



2014/2015 Annual Report



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01 **STSA**
Introduction

Message from the President



The Swiss Young Socialist's (JUSO) initiative against speculation in foodstuffs, which proposes banning all speculation on agricultural commodities, is an indicator of how society at large misunderstands both our industry and its valuable role in the global economy. We all have a role to play in addressing this.

In an open democracy like Switzerland, it is vital that we collectively do more to articulate and explain the broader benefits of commodity trading. Our Association does not have infinite resources to do so. Stéphane and his team are constantly under pressure to prioritise correctly. Together with the Executive Board, we try to direct your Association so that we cover the interests of all members. However, it is important that all members proactively play a part to help us achieve our aim of ensuring that Switzerland remains a good place to be based in and from which to conduct and coordinate global businesses - for many years to come.

David Fransen
STSA President

Dear STSA Members,

Our industry has passed through twelve very eventful months. We are all adjusting to the slowdown in China as its economy transitions to a more consumption-based model, and to the knock-on effects this is having across the world of physical commodities.

At the same time, the industry faces unprecedented changes on the regulatory front. Regulations from Washington and Brussels impact many Swiss-based trading companies. In Switzerland, discussions continue between Bern, the cantons and the EU regarding tax rates, too. The Corporate Tax Reform III (RIE III) will be a major challenge for the country.

The Swiss Federal Council's Background Report on Commodities of March 2013, together with its 17 recommendations, continues to prompt good discussions and good progress is being made in many of these areas. It is critical that we, as an industry, continue to work closely with the Swiss government.

STSA: a nationwide industry organisation for commodity trading, shipping and finance



Despite the special attention to commodities in that project, STSA's voice was heard and the new OECD Transfer Pricing Guidelines maintain the standard transfer pricing rules for our industry.

On transparency and due diligence, STSA and its members have demonstrated the coherence of their message and their credibility in the Swiss Parliament. STSA's strong support for Recommendation 11 of the Federal Council's Commodities Report has reached a new level as STSA will participate in the Advisory Group on implementing a Ruggie Strategy for commodity trading. This commitment by STSA to address due diligence concerns in our industry has led to the retraction or rejection of several parliamentary motions introduced on these matters over the past few years.

More recently, STSA has been a driving force in founding the Swiss Research Institute on Commodities (SRIC). This nationwide research institute will enhance knowledge on commodities and also reinforce the Association's education and training activities. STSA has managed to rally the relevant stakeholders, high-quality expertise and the strong support of the University of Geneva around this unique multi-stakeholder platform. Among the SRIC's members are international organisations like the International Trade Center (ITC) and the World Trade Organisation (WTO), the Swiss federal and cantonal authorities, several NGOs and the World Economic Forum (WEF).

These successes, and others more that you will read about in this Annual Report, have been achieved thanks to the strong support of STSA's members for the work of the Association. STSA has acquired considerable strength, whose deployment its Secretariat ensures with great dedication from day to day. STSA's internal organisation has been streamlined with the support of its board and reinforced governance structures now harness the Association's strength more effectively.

In its first year, STSA has made a solid start into life as the nationwide commodity trading association in Switzerland. But like any industry association, STSA is nothing without you, our members. We thank you for your ongoing support that has made this year's achievements possible, and we look forward to your continued partnership in the time that lies ahead.

Dr Stéphane Graber
Secretary General, STSA

What a busy year for STSA! Looking back to its first year as an umbrella organisation for commodity trading and shipping in all of Switzerland, we can be proud of the achievements of our Association.

Above all, the transition from GTSA to STSA has been achieved smoothly and successfully. The authorities and the media have welcomed the creation of an umbrella association for our sector that represents about 4% of the Swiss GDP and 10% of public revenue in Zug, 22% in Geneva and 40% in Lugano. The Association has grown its membership base steadily and acquired a strong reputation at the national level. STSA is now perceived as an important and serious partner for Parliament and the authorities, as Federal Councilor Eveline Widmer-Schlumpf has said herself in a speech before the Swiss Council of States. Regardless of the political position of STSA's interlocutors, the Association is accepted as a reliable dialogue partner. This is a very positive evolution for our sector when compared to the situation three years ago. This new perception, and the strong political support STSA has built over the last three years, have helped the Association to move forward a number of important projects for our industry.

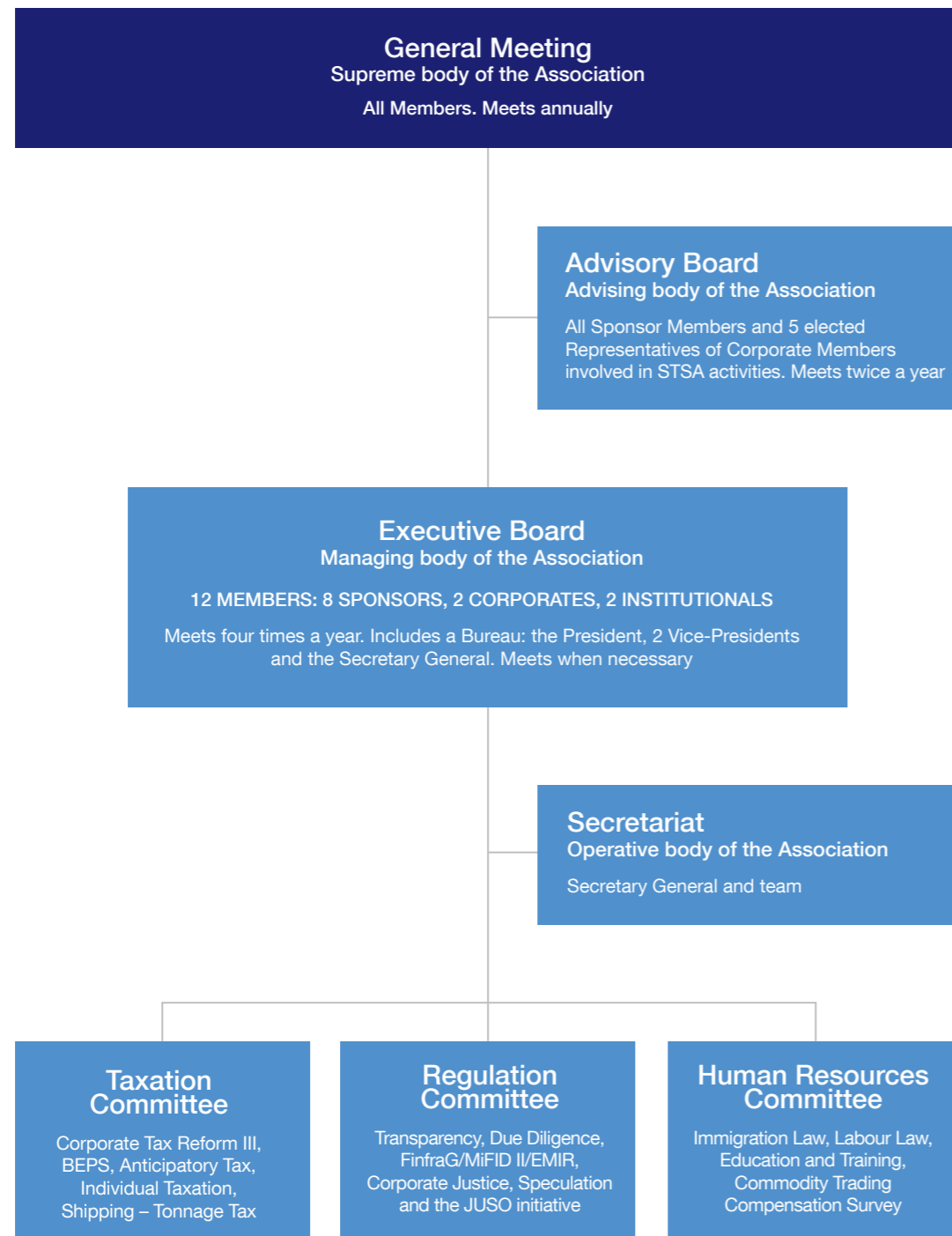
The new Financial Market Infrastructure Act FMIA regulates the use of derivatives in line with the EU's MIFID II financial market directive. Thanks to the active participation of STSA and its members in this legislative process, all our concerns have been addressed in the FMIA. Among these are single rather than double reporting requirements, an exemption for physically settled forwards and the possibility to exempt other derivatives, such as FFAs for freight.

