

Philipp Brothers: the school of the traders

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The history of the commodity trade in Zug begins with a company that had been founded more than half a century earlier in Germany. In 1901, Julius Philipp established a metal trading business in Hamburg. His brother Oscar founded Philipp Brothers in London in 1909, and during the First World War the business was established in New York by Siegfried Bendheim as Philipp Brothers, Inc.¹ The New York company became the largest metal trading company in the world, above all through its role in the Bolivian tin industry from 1926. After Bolivia nationalised its mines in 1952, Philipp Brothers secured an exclusive relationship with the state mining company, COMIBOL, and dominated the global trade in tin.²

The Bolivian episode illustrates the business model that Philipp Brothers perfected and that its alumni would carry to Zug. The trader did not own mines. It bought the output of producers, often state-owned producers in developing countries, financed their operations through prepayments, transported the metal to the consuming markets and sold it to industrial users. Its profit came from the margin between purchase and sale, from its knowledge of markets and from its relationships with producers and governments. The relationship with a state producer, secured through years of cultivation and often through arrangements that later generations would scrutinise closely, was the most valuable asset of the business.

In 1957, Philipp Brothers established a Swiss company in Zug. Philipp Brothers AG was entered in the commercial register on 20 March 1957, with a capital of 500,000 francs and Sigmund Jeselsohn as its director. Its purpose was trade of any kind, in particular in ores, metals, metal alloys and chemicals.³ The Winterthur lawyer Charles Jucker, who arranged the establishment, served as its sole board member. The company's arrival marked the beginning of the commodity cluster that would, within three decades, make Zug one of the principal trading centres of the world.

The parent company passed through several changes of ownership. In 1967, it was acquired by the Engelhard Minerals & Chemicals Corporation. In 1981, it was spun off as the Phibro Corporation, which acquired the investment bank Salomon Brothers in the same year. It became part of Citigroup in 1998, before Occidental Petroleum acquired Phibro in 2009 for about 250 million dollars.⁴ In 1982, Phibro employed 245 people in Zug while its worldwide turnover reached 25 billion dollars.⁵

The significance of Philipp Brothers for Zug lies above all in the people it trained. Philipp Brothers was the school of a generation of commodity traders. Its alumni founded or led many of the trading houses that dominated the industry in the last quarter of the twentieth century. The most famous of them, Marc Rich, founded his own company in Zug in 1974.

1 Notes

1. Wikipedia (English), "Phibro", accessed September 2026: origins in 1901, when Julius Philipp established a metal trading firm in Hamburg; his brother Oscar founded "Philipp Brothers" in London in 1909; during the First World War operations expanded to New York through Siegfried Bendheim's establishment of Philipp Brothers, Inc. ↩
2. Wikipedia (English), "Phibro": the company became the largest metal trading company in the world through its operations in the Bolivian tin industry from 1926; after the nationalisation of mining assets in 1952 it secured an exclusive relationship with the state mining company COMIBOL, enabling it to dominate global tin trading. ↩
3. Zug in der Welt, "Der wichtigste Wirtschaftskluster im Kanton Zug": Philipp Brothers registered on 20 March 1957 with 500,000 francs capital; Dr Sigmund Jeselsohn director; purpose "trade of any kind, especially with ores, metals, metal alloys and chemicals"; Charles Jucker sole board member. ↩
4. Wikipedia (English), "Phibro": acquired by Engelhard Minerals & Chemicals Corporation in 1967; spun off as Phibro Corporation in 1981 and subsequently acquired Salomon Brothers; part of Citigroup from 1998 following its merger with Travelers Group; acquired by Occidental Petroleum in 2009 for approximately 250 million dollars; purchased by Energy Arbitrage Partners in 2016. ↩

5. Zug in der Welt, "Zug mit Steuern steuern": in 1982 Phibro employed 245 persons in Zug; worldwide turnover of 25 billion dollars. ↩

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