

Trading across the lines of politics

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

The success of Marc Rich + Co. rested in large part on a willingness to trade where others would not. The company supplied a considerable part of South Africa's oil needs between 1979 and 1993, at a time when the apartheid regime was subject to an international oil embargo. It supplied oil to Israel from Iran during the American embargo on Iran that followed the hostage crisis of 1979.¹ These trades were possible because Switzerland was not bound by the embargoes in question, because the company operated from Zug, and because its founder understood that the governments that imposed embargoes often tolerated, or even depended on, the trades that circumvented them.

The episode shows, in extreme form, the function that Swiss neutrality and Swiss law could perform for a commodity trader in the Cold War. A company in Zug was subject to Swiss law, and Switzerland did not participate in the oil embargoes of the United Nations against South Africa or in the unilateral embargoes of the United States against Iran. What was prohibited to an American company in New York was permitted to a Swiss company in Zug. The trader who understood this difference, and who had the relationships and the courage to exploit it, could earn margins that were unavailable to his competitors.²

The same understanding would later lead Swiss commodity traders into difficulties. The sanctions of the United Nations became binding on Switzerland through federal ordinances, and from 2002, when Switzerland joined the United Nations, through the Embargo Act. The United States extended the reach of its sanctions to non-American companies through the use of the dollar, through secondary sanctions and through the prosecution of foreign companies. The European Union developed its own sanctions regimes, which Switzerland largely adopted. The space in which a Swiss trader could operate beyond the reach of the sanctions of the major

powers narrowed step by step until, after 2022, it largely disappeared. Part E and Part I examine this development.

1 Notes

1. SRF, "Von der Marc Rich AG zu Glencore": Rich traded with South Africa's apartheid regime despite international embargoes, supplying "a considerable portion of South Africa's needs between 1979 and 1993"; he also supplied oil to Israel sourced from Iran during the US import embargo following the 1979 hostage crisis. ↩
2. CORDIS (European Commission), "Nationales Forschungsprogramm «Beziehungen Schweiz – Südafrika» abgeschlossen", cordis.europa.eu: Switzerland abstained from the international sanctions of 1986, invoking the constitutionally guaranteed freedom of trade and commerce; Josef Lang, "Marc Rich verlängerte die Apartheid", WOZ Die Wochenzeitung, 4 July 2013, woz.ch: the UN General Assembly called for a general oil embargo against South Africa in 1977, and Rich was by far the most important breaker of the oil embargo according to the Shipping Research Bureau; Cultures Contexts (University of Texas), "Marc Rich and Switzerland: An Uneasy Relationship", 30 June 2013, sites.utexas.edu: neutral Switzerland abstained from international actions against other countries, including trade embargoes. Treated in Part E. ↩

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-trading-across-the-lines-of-politics