STSA was also active to defend our industry at the public hearing of the Organisation for Economic Cooperation and Development (OECD) on Base Erosion and Profit Shifting (BEPS).

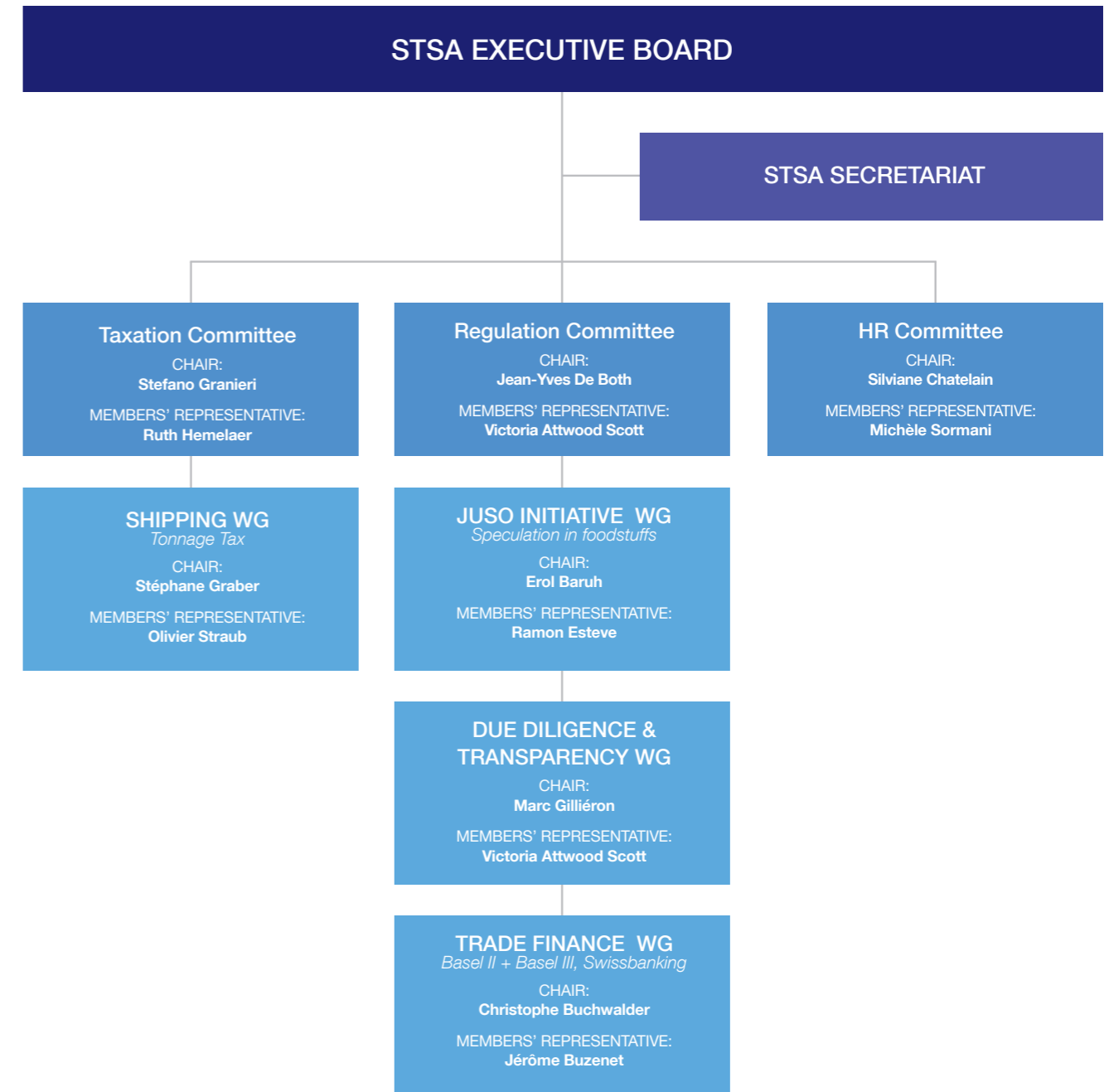


02 **About
STSA**

STSA Organisational Structure



A Streamlined Organisation



Executive Board 2014-2015

David Fransen
President
Vitol SA

Dominique Le Doeuil
Vice-President
Cargill International SA

Nicolas Tamari
Vice-President
Sucafina SA

Roland Eigenmann
Corporate Members Representative
Lia Oil SA

Martin Fasser
ZCA Representative
AOT Holding Ltd

Jean-Marc Foucher
Sponsor Members Representative
Louis Dreyfus Commodities Suisse SA

Pierre Glauser
Sponsor Members Representative
Credit Agricole (Suisse) SA

Daniel Jaeggi
Sponsor Members Representative
Mercuria Energy Trading SA

Thomas Patrick
LCTA Representative
Duferco SA

Yasmina Rauber
Corporate Members Representative
Alcotra SA

Christophe Salmon
Sponsor Members Representative
Trafigura PTE Ltd Singapore, Geneva Branch Office

In attendance:

Stéphane Graber
Secretary General
STSA

Jean-Yves De Both
Secretary
Schellenberg Wittmer Ltd

Christophe Bellino
Treasurer
KPMG SA

The Bureau 2014-2015



David Fransen
President

Mr Fransen is the Managing Director of Vitol, where he has worked since 1986, and has served on the Executive Board since GTSA's inception in 2006. With Vitol and BP he has a wide range of experience in many aspects of commodity trading, from gasoline trading to management and the creation of the Vitol central management information system. He is a board member of the Vitol Group. Mr Fransen holds a BSc (Hons) in Mathematics and Computer Science from Royal Holloway College, University of London.



Dominique Le Doeuil
Vice President

Mr Le Doeuil has been with Cargill SA since 1998, serving as the Business Unit Leader of Food Processes – Russia, the Director of Business Processes – Food Europe, Treasurer, and currently Vice President of Finance. A French national, he studied Accounting and Finance at the Institut Supérieur du Commerce, Paris, and is a newcomer to the Bureau.



Nicolas Tamari
Vice President

Mr Tamari is a Geneva local, having attended primary and secondary school here, before completing his BSc in Economics at the London School of Economics. He joined his family's business, Sucafina SA, in 1994, and currently serves as its CEO. He has served as President of the Swiss Coffee Traders Association since 2002, and has been a member of the Executive Board for a number of years.



