



# Extractive Industries Transparency Initiative (EITI) – Working Group on Commodity Trading Transparency

## Establishing a global transparency standard for companies buying oil, gas and minerals

Since 2015, SECO supports an EITI multi-stakeholder working group that guides the EITI's work on commodity trading transparency.

### Rationale

The commodity trading industry's contribution to developing country economies far outstrips official aid budgets and is higher than that of traditional extractive industries companies. Commodity trading remains essential to the global economy and plays an important role in organizing the flows of vital materials that underpin economic growth, including outputs like oil, gas, minerals, and metals. Commodity traders operate globally with Switzerland hosting some of the largest companies, most of which are private and therefore not covered by mandatory disclosure requirements.

The widespread perception of corruption and the lack of accountability poses significant governance challenges for producing states and business risks for the trading industry. Commodity trading needs greater transparency, oversight and detailed disclosures of payments so governments can begin to address and mitigate corruption risks and increase accountability to the public.

### Objectives and scope

The objective of the working group is to improve transparency of commodity trades in EITI countries and contribute to a global transparency standard for companies buying oil, gas and minerals from resource-rich countries.

The project has three components:

- Promoting transparency in the first trade

This component scales up support to EITI countries, State Owned Enterprises (SOEs) and multistakeholder groups on strengthening disclosures and oversight of the sale of the state's share of oil, gas and minerals. The component targets EITI implementing countries and SOEs from non-EITI countries committing to transparency in first trades.

- Championing industry disclosure practices

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Country/region  
Global

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Executing agency  
EITI

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Project duration  
2019-2022

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Total budget  
CHF 1'200'000

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SECO contribution  
CHF 800'000



This component will provide guidance to commodity traders and mobilize buy-in from the trading industry. Based on the lessons learned from disclosures by commodity traders, the working group will convene transparency champions, develop guidelines for buying companies and communicate the business case for first trade disclosures among the industry and investors.

- **Moving towards a global disclosure standard for commodity trading**

This component will contribute to establishing a scalable standard for first trade transparency. Since 2015, the EITI has provided a platform for global policy discussions on commodity trading transparency and helped shape the global agenda on this issue. The EITI Standard and relevant guidance has served as a key entry point for transparency champions in the industry. Under this component, the EITI Secretariat and the working group will continue contributing to policy discussions on emerging issues on the transparency agenda

### **Results so far**

The working group played a key role in supporting pilots for reporting templates, developing guidance, and in proposing updates to EITI Requirement 4.2. for the 2019 EITI Standard. At country level, EITI multi-stakeholder groups (MSGs), consisting of government, industry and civil society representatives, have used working group guidance to improve reporting and informing debate related to revenues from the sale of their natural resources. So far, these efforts have led to significantly more granular and detailed disclosures in at least eight EITI countries<sup>1</sup>, allowing stakeholders to understand how revenues are managed.

### **Further information and contact details**

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<sup>1</sup> Albania, Cameroon, Chad, Ivory Coast, Ghana, Indonesia, Mauretania, and Nigeria.