

How a Lugano steel trade works

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A typical transaction illustrates what a Lugano steel trader does. The trader agrees with a mill in Turkey, India or Vietnam to buy 20,000 tonnes of hot-rolled coil on CFR terms (cost and freight to a named port) under Incoterms 2020, and at the same time sells the cargo to a service centre near Brescia on DAP terms (delivered at place). The purchase contract provides for payment by documentary credit, which the trader's bank in Lugano or Geneva opens in favour of the mill. The sale contract provides for payment against documents or on open account, perhaps insured with a credit insurer. An inspection company certifies weight and quality at loading. The trader charters or books space on a vessel, insures the cargo and arranges discharge in Ravenna or Marghera, customs clearance in Italy and onward delivery by truck. If prices fall during the voyage, the trader either hedges with steel futures, where a liquid market exists, or bears the loss.¹ Chapter F.II treats the contracts and their governing law, and Chapter G.I the documentary credit and the financing.

This structure explains the fragility of steel trading at times of political crisis. A trader whose supplier is in a sanctioned country cannot obtain a letter of credit, a trader whose buyer refuses delivery after a price fall must find another buyer at a loss, and a trader whose cargo is stuck in a closed port pays demurrage and financing costs without revenue. All three risks materialized for Lugano's steel traders in 2022.

In figures. In 2021 Ticino counted 48 trading firms in ores and metals with 541 employees, 60 per cent of the canton's core trading employment.² In 2023 the cantonal yearbook counted 45 such firms with 518 employees.³ Duferco's trading arm DITH, majority-owned by the Chinese HBIS group since 2015, employed about 250 persons in Lugano in 2025.⁴ MMK Steel Trading has been established in Ticino since 2002 and NLMK's trading arm since 2007.⁵

1 Notes

1. International Chamber of Commerce, Incoterms 2020 (ICC Publication No. 723E, Paris 2019), rules CFR and DAP. The transaction is a composite illustration and does not describe any particular firm. ↩
2. BFS, Statistik der Rohstoffhändler (NMP) (above). ↩
3. USTAT, 12 Denaro e banche (March 2026, above), T. 12.6. ↩
4. La Regione, 22 October 2025 (above). ↩
5. Franchini, Swissinfo, 1 April 2022 (above). ↩

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