Stéphane Graber
Secretary General

Dr Graber has served as GTSA's Secretary General since October 1, 2012. Previously, he has worked for the Economic Development Office of the Canton of Geneva. He holds an MBA and DBA from the University of Geneva, and has taught marketing courses there and at the University of Lausanne since 2005, as well as serving on the steering committees of a number of Executive Master programmes.

170 members

3 locations

1 general meeting

4 executive board meetings

5 bureau meetings

2 advisory board meetings

2 parliamentary dinners

4 networking events for members

1 study trip for Swiss parliamentarians

4 meetings in Ticino and Zug with LCTA and ZCA

1 yearly issue of Commodities

20 events, meetings and exchanges with federal, cantonal, and local authorities

#1 in Switzerland for commodity education and training

6 new course intakes

3 committees

4 working groups

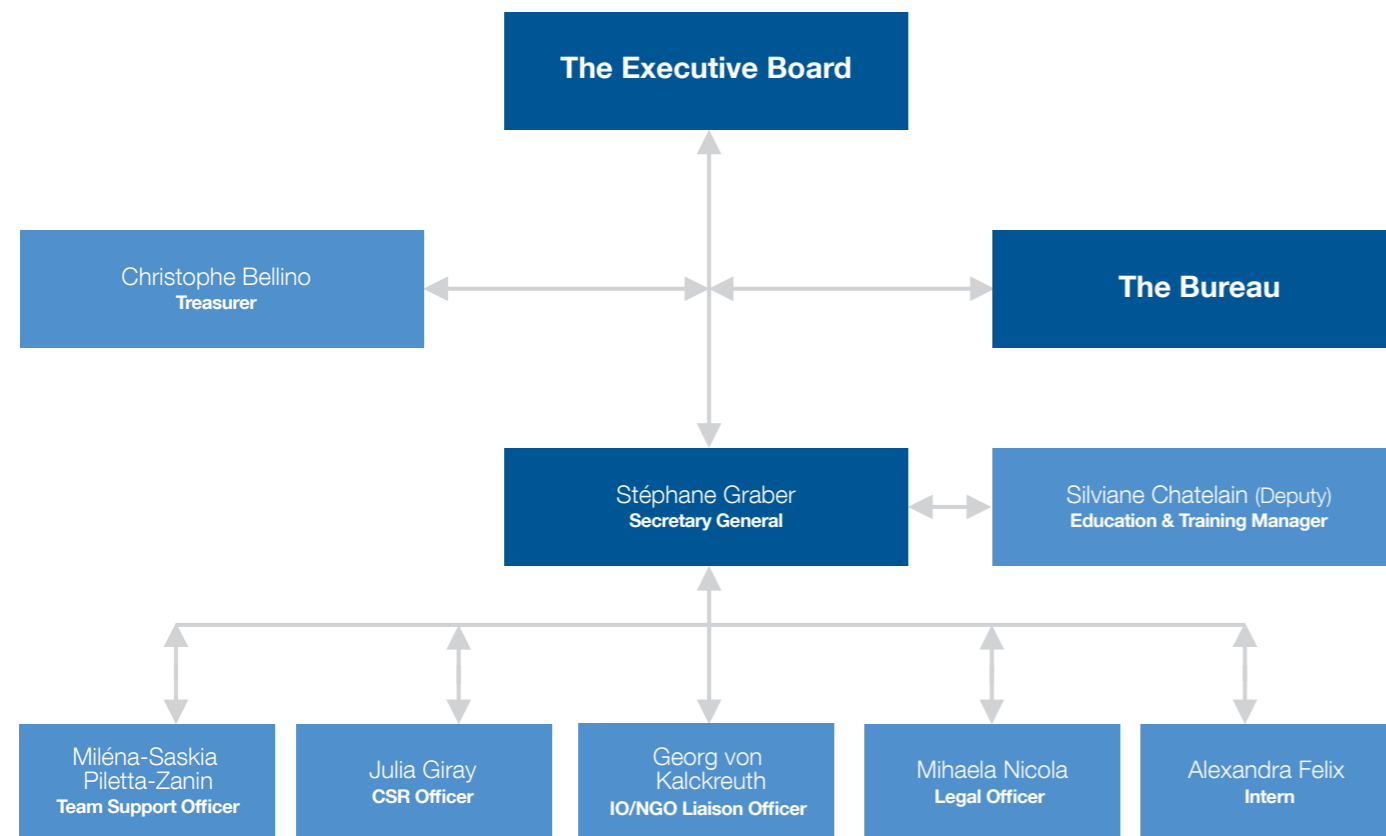
5 position papers

1 research paper

21 conference, workshop and seminar participations

7 STSA secretariat staff members

The strenght of a whole team



Commodity Trading in Switzerland

Switzerland benefits from a wide range of competitive factors for commodity trading. Most notable and globally recognised, is the high density of expertise along the entire commodity value chain. It ranges from commodity trading, shipping and finance to logistics, distribution, inspection certification insurance, services and training. Commodity trading accounts for 4% of Switzerland's GDP and the 600+ companies active in the industry, overwhelmingly SMEs, provide over 15,000 jobs directly, with related services accounting for many more.

As the industry's nationwide umbrella organisation, STSA unites under its roof the three regional industry associations GTSA (Geneva Trading and Shipping Association), LCTA (Lugano Commodity Trading Association) and ZCA (Zug Commodity Association).

Lugano Commodity Trading Association (LCTA)



Established in 2010, LCTA has 45 members, principally active in metals, coal and energy trading. In 2015, LCTA held three important events. A round table on commodity trade finance was held in May 2015 at the Residence of the Swiss Ambassador in Moscow. It led to an animated and interesting discussion among the audience and professionals from the commodity trading sector about the main principles, risks and advantages of financing commodity trading activities.

In June 2015, LCTA organised a "Commodity Traders' Dinner on the Boat", a great occasion for commodity traders from Switzerland, but also from the UK, Russia and Turkey to meet. LCTA presented an outlook on the topic "Turkey and the growing importance of the energy market" during this evening.

In September 2015, LCTA and the Global Trade Review co-organised the second Global Commodity Trade Finance Conference in Lugano, to which STSA was invited to give the keynote speech. The event was a sweeping success with about 200 professionals of the commodity sector from all over the world in attendance. The conference was preceded by a seminar which welcomed all conference participants to Lugano and where STSA, together with McLagan, presented its Salary Survey to LCTA members.

Zug Commodity Association (ZCA)



Established in 2012, ZCA has 45 members, principally active in metals and energy trading. ZCA keeps a strong focus on providing specialist professional training and education, alongside its support for STSA's efforts to explain the commodity industry to the authorities and the general public.

In 2015, ZCA, LCTA and the Lucerne University of Applied Sciences and Arts organised the "Certificate of Advanced Studies" course for Commodity Professionals for the second time. 18 students followed this course, which ran over 6 modules of 3 days each. This course is held in Lugano and Zug in alternating years, and registrations for the 2017 intake are already open.

ZCA has met regularly with the cantonal administration and politicians in Zug to increase their awareness of the role of the commodity industry and the challenges it is facing. ZCA representatives were also invited to participate in several public information events and discussions. ZCA's board believes that it is very helpful to participate in such events because they are opportunities to explain the industry, set the facts straight and thereby contribute to de-mystifying the commodity industry.

