

Media release

Conference on commodity and gold trading: How can illicit financial flows be curbed?

29 October 2021 / **At the invitation of several research institutes, a conference on illicit financial flows in commodity trading was held today at the University of Bern. The results of two research projects were discussed with representatives from science, policy, industry and civil society, and courses of action were identified.**

Developing countries are often rich in natural resources, yet poor in terms of urgently needed domestic financial resources to finance sustainable development. One reason for this are commodity trade-related illicit financial flows (IFFs). A multidisciplinary team of researchers has investigated the extent of the problem; push and pull factors related to legal gaps in host and home countries of commodity-firms; and the reasons for lack of action. On Friday, the researchers discussed their findings and their recommended responses with representatives from science, policy, industry and civil society – both broadly, with respect to commodity trading, and more specifically, with respect to gold trading.

Under the topic of “Regulatory Proposals to Curb Illicit Financial Flows in Commodity Trading: Challenges from the Perspective of Policy Coherence”, participants debated unfair profit shifting in the commodity sector. Researchers further presented policy options and measures that could be implemented by resource-rich countries themselves, as well as solutions that require action at the international level or from home countries of firms. Political economy dynamics were also addressed.

In the second part of the conference, participants focused on gold trade to illustrate new ways of estimating the extent of illicit financial flows. Participants also debated measures taken by Switzerland in recent years, and further approaches that could be pursued.

Participating researchers from Switzerland, Ghana, and Laos

The findings discussed at the conference stem from two research projects: the interdisciplinary r4d research project “Curbing Illicit Financial Flows in Commodity Trading” and the project “Monitoring of Policy Coherence for Sustainable Development in a North–South Context”. The projects bring together the Graduate Institute of International and Development Studies (Geneva), the Centre for Development and Environment (CDE), University of Bern, the Center for Development and Cooperation (NADEL, ETHZ), as well as, in part, the University of Ghana, the National Institute for Economic Research in Laos, and the Sustainable Development Solutions Network (SDSN) Switzerland. Selected approaches will be tested in the coming year in the partner countries of Laos and Ghana.

What are IFFs?

Illicit or illegal financial flows generally refer to methods, practices, or misdeeds involving the shifting of financial capital from one country to another, in contravention of national or international law. Some definitions include practices that may only be marginally illegal, but are nevertheless harmful to development. Key relevant practices involve price manipulations including in transfer pricing, tax evasion, bribery, and money laundering.

Learn more about the research projects: <https://curbing-iffs.org/category/news-items/> and <https://bit.ly/3miBYSo>
Read a new policy brief on the topic: <https://bit.ly/3jGyhnw>

Contacts for media requests:

Prof. Dr. Gilles Carbonnier, Graduate Institute, Geneva: gilles.carbonnier@graduateinstitute.ch

Dr. Elisabeth Bürgi Bonanomi, Centre for Development and Environment (CDE), University of Bern:
elisabeth.buergi@unibe.ch

Dr. Fritz Brugger, Center for Development and Cooperation NADEL, ETH Zurich:
fritz.brugger@nadel.ethz.ch