

Press Release

June 18, 2021

Commodity trading: Transactions with governments are still largely opaque

The transaction point in extractive value chains where corruption risks are often highest is when trading companies deal directly with governments. Yet these interactions are still largely opaque. [Recent research by RMF](#) shows that very few of the companies making these trades disclose data about the payments they make. And disclosure is even more rare on data related to other direct transactions between trading companies and governments, in the form of resource-backed loans or swap agreements. Normalisation of the public disclosure of commodity trading transactions is critically important to support financial integrity and good governance of extractive resources.

Companies buying extractive commodities (metals, minerals, oil and gas) from governments or state-owned enterprises (SOEs) play a major role in maintaining financial flows for resource-rich producing countries. Sales of these commodities are a major source of revenue for many resource-rich countries, in some cases accounting for more than 50% of export earnings. Such trades are of strong public interest not only because of their contribution to government coffers but also because of the risks involved – bribery, corruption, fraud and related issues.

Despite the importance of ‘first trade’ transactions – when governments (or state-owned enterprises) sell their extractive resources to trading companies – the vast majority of companies assessed in RMF [recent study](#) do not disclose what they pay for these purchases.

Indeed, when this first independent assessment of trading companies on ESG and transparency was published in March this year, only three of the 25 companies assessed (Trafigura, Glencore and Gunvor) had disclosed any data on these payments. A fourth company (Totsa Total Oil Trading) released data a few weeks later.

Regarding resource-backed loans and swap agreements, [the study](#) found that only two of the 25 companies (Trafigura and Glencore) publicly disclose information on these transactions. And these rare disclosures relate only to arrangements with EITI countries. No company discloses any information on swap or resource-backed loan agreements with non-EITI countries.

Companies that enter into financial transactions with producing country governments or SOEs can show leadership by strengthening their public disclosure related to payments, or resource-backed loan or swap agreements as well as other issues covered by the EITI Standard (disclosure of taxes, beneficial ownership), regardless of the jurisdiction where they take place.

[Read more](#)

Issued by: **Responsible Mining Foundation**, Nyon, Switzerland
Email: media@responsibleminingfoundation.org – Tel.: +41 22 361 14 18

About the Responsible Mining Foundation

The Responsible Mining Foundation (RMF) is an independent research organisation that encourages continuous improvement in responsible extractives across the industry by developing tools and frameworks, sharing public-interest data and enabling informed and constructive engagement between extractive companies and other stakeholders. The Foundation does not accept funding or other contributions from the extractives sector.

DISCLAIMER

The ESG Due Diligence and Transparency Report on Extractive Commodity Trading and other RMF research publications are intended to be for information purposes only and are not intended as promotional material in any respect. They are not intended to provide accounting, legal, tax or investment advice or recommendations, neither are they intended as an offer or solicitation for the purchase or sale of any financial instrument. The full disclaimer can be found on the RMF website: <https://www.responsibleminingfoundation.org/>