

Payment flows and the choice of currency

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

The commodity trade is conducted overwhelmingly in United States dollars. Since oil, metals and most agricultural commodities are priced in dollars, the payments for the cargoes pass through the correspondent accounts of the banks in New York. The use of the dollar has two consequences for the traders of Zug. It gives them access to the deepest and most liquid financial market in the world. At the same time, it exposes them to the jurisdiction of the United States, whose authorities regard the clearing of a dollar payment through an American bank as a sufficient connection to apply their sanctions and, in some cases, their anti-corruption laws.

Sanctioned states, above all Russia, have attempted to move their commodity trade into other currencies, such as the Chinese renminbi, the Indian rupee or the dirham of the United Arab Emirates, and have developed payment systems outside the Western banking network. These efforts have created a parallel trading system that the traders of Zug, bound by the sanctions described in Chapter III, cannot use. For the practitioner, the choice of the currency and of the payment route of a transaction has become a compliance question. The use of an unusual currency or payment route for a commodity transaction is a red flag that must be examined.

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-payment-flows-and-the-choice-of-currency