

Transit trade: why the goods never touch Switzerland

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The commodities traded from Zug almost never pass through Switzerland. A cargo of copper concentrate bought from a mine in Chile and sold to a smelter in China is shipped directly from Chile to China. The trading company in Zug buys and sells it on paper, arranges the shipping and the financing and books the margin. This form of trade, known as merchancing or transit trade, is recorded in the Swiss balance of payments as a receipt from trade in goods: the net receipts of the Swiss traders from the purchase and sale of goods that do not cross the Swiss border.¹

The transit trade makes the commodity business almost invisible in the physical economy of the canton. No ships dock in Zug, no warehouses store the metals, no pipelines carry the oil. The business consists of offices, screens, telephones, contracts and bank accounts. Its presence is visible in the office buildings of Baar and Zug, in the international staff who work in them and in the tax revenue that the canton receives from their profits. This invisibility has contributed to the long public indifference to the commodity trade in Switzerland, which a communications study has described as a "blind spot" of the Swiss public.²

1 Notes

1. Swiss National Bank, "Zahlungsbilanz und Auslandvermögen der Schweiz 2016", snb.ch: the SNB compiles the balance of payments in accordance with the IMF Balance of Payments and International Investment Position Manual, 6th edition (BPM6); merchancing covers goods bought abroad and resold abroad without entering or leaving Switzerland, and its net receipts (sales minus purchases) are recorded in the current account as receipts from goods. See also Stephanie Krell and Pınar Yeşin (SNB), "Transithandel: Ein Gradmesser der

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Globalisierung", Die Volkswirtschaft, February 2023, dievolkswirtschaft.ch. ↩

2. Angelo Gisler, "Rohstoffhandel – Blinder Fleck der Schweizer Öffentlichkeit", commsLAB AG, 28 May 2024 (updated 2 June 2026), commslab.com: on the basis of the Swiss Economy Reputation Index (SERX), media attention to the commodity trade is low relative to its economic weight and concentrated on Glencore. ↩

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