October 17, 2022

**Call for Tender (CfT):**

## Commissioned Research: "Increasing sustainability and due diligence in commodity trading"

**Project context:** This comprehensive research is commissioned as part of the research project "Transnational Governance of Sustainable Commodity Supply Chains", funded by the German Federal Ministry of Economic Cooperation and Development (BMZ). The research projects aims to analyse the potentials and risks along raw material supply chains from a sustainability perspective. The focus is on the various stages of the supply chain – from extraction to refining and processing. Based on this, it identifies entry points for the sustainable design of commodity supply chains both by corporates and politics.

**Background:** Transnational traders and metal exchanges play a crucial role as "links" in supply chains. Although there are direct contracts between mining companies and processing plants in a few mineral supply chains, the majority of metals are sold in refined form through trading houses and specialised metal exchanges. The trading sector thereby poses a major challenge for the governance of sustainability: Companies directly influence the possibility to trace materials back in the upstream supply chain, and have great impact by establishing or transferring sustainability standards along the supply chain. However, the sector is difficult to grasp at the actor level, as commodity trading is highly decentralised.

Within Europe, London/UK and Switzerland currently represent the central locations for mineral trade. Apart from some disclosure requirements on business activities, legal requirements for traders and metal exchanges are marginal so far – traceability and/or sustainability initiatives are mainly voluntary. This is particularly problematic for actors – such as German companies - that are located in the downstream supply chain. The regulatory access of German and EU legislators to these "commodity hubs" is rather limited with uncertainty to what extend supply chain laws will impact the sustainability governance of companies active in mineral trading.

**Objective**: The aim of this commissioned research is to gain more insight into the actors and functioning of international trade of minerals and metals. It shall serve to investigate mechanism and instruments to improve sustainability and due diligence in the practice of international metal trade.

**Deliverables:** A comprehensive research (in English or German) that

A) Synthesizes the literature (academic and international organisations' reports) on the role of traders/trading firms/metal exchanges in mineral and metal supply chains (in the form of an annotated bibliography)
B) Additional theoretical considerations and empirical findings based on the comprehensive literature review and secondary sources (such as NGOs´ and company reports, trade data), either text or comprehensive bullet points.

**Specific contents and methods:**

In the study, the author(s) should focus on the following guiding questions:

- *Specify the role of traders/trading firms/metal exchanges in mineral supply chains:*
    - Which influence do these actors have on transparency/traceability in mineral supply chains?
    - What are current and potential approaches on how to increase sustainability in mineral trading and where are the gaps and shortcomings so far?

- *Role of actors in Asia, specifically also China, in the international metal trade:*
    - Is there a shift of metal trading to Asia?
    - How Asian metal exchanges are regulated; are there transparency/sustainability requirements?
- *Regulation of European "commodity hubs":*
    - What is the current state of discussion regarding stronger regulation in the area of transparency/sustainability in the United Kingdom and Switzerland?
    - How can Germany/the European Union support stronger regulation/sustainability standards in commodity trading? Which effects are expected by obligatory due diligence laws in Europe?
- *Strategic approach to increase sustainability and security of supply:*
    - Could an established public agency, by Germany or at European level, act as a sustainable commodity trader (including strategic warehousing)? Is there an example of such an agency?
    - How can German/European lead companies increase secure supplies of sustainably produced metals? (Establish own trading divisions, increase pressure on traders and exchanges…)

**Research Framework**: The study will be commissioned to an external researcher with experience and a track record of research within the field of commodity supply chains and commodity trade. The collection of data should be based on desk research and potentially, expert interviews with representatives of regulative authorities and/or companies.

The outcomes of this study will be used as a basis for further research and publications by members of the research project "Transnational Governance of Sustainable Commodity Supply Chains".

The study will be remunerated with a maximum of 4,000€ (VAT included). The proposal should include an abstract together with a tentative table of contents as well as a preliminary bibliography. The final study must be completed by December 21, 2022. The researcher(s) will receive the payment upon submission of the final paper. If several authors contribute, the distribution of the payment must be agreed internally among the authors.

The selection of the proposal will be based on qualitative criteria including knowledge in field of research, level of detail of proposal, compatibility of the chosen case studies with our own research. We may have preliminary conversations with selected bidders prior to selection.

Please send your bid by October 26, 2022 to the following e-mail address: viktoria.reisch@swp-berlin.org. The binding period of your offer be set for October 31, 2022. Bidders are legally bound to their offer until this date.

## Related literature

Dobler, G., Kesselring, R., 2019. Swiss extractivism: Switzerland's role in Zambia's copper sector. The Journal of Modern African Studies 57 (2), 223–245.

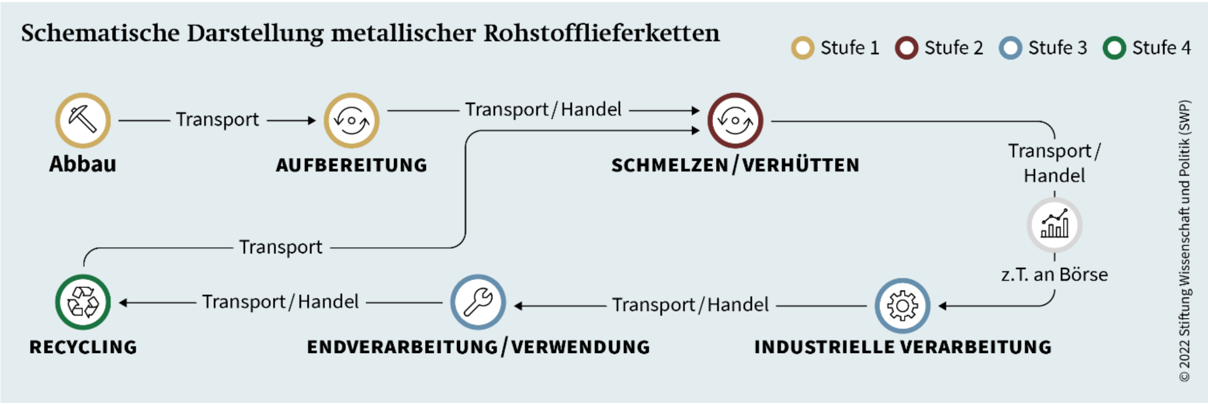
Östensson, O., 2020. Transparency in extractive industry commodities trading. WIDER Working Paper 2020/172. UNU-WIDER, Helsinki.

Public Eye. Trade Finance Demystified: The Intricacies of Commodities Trade Finance, <https://www.publiceye.ch/fileadmin/doc/Rohstoffe/20200928_PublicEye_TradeFinanceDemystified_E.pdf> (accessed 9/14/2022).

Responsible Mining Foundation (RMF), 2021. The ESG Due Diligence and Transparency Report on Extractive Commodity Trading. <https://www.responsibleminingfoundation.org/app/uploads/EN_RMF_DDAT_TRADING_2021_WEB.pdf> (accessed 10/2/2022).

Trafigura, 2019. Commodities Demystified. A Guide to Trading and the Global Supply Chain, <CommoditiesDemystified-en.pdf> (accessed 9/12/2021).
UNEP, 2020. Mineral Resource Governance in the 21st Century: Gearing Extractive Industries Towards Sustainable Development, New York. <https://www.unep.org/resources/report/mineral-resource-governance-21st-century> (accessed 9/14/2022).

## Annex




*English:*

- Stage 1: Extraction (mining)
- Stage 2: Smelting/refining
- Stage 3: Industrial processing, end-use
- Stage 4: Recycling
  ➔ “connecting links” transport and trade