

The view from the producing countries

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The relations between Zug and the East appear differently from the perspective of the producing countries. For many in Russia and Kazakhstan, the Swiss trading companies were intermediaries that captured part of the value of national resources. The transfer of margins to low-tax jurisdictions reduced tax revenues at home, while the offshore structures allowed owners to move wealth abroad beyond the reach of domestic authorities. The Russian government's deoffshorisation campaign after 2014 was directed at this pattern. Kazakhstan's investigations into the foreign assets of its former elite after 2022 pursued a similar aim.¹

For others, the Swiss connection was an advantage. It gave producers access to world markets, to trade finance and to professional expertise while also offering a measure of legal protection in an uncertain environment. The same Swiss company that critics saw as a tool of capital flight was, for its owners, a safeguard against arbitrary state action. Both views contain part of the truth. The history of Zug's ties to the East illustrates the ambivalence of an international business location that serves clients from countries with weak institutions: it provides services that those clients need, and the same services can be used to escape the rules of their home countries.

1 Notes

1. The Astana Times, "Kazakh President Signs Law on Return of Illegally Acquired Assets", July 2023, astanatimes.com: law on the return of illegally acquired assets to the state signed on 12 July 2023, with mechanisms of international legal cooperation for the enforcement of court decisions abroad. ↩

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