TRADING
A flagship activity of the canton of Vaud
TRADING: A VERY DISTINCT VAUD FLAVOR

A multitude of companies are active in the canton in the trading of commodities, particularly coffee.

Trading has been an established activity in the region for several decades. It makes a significant contribution to the economy and employs talent from many countries around the world. This activity represents niche expertise that remains very important for the canton, especially in terms of coffee, with companies such as Nespresso and Starbucks Coffee Trading.

“Companies set up where industrial customers and business expertise can be found,” explains Stéphane Graber, general secretary of the Swiss Trading and Shipping Association (STSA). The canton of Vaud can take pride in having the most important coffee trading houses in the world. They value the proximity to the major purchasing groups of Nespresso, Nestlé, Keurig and Starbucks.”

SOME KEY FIGURES SHOWING THE IMPORTANCE OF TRADING IN SWITZERLAND AND THE CANTON OF VAUD

The trading of commodities represents over 10,000 jobs in the Lake Geneva region and a contribution to GDP of 3.6% (larger than that of tourism), or approximately CHF 25 billion per year.

Trading companies are primarily SMEs. More than two-thirds (70.3%) have fewer than 50 employees.

More than 800 merchant ships are operated from Switzerland, placing the country 11th in the world maritime rankings, level with Norway and the United Kingdom (and above the Netherlands).

It is estimated that 60% of the world’s coffee is traded from Switzerland, much of it from the canton of Vaud. As for sugar, Switzerland’s share is around 50%, compared to 35% for oil and grain.

“The canton of Vaud benefits from the advantages of Swiss neutrality and stability.”
Trading has been a peak activity for the canton for over a century. Could you provide a brief history of its development?

Commodities trading developed in the canton of Vaud back in the 19th century with the emergence of big names such as Nestlé (1866) and André (1877), founded in Nyon, which was to become one of the major trading companies of agricultural commodities in the world. Many more companies joined this list of historic firms in the aftermath of the Second World War, then others in 1956, with the establishment of a large number of Egyptian cotton traders. These successive waves strengthened the core of companies active in the sector and allowed positive synergies to contribute to its consolidation. It should be noted that there is a substantial maritime transport hub in the canton of Vaud which is closely linked to commodities trading activities.

What advantages does the canton of Vaud offer?

It benefits from the advantages of Swiss neutrality and stability. Historically, it has always benefited from its location on the Paris–Istanbul (Orient Express) rail route. Today, its proximity to Geneva and the banking institutions there represent a major asset, especially as the canton is an international gateway and offers an outstanding quality of life. The presence of a large number of companies active in industry and agribusiness, such as Nestlé, contributes to the development of trading houses and unique expertise in supply chains.

How many companies are active in this field today?

According to the STSA, there are around 100 active companies in the canton of Vaud. This figure is not exhaustive however, as there are small specialized structures in niche markets. As a reminder, SMEs and very small companies make up more than 80% of the sector in Switzerland.

In which fields are they more specifically represented?

The canton of Vaud is home to big names in the trading of agricultural commodities, with specialties such as cocoa and coffee. These include world leaders such as ADM and ECOM, as well as SMEs such as Gerald Metals, Alpicom, Cutrale and Webcor. Furthermore, a number of companies that specialize in metal have also decided to base themselves there. Nevertheless, drawing on cross-industrial expertise, the sector is very varied and all types of commodities are represented.

How do you see the future of trading in the canton of Vaud?

The canton benefits from the dynamics of the sector in Switzerland and especially in the Lake Geneva region. The challenges of the future are those that we are already encountering today: maintaining a strong appeal based on stable framework conditions, while being totally open to the rest of the world. This involves adopting the federal tax reform as quickly as possible, the ability to recruit specialists that businesses need and investment in quality infrastructure that facilitates mobility and technological innovation. Finally, the challenge of training is worth mentioning as it is crucial to renew the talent pool that supports this sector and to ensure a transfer of knowledge to the next generation.
Switzerland’s framework conditions: a major asset
Stability, security and discretion are significant benefits for companies involved in trading. The Swiss Trading and Shipping Association (STSA) conducted an extensive stakeholder consultation in 2016, and the results speak for themselves. Traders enjoy Switzerland’s political stability and the fact that the rule of law prevails there. “This ensures a favorable environment for commercial activities”, STSA general secretary Stéphane Graber points out. “There is also an appropriate regulatory framework, good infrastructure and a skilled workforce.”

Trading and FinTech: a winning combination
The establishment of trading companies encourages various technological innovations, particularly in finance. “The technological innovations and expertise that develop within FinTech companies are essential as our competitiveness depends on it,” explains Stéphane Graber, general secretary of the Swiss Trading and Shipping Association (STSA). Indeed, trading still relies on complex and varied documentation and requires connectivity between multiple stakeholders (transport, bank financing, inspection and certification). Technological developments will therefore change the way traders work.

“As well as competitive taxation, Vaud offers a very good standard of framework conditions as well as easy access to qualified personnel in our fields of activity.”