For example, ZCA participated in events on Switzerland's responsibility in international commodity trading or on the human rights and environmental aspects of the industry. For that latter matter, an information meeting on the Ruggie Principles was also held in Zug together with STSA, the Swiss State Secretariat for Economic Affairs SECO and the Swiss Federal Department for Foreign Affairs FDFA. The STSA Salary Survey was also presented to ZCA members by STSA together with McLagan.

An Association for its members

STSA Mission Statement

STSA's mission is to provide a neutral platform of exchange for professionals of the commodity trading industry and to enhance the understanding of this industry in the general public. To this end, STSA is building positive relationships with the authorities and related stakeholders, explains the economic and social relevance of the industry and promotes education and training by leveraging the rich expertise of the Swiss commodity hub. STSA defends the interests of the industry in public and creates value-added, tailor-made services for its members.

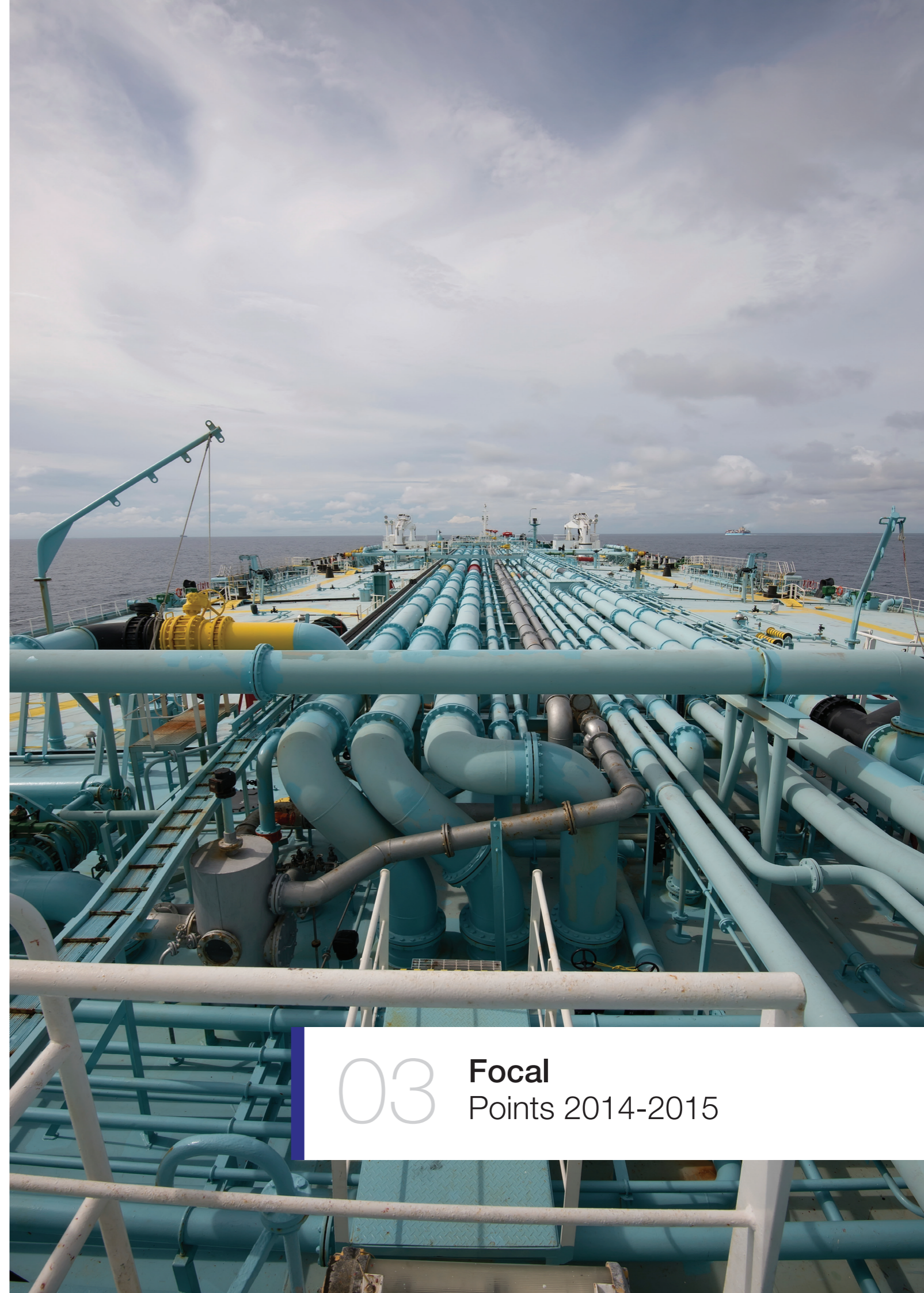
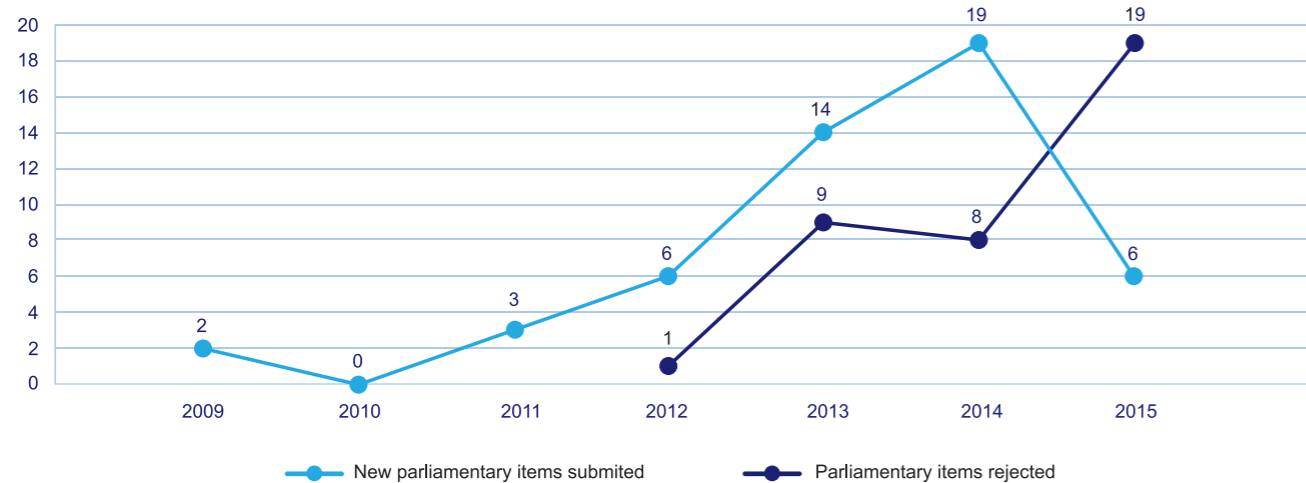
Effective defense of the sector's interests

After four years of increasing continuously, the number of new parliamentary agenda items on commodity trading has sharply declined during the past year. In parallel, the number of such items that Parliament rejected has steeply increased. This is evidence of the positive effects of STSA's participation in a constructive dialogue with Parliament, the authorities and NGOs.

