

The traders' withdrawal

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Glencore announced at the beginning of March 2022 that it would review its stakes in Rosneft and En+. At the end of March, it declared that it would not enter into new trading business in Russian commodities and that there was no realistic way to exit those stakes in the current environment.¹ It continued to fulfil existing contracts where the sanctions permitted. The Geneva traders took similar decisions: Trafigura sold its stake in Vostok Oil in July 2022, while Gunvor and Vitol reduced their Russian business to the minimum required by existing contracts. By the end of 2022, the large Swiss-based traders had largely withdrawn from the trade in Russian oil.²

The trade itself continued elsewhere, as new trading companies, many of them established in Dubai and other jurisdictions that did not apply the sanctions, took over the Russian oil trade. Some of them were suspected of acting for the Russian producers themselves. A shadow fleet of old tankers with opaque ownership transported Russian oil to buyers outside the sanctioning states.³ Before the war, Swiss-based traders had handled an estimated 50 to 60 per cent of Russian oil exports. Although that share fell sharply, Swiss companies remained free to trade Russian commodities that were not sanctioned, such as some metals, fertilisers and grain.⁴

1 Notes

1. Glencore, press release "Completion of review of Russian business activities", 30 March 2022, [glencore.com](https://www.glencore.com): follows the statement of 1 March 2022; no new trading business in Russian-origin commodities unless directed by the relevant government authorities; existing contracts honoured where sanctions permit; no realistic way to exit the stakes of 10.55 per cent in EN+ and 0.57 per cent in Rosneft. S&P Global Commodity Insights, 15 February 2023, [spglobal.com](https://www.spglobal.com): Glencore retained its minority stakes in Rosneft and EN+ at the end of 2022 and still saw no viable exit. ↩

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2. Trafigura, press release "Trafigura completes the exit of its investment in Vostok Oil", 13 July 2022, trafigura.com: stake acquired by Nord Axis Limited. Public Eye, "Russian oil trade in Switzerland: a fake farewell?", 20 March 2023, publiceye.ch: before the war, 50 to 60 per cent of Russian export barrels were sold by Swiss-based traders; Trafigura stopped buying from Rosneft from 15 May 2022 and sold its 10 per cent stake in Vostok Oil; Vitol fulfilled its legal obligations towards Russian producers; Gunvor took two crude cargoes in 2022 (March and July). S&P Global Commodity Insights, 15 February 2023, spglobal.com: Glencore's crude and products volumes fell by about a quarter in 2022 because of its pullback from Russia. ↩
3. Public Eye, "Russian oil trade in Switzerland: a fake farewell?", 20 March 2023, publiceye.ch: about ten small trading companies with opaque ownership, many registered in Dubai (e.g. Paramount Energy & Commodities DMCC and Tejarinaft, the latter suspected of acting as a front for Rosneft), took over Russian crude flows; Lukoil's trading arm Litasco moved its leadership to Dubai; a shadow fleet of about 400 ageing tankers carries Russian oil. ↩
4. Public Eye, "Russian oil trade in Switzerland: a fake farewell?", 20 March 2023, publiceye.ch: before the war, Swiss-based traders handled 50 to 60 per cent of Russian oil exports. ↩

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