

The national oil companies: governance and issues

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The African national oil companies — those of Nigeria, Angola, Congo, Gabon, Equatorial Guinea, Cameroon, Ghana and others — are the main counterparties of the Geneva traders for oil. They hold the share of production accruing to the state, market it and pass the proceeds on to the Treasury. Their governance determines how the oil rent is distributed between the state, the executives and the intermediaries.

The quality of this governance varies considerably. Some companies publish their sales, organise tenders and transfer their proceeds in full. Others sell by private negotiation, on opaque terms, and retain part of the proceeds for unbudgeted expenditure. The corruption cases described in Part H — Congo, Côte d'Ivoire, Angola — involved national companies or their subsidiaries, whose executives were bribed to award contracts.

For the Geneva traders, the national company is at once an indispensable partner and a risk. The procedures for allocating cargoes, the identity of the executives, the destination of payments and the transparency of sales are the points requiring vigilance. The Extractive Industries Transparency Initiative, of which several African countries are members, has extended its requirements to the sales of state-owned enterprises. The traders that have committed to it publish their payments.¹

1 Notes

1. Requirement 4.2 of the 2019 EITI Standard on sales of the state's share of production, broken down by purchasing company; Extractive Industries Transparency Initiative, "Le commerce des matières premières" (Commodity trading), eiti.org, cited above. ↩

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Online version: helveticaregister.com/geneva-the-national-oil-companies-governance-and-issues