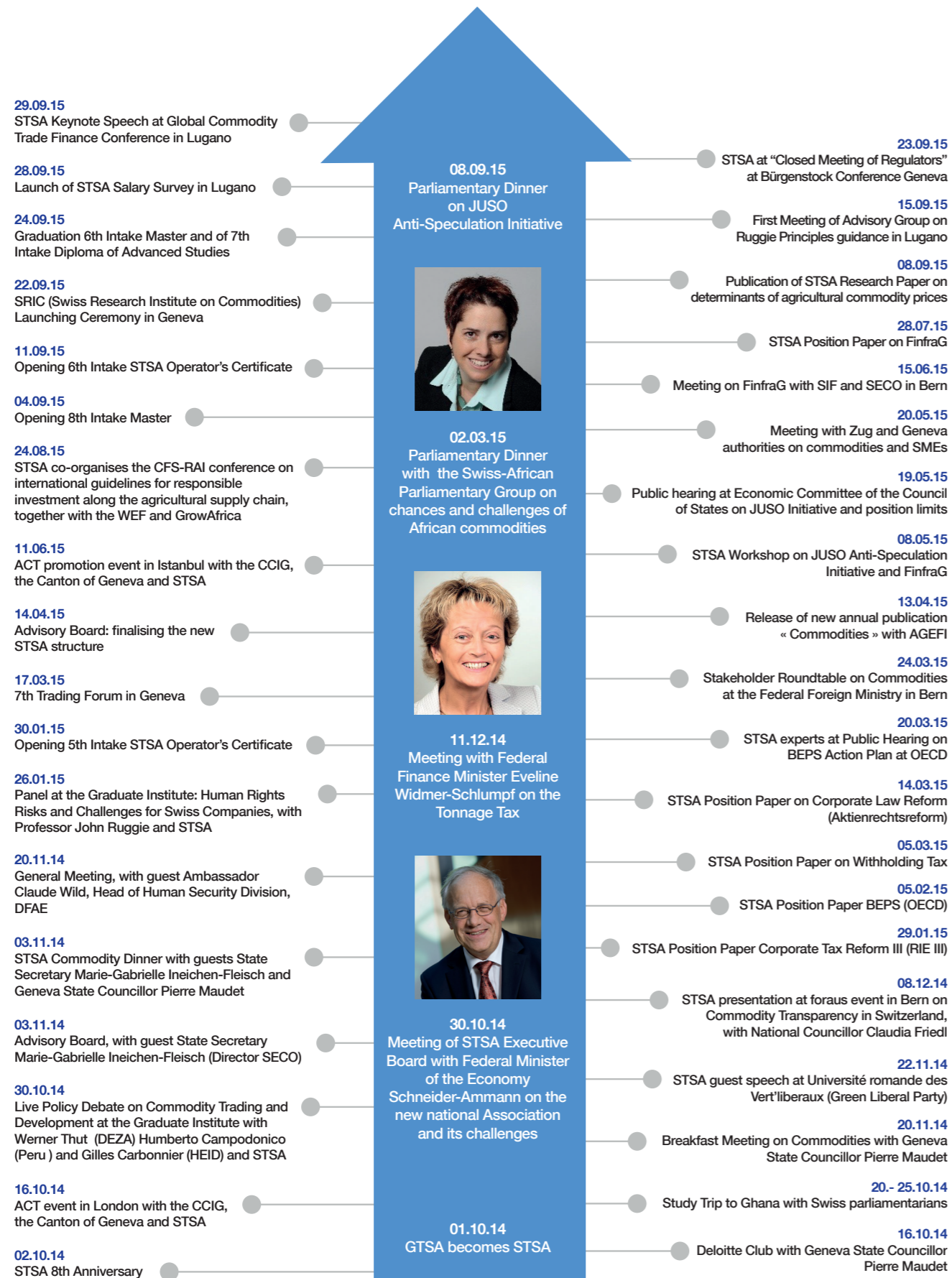
6 Key areas of Action

- **Sharing:** Being a forum for all actors in the commodity trading industry.
- **Representing:** Being the united voice of the industry.
- **Servicing:** Providing value added services for its members.
- **Training:** Being a partner in, and provider of academic and practical education and training for commodity traders and supporting the rise of emerging talent.
- **Informing:** Providing useful content and information for its members, and fostering knowledge of the industry in the public.
- **Monitoring:** Providing professional information services linked to the regulatory and political environment, as well as seminars, and conferences for its members and the public.

Parliamentary agenda on commodity trading



03 Focal Points 2014-2015



STSA Highlights 2014-2015

October 2014
Ghana

STSA brings Swiss Members of Parliament to cocoa fields in Ghana

In October 2014, STSA organised a one-week "Study Trip" to Ghana as part of an initiative by STSA to foster a better understanding of commodity trading among Swiss authorities and politicians. Among the participants were representatives of the Swiss Administration, the Swiss Parliament and STSA Members.

The delegation visited numerous STSA members present in Ghana to get a comprehensive view of the different aspects of the commodity value chain and STSA members' activities on the ground, and also met with the Ghanaian Ministry of Trade local trade associations, the Ghana Cocoa Board and the Swiss Embassy in Ghana.

This successful voyage helped to bring the perception of our sector into contact with the realities on the ground, and thereby fostered, along with the 2014 STSA Commodity Dinner, a better understanding of our industry.



March 2015
Bern

First commodity stakeholder meeting between NGOs, Swiss Authorities and STSA

In March 2015, STSA participated in a Stakeholder Roundtable on Commodities in Bern, organised by the Federal Administration's Interdepartmental Platform on Commodities. This event discussed future perspectives and challenges for the Swiss commodity trading hub.

STSA set out its view on the most salient challenges – such as competition from other commodity hubs and globally uneven or inadequate regulation – before identifying key success factors to overcome these challenges: a level playing field, multi-stakeholder dialogues to find mutually acceptable solutions, and enshrining best practices in voluntary principles. Our sector can contribute to these efforts with its knowledge of commodity trading and its expertise and experience with regulatory compliance.

June 2015
Geneva

Pioneering Human Rights Due Diligence: A sector guidance for the commodity industry

STSA is involved in the multi-stakeholder dialogue on corporate social responsibility standards for the commodity trading industry. In June 2015, a decision was made there to develop sector guidance for the implementation of the UN Guiding Principles on Business and Human Rights (“Ruggie Principles”) in the commodity sector.

A multi-stakeholder advisory group that includes STSA will assist the development of this sector guidance by the Institute of Human Rights and Business (IHRB). The IHRB will conduct a mapping exercise to get a clear picture of commodity trading in Switzerland and build on this for developing guidance to aid commodity trading companies to implement the “Ruggie Principles”.

STSA has supported this initiative with its dedicated working group from the beginning and continues to be actively involved as a key participant in the Advisory Group for the sector guidance, where it represents all its members.

August 2015
Geneva

Fostering responsible investment along the agricultural supply chain thanks to CFS-RAI

In August 2015, STSA co-organised a conference on responsible investment in agriculture, together with the World Economic Forum's Grow Africa Initiative. It was a great success with about 30 representatives of different agriculture stakeholders present, including commodity traders and the Swiss Federal Office for Agriculture. The conference discussed the relevance and impact of the Principles for Responsible Investment in Agriculture and Food Systems for the commodity sector.

Adopted by the UN Committee on World Food Security (CFS) in 2014, these ten voluntary and non-binding principles are universally applicable to all stakeholders along the agricultural supply chain. They assist companies in mitigating and managing all kinds of risks (financial, reputational, country risks etc.) and in reducing negative and increasing positive impacts on food security and nutrition. For these reasons, they are also of interest to commodity traders.

