

Integration: from trading to production

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

The largest traders have integrated vertically, acquiring mines, oil fields, refineries, storage terminals, ports and ships. Glencore's merger with Xstrata in 2013, described in Chapter II, was the most important example of this integration in Zug. Integration gives the trader access to supply, reduces its dependence on other producers and allows it to capture the margins of the entire chain. It also changes the nature of its risks. A trader that owns mines bears the risks of mining, including the environmental and human rights risks that the critics of the industry have documented. Such a trader also becomes subject to the regulation of the countries where the mines are located.

Vertical integration has legal consequences that the practitioner must recognise. A company in Zug that owns, directly or through subsidiaries, a mine in the Democratic Republic of Congo, a smelter in Zambia or an oil field in Chad is exposed to the laws of those countries, to the scrutiny of their authorities and to claims by the communities affected by its operations. It may also be exposed to proceedings in Switzerland, where the courts of the company's seat have jurisdiction over claims against it. The question whether a Swiss parent company is liable for the conduct of its foreign subsidiaries was the subject of the Responsible Business Initiative. Although the initiative failed, the question remains. The European Union's due diligence directive will bring it back for groups within its scope, although the amending directive of 2026 removed its harmonised civil liability regime and kept only procedural facilitations for claimants.¹

1 Notes

1. Directive (EU) 2024/1760, eur-lex.europa.eu: Art. 29 (civil liability) in the original version; Art. 2(2) originally covered third-country companies with a net turnover in the Union of more than EUR 450 million. Noerr, "CSDDD – Amending Directive published in the Official Journal of the European Union", noerr.com: Amending Directive (EU) 2026/470, published 26 February 2026, removed the harmonised civil liability framework (with a review clause) while retaining procedural facilitations (limitation periods, disclosure of evidence); third-country companies are covered above a net turnover in the Union of EUR 1.5 billion; transposition by 26 July 2028, application from 26 July 2029. Treated in Part E. ↩

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/zug-integration-from-trading-to-production