

Banks, credit lines and the market shock of 2022

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

The economic shock came before the legal one. The reporting of March 2022 counted 123 commodity trading companies in Ticino, 51 of them specialized in minerals and metals with 575 employees, and about 1,000 employees in the commodity trade as a whole. The sector contributed about 2 per cent of the cantonal GDP and about CHF 70 million in taxes. More than fifteen firms were directly affected by the paralysis of trade with Russia and Ukraine.¹ Prices rose abruptly: hot-rolled coil went from about USD 600 to USD 1,400 per tonne and heavy plate from about USD 650 to nearly USD 2,000. The secretary of the Lugano Commodity Trading Association, Marco Passalia, described "ships stopped, credit lines blocked and companies on the verge of collapse". A manager in the trade explained that banks required greater coverage for credit because of the price swings.²

The banks' reaction followed from their own exposure. A bank that had financed a cargo of Russian steel under a letter of credit before 15 March 2022 had to establish whether it could still be paid, whether the documents could be presented and whether the counterparty was owned or controlled by a listed person. It also had to assess whether its American correspondent would process the dollar payment. Trade finance for the Black Sea trade became unavailable within days. The consequences for documentary credits, guarantees and borrowing base facilities are treated in Chapter G.I.

1 Adaptation since 2023

Since 2023 the Lugano steel trade has adapted. Supply has shifted to Turkish, Indian, Asian and North African mills, while the processing rule has made the documentation of the origin of inputs a routine part of every contract. The Russian-owned houses have reduced or reorganized their activities. They have not all disappeared: the executive committee of the Lugano Commodity Trading Association, as approved by its general

assembly on 3 December 2025, includes a representative of NLMK Trading SA beside representatives of DITH SA, Coeclerici Compagnie SA, Valcambi SA and several banks.³ The trade in Russian grain and fertilizers was never prohibited. In August 2022 Switzerland made clear that trade in agricultural and food products with Russia was excluded from the measures and created exceptions to keep payment channels open for such trade.⁴ For a Lugano trader in agricultural commodities, Russian wheat therefore remains a lawful product, provided that the counterparties are not listed, the vessels are not designated and the payment routes do not involve listed banks.

Essentials. The Russian steel export companies in the Luganese were affected by two distinct mechanisms. Their owners' listings brought the freeze to companies owned or controlled by listed persons, subject to authorizations by SECO. The ban on purchasing Russian iron and steel (Art. 14a Ukraine Ordinance) applied to every person in Switzerland, whether Russian-owned or not, and removed the business of reselling Russian steel from Lugano. Agricultural trade with Russia remains lawful, subject to listings and payment restrictions.

2 Notes

1. Franchini, [swissinfo.ch](https://www.swissinfo.ch), 29 March 2022 (above). ↩
2. Franchini, [swissinfo.ch](https://www.swissinfo.ch), 29 March 2022 (above) (prices; Passalia; manager Sergiy Dynchev). ↩
3. Lugano Commodity Trading Association, "Comitato esecutivo", <https://www.lcta.ch/lcta-comitato-esecutivo/> (composition approved by the general assembly of 3 December 2025). ↩
4. SECO, press release of 3 August 2022 (above). ↩

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/lugano-banks-credit-lines-and-the-market-shock-of-2022