

The effect on Zug's economy

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

The effect of the sanctions on the economy of Zug has been limited in aggregate. The Russian-linked companies accounted for a small share of the canton's employment and tax revenues. The large traders compensated for the loss of Russian business with other sources of supply and earned record profits in 2022 because of the volatility of energy prices.¹ The cantonal tax revenues continued to rise, as Part B described. The loss of Nord Stream 2 AG and the reduction of other Russian-linked activities did not visibly affect the cantonal budget.

The effects on reputation were more significant, since the international press described Zug as a centre of Russian business and as a place where oligarchs hid their assets. The canton's authorities and business associations rejected this image, noting that the Russian-linked companies represented a small part of the local economy and that the sanctions were applied fully. The debate nonetheless reinforced the criticism of the commodity sector and of the canton's business model that non-governmental organisations had expressed for years. It contributed to the political pressure for stronger regulation of the commodity sector, although that pressure has so far not led to a specific law.²

1 Notes

1. S&P Global Commodity Insights, "Glencore reports record trading profits despite oil volumes shrinking", 15 February 2023, spglobal.com: record adjusted marketing earnings of USD 6.38 billion in 2022. Public Eye, "War and crises – and commodity traders are making record profits", publiceye.ch: Trafigura doubled its profit to USD 7 billion in 2022. Energy Connects (Bloomberg), "Oil Trader Vitol Doubled Average Pay on Record \$15.1 Billion Profit", July 2023, energyconnects.com. ↩

The effect on Zug's economy

2. Public Eye, press release "Swiss parliament calls for a commodity trading act and wants the enforcement of sanctions against Russia inspected", September 2023, publice.ch: on 20 September 2023 the National Council adopted an SP motion calling for legal rules for commodity trading (101 to 89 votes) and on 21 September 2023 a Foreign Affairs Committee proposal for a report on compliance with the Russia sanctions in the commodity sector (135 to 50). ↩

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-the-effect-on-zug-s-economy