September 2015
Geneva

STSA helps understanding the functioning of agricultural commodity markets

In September 2015, STSA published a research paper on the determinants of agricultural commodity prices. The paper concluded that these prices are driven by the balance of supply and demand rather than by speculation in agricultural commodity derivatives. To ensure that agricultural commodities are priced correctly, commodity merchants must be able to protect themselves against price risks by using derivatives markets, to which financial actors then provide the liquidity.

The principal challenge is to feed the world's growing population, and this requires investment in agriculture rather than a blanket ban of using agricultural commodities.



04 **Looking**
Forward to 2015-2016

Looking forward

STSA has succeeded in establishing itself as a respected industry association and credible dialogue partner on the national level. The Association now needs to raise awareness of the commodity trading industry in the general public and link its diverse activities to everybody's daily use of consumer products. People drink coffee, wear cotton shirts and snack on chocolate, and the manufacturers of these goods are household names, but not the commodity traders that supply their inputs. The Association's next strategic objective is therefore to anchor the commodity trading sector more firmly within society.

Many perceptions of our sector, voiced very vocally, are often factually incorrect. With STSA's standing as the recognised representative of a legitimate industry, it's time now to steer this perception back onto a factual base. In the face of the challenges that lie up ahead, it is vital to ensure a widespread understanding of commodity trading and its central role in the Swiss and global economy.

STSA will therefore focus its efforts on engaging the general public, by explaining all that the commodity trading industry is and does. It will be crucial to lay out how commodity trading actually works, and how it adds value.

Bringing commodity trading closer to the population is also necessary because Switzerland is a direct democracy. On 28 February 2016, the Swiss population will vote on the Young Socialist's initiative to ban speculation in foodstuffs, which targets the use of agricultural commodities derivatives.

The initiators of the Responsible Business Initiative, which demands mandatory human rights due diligence of all Swiss-based companies, are currently collecting signatures and will undoubtedly reach the number required for opening the way to a public vote on this initiative. The Corporate Tax Reform III (RIE III) will have a considerable impact on the fiscal situation of commodity trading companies in Switzerland as cantonal tax rulings are replaced with ordinary taxation.

The public's view of our industry will determine their votes on all these matters, and so the general public, the press and the media must know and understand the commodity trading industry. For the same reason, we must sensitise the leaders and decision makers to the current realities of the commodity trading sector.

A first opportunity for this arises in early November 2015 with the Journée de Genève. STSA will hold an exhibition about commodity trading at Palexpo in partnership with the Geneva Chamber of Commerce, Industry and Services (CCIG).

In December 2015, the Institute for Human Rights and Business (IHRB), together with STSA, will begin its mapping of the commodity sector in Switzerland, which will then serve as the basis for the Sector Guidance to implement the "Ruggie Principles", the UN Guiding Principles on Business and Human Rights, for commodity trading.

In February 2016, STSA will organise a study trip to Côte d'Ivoire for members of parliament to show them what STSA members do in commodity-producing countries for more corporate social responsibility and sustainability. The Trading Forum in March 2016 and the annual Commodities publication in April 2016, to be produced in partnership with AGEFI, provide another two channels through which factual information about our sector will be distributed.

Innovation is another key aspect of our sector, and an essential component for anchoring a mature industry like ours in society. Along with the need for dialogue between our industry and the general public, the Geneva Cantonal Economic Strategy 2030 recognises this explicitly.

The innovative force of our industry is exemplified by STSA's ongoing involvement with TRAFEC, which arose from the joint strength and expertise of STSA and its members for finding an innovative multibank tool for secured standardised communication. The same is true of ACT, the Alternative Dispute Settlement for Commodity Trading, run jointly with the Geneva Chamber of Commerce.

The newly launched STSA Lab is a platform for professionals working in the commodity trading industry to foster innovation and gain a better understanding of current economic and technological trends. The Swiss Research Institute on Commodities (SRIC), a unique multi-stakeholder research platform on commodities initiated by STSA, is now gearing up to provide first-class knowledge on commodities. This will reinforce STSA's training and education programmes and increase scientific knowledge about our sector.

To bring our industry closer to the people, STSA and its members must explain all that our sector is and does, emphasise the everyday benefits it brings and highlight the innovative character of commodity trading, as recognised in the Geneva Cantonal Economic Strategy 2030.

All STSA members should support the Association in these activities to ensure that a truthful view of the role and value of our industry in everyone's daily life is firmly anchored in the general public's mind.

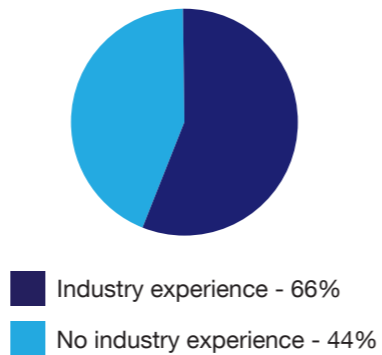
Education and Training

Education and training are essential pillars of the competitiveness of commodity trading, shipping and trade finance companies. In support of this, STSA runs a range of different education and training programmes. What makes these programmes unique is that they cover all commodities and all activities of STSA members along the commodity value chain. STSA, through these programmes serves the needs of its members and will continue to serve them ever better as the sector continues to develop, evolve and innovate in Switzerland.

Commodity Trading Fundamentals

Two-day overview course
Three intakes in 2015.

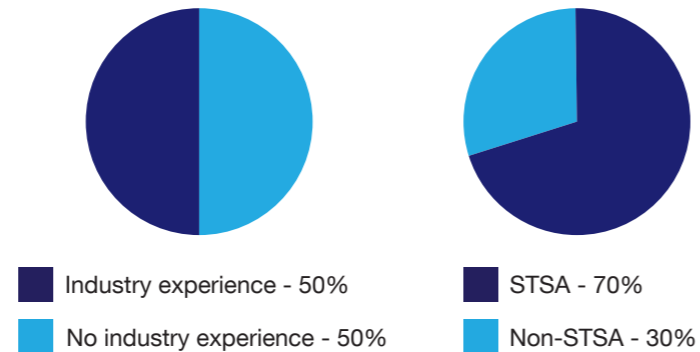
These short but in-depth courses offer an opportunity for professionals to enhance their knowledge of the commodity trading industry as a whole, and of the interactions between its components in particular. For newcomers to the industry, it provides an overview of commodity trading. For professionals already in the industry, it is a tool for improving their interaction within their companies.



STSA Operator's Certificate

Four-month programme
Two intakes in 2015.

This flagship programme of the Association continues to be popular. Covering the entire operational life cycle of a trade, its graduates have had much success in finding positions within the industry.



