

# Growing Role of Switzerland in Commodity Trade

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## Abstract

This thesis assesses causes and consequences of Switzerland becoming the world's leading commodity hub. In both the replication and the extension of existing estimates, I find support for the hypothesis that Switzerland declares unusually higher (re-)export prices for commodities which are also on average under-priced as developing country exports to Switzerland. The transfer pricing manipulation process implies a potential capital loss for commodity exporting countries along with other movement of either illicit or illegal financial flows. The highest annual estimate of \$117 billion loss for developing countries trading with Switzerland suggests substantial issue in times of development aid turmoil. I attribute such grievous matters to Switzerland's low effort to meet international norms of international trade and trade transparency. The transfer pricing manipulation might also serve as a vehicle for money laundering, terrorist financing, corruption, or tax and tariff evasion and avoidance, as the data imply.

**JEL Classification** F14, F23, F39, F62, F63, O24

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