CHRISTIAN DÉCAILLET
Development manager of Tirus International, world leader in the titanium industry

1% of Swiss GDP is directly related to the coffee market.

90% of companies active in trading are SMEs.
SOME OF THE INSTITUTIONS OFFERING PROGRAMS OR PROJECTS WITH THE TRADING SECTOR

Swiss Research Institute in Commodities (SRIC Foundation)
The Swiss Research Institute in Commodities (SRIC Foundation) works closely with companies in the sector, the STSA and the Swiss Coffee Trade Association (SCTA), with the aim of promoting academic research.

stsa.swiss/knowledge/sric

University of Lausanne (UNIL) and École Polytechnique Fédérale de Lausanne (EPFL)
Both of these institutions offer training programs related to trading. The management of natural resources features in particular among these offerings. Nevertheless, the Swiss Trading and Shipping Association remains the leader in terms of training which leads to trading professions in Switzerland.

unil.ch
epfl.ch
MAIN STAKEHOLDERS IN THE TRADING SECTOR

Archer Daniels Midland
Archer Daniels Midland, founded in 1923, is a US multinational active in the agro-industry. It is headquartered at A-One Business Center in Rolle.

adm.com

Starbucks Coffee Trading
The US coffee giant, which has more than 27,000 outlets worldwide, has set up its international purchasing center in Lausanne.

starbucks.ch

4%

of Swiss exports worldwide are in the “foodstuffs, beverages and tobacco sector”. Coffee accounts for a quarter of that total – more than cheese and chocolate combined.

AMAGGI

Based in Lausanne since the end of 2012, Amaggi is a company of Brazilian origin which is active in shipping and grain trading. “The Economic Development – canton of Vaud (DEV) has played an active role in our project and provided us with a solid foundation,” explains Yves Pache, director of the Lausanne office. “Our arrival was very well received by our customers. We began our commercial activities in 2013 with very positive results: we transported 1 million tons of grain, which was well in excess of our goal.” The company now has 14 employees and its business volume exceeds 3.5 million tons of grain transported and sold in some 15 countries. The group’s headquarters are located in Cuiabá, the capital of the state of Mato Grosso, which is the largest in terms of agricultural production in Brazil.

“The canton of Vaud and the Lake Geneva region are home to a large number of trading companies active in different commodities,” Pache adds. “This allows us to be close to our service partners such as insurance companies, supervisory companies and the banking sector. It is also a destination of choice for our customers, offering a further opportunity to meet them. We can also find qualified employees who can guarantee us rapid growth if needed. Finally, Switzerland is ideally located to communicate with Asia in the morning, then South America and the United States in the afternoon.”

amaggi.eu

Source: AFD report 2017
**Tirus International**

Tirus International, founded in Lausanne in 2007, is a 100% subsidiary of Russian company VSMPO-AVISMA Corporation, world leader in the titanium industry which is a material primarily used in aeronautics. The company is responsible for managing the distribution network of the parent company outside Russia. Its main activities consist of finance, management control, marketing, business development, sales order management, contract administration with the factory in Russia, quality assurance and IT, as well as logistics and legal affairs, including contract management with large customers such as Airbus and Boeing.

“As well as competitive taxation, Vaud offers a very good standard of framework conditions as well as easy access to qualified personnel in our fields of activity,” explains Christian Décaillet, head of development at Tirus International. Starting with three employees, the workforce had grown to 25 people by 2017. On top of the 10 or so commercial employees, the company has financial and management auditors, computer scientists, engineers, lawyers and aerospace industry experts who are all multilingual and have international experience.

**TSI Trading**

Based in Eysins since 2014, TSI Trading is active in the import and export of commodities and manufactured products with various South American and African countries. Its customer base consists of companies related to the agricultural, technological and healthy and balanced food market. “I chose the canton of Vaud for various opportunities related to the company’s goals, but also for the warm welcome, the convenience of French compared to German, and its proximity to large companies,” says Director Solomon Jung Min-Ma. “The canton is packed with innovations and startups, located close to Geneva and its airport which is a major logistics gateway.”

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**TIMELINE**

Trade has developed in the canton of Vaud since the 19th century. Today, the region ranks among the leaders for coffee and cotton. Below is a brief historical summary.

- Founding of André in Nyon, which was to become one of the major trading companies of agricultural commodities in the world.
- Founding of Suisse-Atlantique, which today is the oldest Swiss shipping company.
- Creation of a large number of Egyptian cotton traders following their expulsion from Egypt by then Egyptian president, Gamal Abdel Nasser during the Suez Crisis.
- Oil crisis. Many oil trading companies set up in Switzerland.
- Lausanne-based group André sells its Argentine subsidiary to US food company Bunge Limited.
- Founding of the Geneva Trading & Shipping Association (GTSA), which becomes the Swiss Trading and Shipping Association (STSA) in 2014.
- Traders of African products set up in Switzerland.

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*2.1 billion*

The value of coffee sold worldwide in 2015 (CHF).