Diploma of Advanced Studies in Commodity Trading

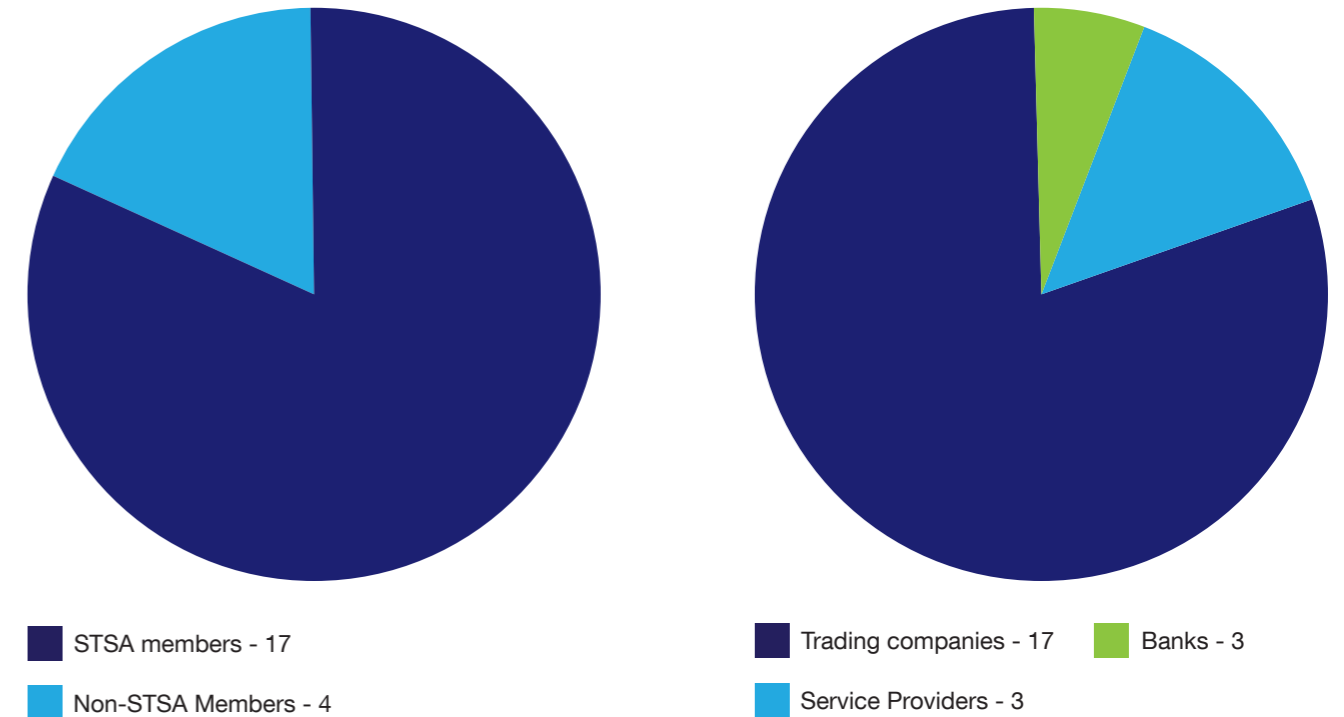
One-year academic programme
32 students have started in 2015

This programme is designed for professionals who want to stay up to date in commodity trading move to a new area within their field, or change their career to commodity trading. It is an intense programme which focuses on commodity markets, commodity trading contracts, risk management and the financing of commodity trading activities.

Master in International Trading, Commodity Finance and Shipping

Two-year academic programme
21 students have started in 2015

STSA members continue their strong commitment to this unique and attractive programme by hiring its students as interns.



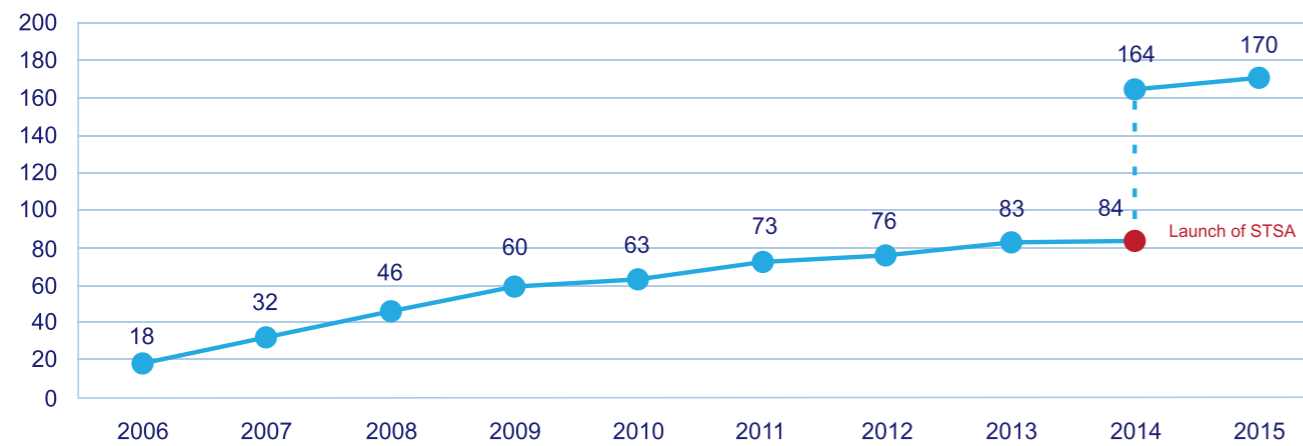
PhD research on commodities

The SRIC platform (Swiss Research Institute on Commodities) promotes access to resources for research on commodities. It will eventually allow PhD students with research topics related to commodities to identify suitable supervisors in academic institutions across Switzerland.

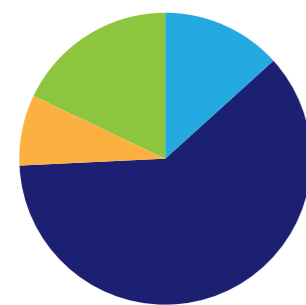
STSA Membership

STSA now counts 170 members together with ZCA and LCTA.

Development of STSA Membership

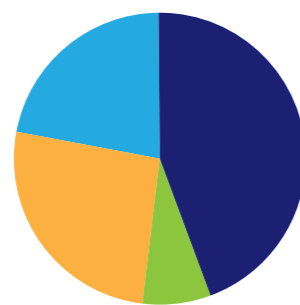


STSA members by Type



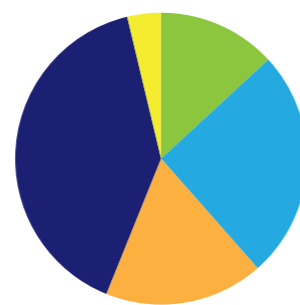
- Corporate - 62%
- Associate - 18%
- Sponsor - 13%
- Institutional - 7%

STSA members by Region



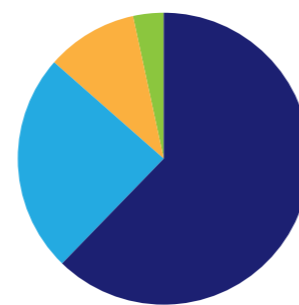
- Geneva - 45%
- Ticino - 26%
- Zug - 22%
- Vaud - 7%

