Broad dialogue on commodity trading and human rights initiated

08.07.2022

At a glance

economiesuisse hosted various commodity trading stakeholders this week to discuss responsible business conduct in the industry. The focus was on human rights due diligence. Examples from the cocoa and metal mining sector show: The industry has already made measurable progress. However, important challenges remain.

Switzerland is one of the world's leading hubs for trade in agricultural commodities, oil, metals and minerals. Around 900 companies are active in commodity trading, which in turn employ around 10,000 people. The sector is therefore important for the Swiss economy. At the same time, commodity trading has repeatedly been the subject of criticism in Switzerland. In particular, the companies concerned are accused of a lack of transparency or disregard for human rights in politically unstable countries.

Workshop with broad participation of Swiss commodity trading sector

Together with the Institute for Business Ethics at the University of St. Gallen and the Commodity Club Switzerland, economiesuisse therefore investigated how human rights due diligence is implemented in practice. In a workshop, representatives of various commodity sectors were brought together with exponents from science, administration and consulting. The inclusion of all relevant actors of the Swiss commodity market proved to be very valuable.

Concrete measures within the framework of human rights due diligence

It was clearly expressed in the discussion that the commodity industry has already made measurable progress in terms of responsible business conduct. Many companies have increased their efforts to identify negative impacts of their business activities on human rights and to initiate preventive measures. Last year, for example, the Swiss coffee trade entered into a public-private partnership with the Sustainable Trade Initiative (IDH) and State Secretariat for Economic Affairs SECO to close income gaps for Colombian coffee farmers. In metal mining, too, proof of a well-developed and efficient social management system (including IRMA (Initiative for Responsible Mining Assurance) -certification) is increasingly required.

Regulatory developments, but also stricter requirements from investors

A rethink in the industry began years ago with specific initiatives. This development was reinforced by national and international rules. In addition, investors and clients are increasingly demanding more transparency. Finally, media coverage has also led companies to improve their human rights practices and report on them more transparently, as research by the University of St Gallen shows.

Challenges must be addressed

Despite this progress, there are still several challenges that need to be addressed. For example, the local population should be better informed and involved in the project plans of commodity trading companies. The establishment of grievance mechanisms is also becoming increasingly important. In addition, commodity trading companies should undertake more comprehensive planning that also identifies and manages medium- and longer-term human rights impacts.

economiesuisse welcomes the fact that this workshop was able to initiate a broad dialogue on commodity trading and human rights and is committed to continuing this dialogue in favour of a sustainable commodity trading sector in Switzerland.

Luc Schnurrenberger
Deputy Head of International Relations

© economiesuisse | www.economiesuisse.ch