices because of information asymmetry or corruption; pre-financing, which provides immediate liquidity at the cost of expensive future commitments; tax optimisation, which locates profits in low-tax jurisdictions; and opacity, which prevents the citizens of producing countries from checking what their governments receive.¹

The traders reply that they provide indispensable services — outlets, financing, logistics, risk management — which the producing countries could not provide on their own, that they operate in a competitive market where margins are thin, and that they contribute to the countries' revenue through the prices they pay and the taxes they settle. They also point to the progress made in transparency and compliance.

The debate cannot be settled in general terms. It depends on the products, the countries, the contracts and the practices. The transparency of sales and payments, the quality of the governance of the national companies, competition between buyers and the ability of producing countries to negotiate are the decisive factors. The Geneva financial centre has an interest in this debate being conducted on the basis of verifiable facts, which presupposes transparency commitments that the following chapters will examine.

Caution. The distribution of value between African producing countries and traders depends on the prices obtained, the terms of pre-financing, the location of profits and the transparency of payments. Geneva traders dealing with African national companies must be able to demonstrate the fairness and compliance of their operations.

1 Notes

1. Déclaration de Berne, Swiss Trading SA. La Suisse, le négoce et la malédiction des matières premières (Switzerland, commodity trading and the resource curse), Lausanne, Éditions d'en bas, 2011; NRGI, Big Sellers, June 2019 (79% of the sales identified, that is USD 1,200 billion, made in countries with “weak” or “poor” scores in the 2017 Resource Governance Index); International Crisis Group, Oil or Nothing: Dealing with South Sudan’s Bleeding Finances, 6 October 2021 (pre-financing by traders approaching, or even exceeding, one billion dollars); Public Eye, “Payment transparency: and Switzerland?” (USD 55 billion paid from 2011 to 2013 to the ten main oil producers of sub-Saharan Africa). ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/geneva-the-distribution-of-value