STSA members by Activity



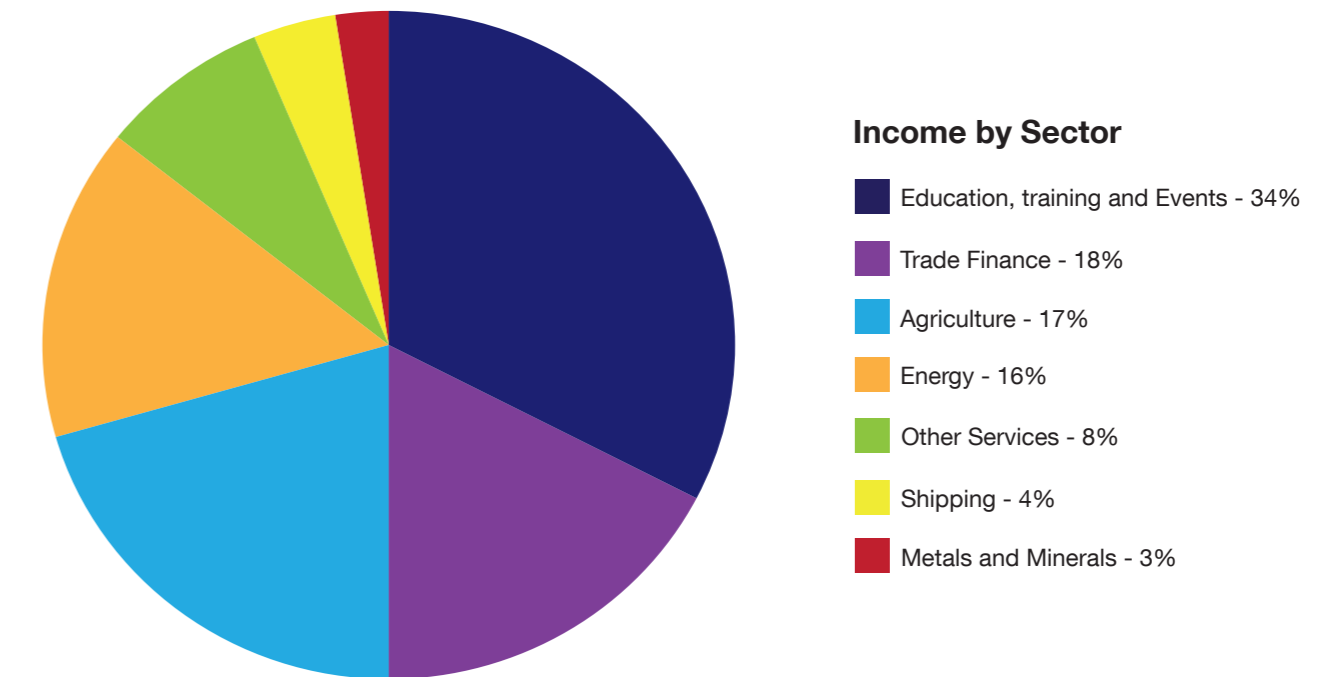
- Finance & Services - 40%
- Energy - 25%
- Metals - 18%
- Agriculture - 13%
- Shipping - 4%

Service Companies by Activity



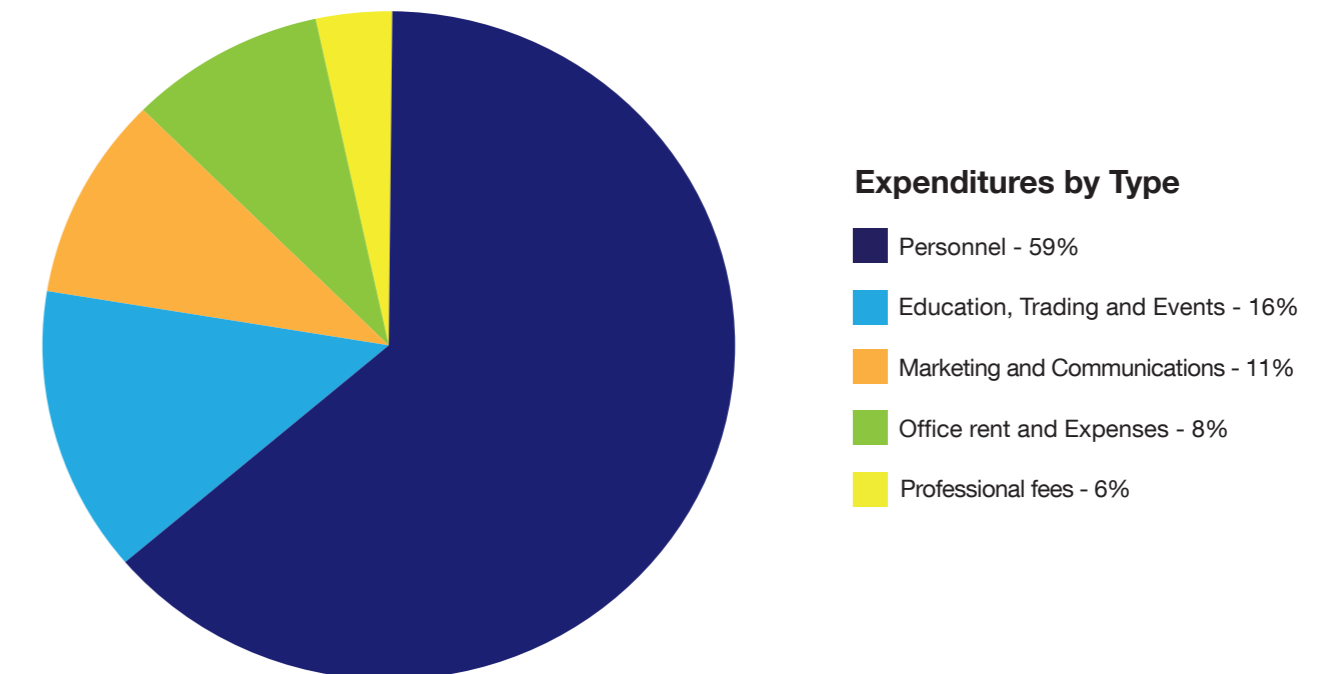
- Finance - 63%
- Audit - 24%
- Legal - 10%
- Inspection - 3%

STSA Finances



Income by Sector

- Education, training and Events - 34%
- Trade Finance - 18%
- Agriculture - 17%
- Energy - 16%
- Other Services - 8%
- Shipping - 4%
- Metals and Minerals - 3%



Expenditures by Type

- Personnel - 59%
- Education, Trading and Events - 16%
- Marketing and Communications - 11%
- Office rent and Expenses - 8%
- Professional fees - 6%



05 **Social**
Projects

Social Projects: STSA in the Community

STSA takes seriously its responsibility to contribute to the wider goal of sustainable, equitable development. Each year, the Association supports a social project which meets these criteria.



Fondation BK Lubamba

Founded by former Swiss national footballer Badile K. Lubamba, this foundation runs programmes in agricultural training, medical care and education in his native country, the Democratic Republic of the Congo. STSA supports a project in Nsele, a rural eastern suburb of the capital Kinshasa. By planting a particular species of bunchgrass, whose very long roots will help retain the topsoil, erosion is prevented.

This project exemplifies the concern of STSA's members for sustainable agriculture. It also echoes a key point of STSA's 2015 Research Paper on the determinants of agricultural commodity prices: investments into arable land is crucial as new arable land is very limited and investment into underdeveloped land is sorely lacking.

For your memory:

STSA has supported the following social projects in the past

- 2013** **Nouvelle Planète**
a Swiss-based NGO, for a project empowering villagers in the Peruvian Amazon by helping them to obtain legal title for their land holdings, protecting primary forest and fighting against rural exodes
- 2012** **Terre & Faune**
a project encouraging new economic activity by promoting recycling in the Comoros Islands
- 2011** **Gafreh / Terre & Faune**
helping Gafreh an African women's enterprenurial project, to gain market-access for the goods it produces from recycled materials
- 2010** **Bateau Lavoir**
a local organisation training disadvantaged youth in hospitality on their Bateau Lavoir docked in the Rhone
- 2009** **Bateau Genève**
another local organisation supporting people in need from their old Lake Geneva steamboat
- 2008** docked in Eaux-Vives





STSA 

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