

# Public Statements & Remarks

## Opening Statement of Commissioner Caroline D. Pham before the Agricultural Advisory Committee

April 05, 2023

Good morning. Thank you Chairman Behnam for your leadership of the Agricultural Advisory Committee (AAC) and for holding this meeting today. Thank you to AAC Designated Federal Officer, Swati Shah, AAC Chair Scott Herndon, and to the committee members for the discussions and work you have planned. Your time is valuable, and I appreciate you sharing your expertise with us.

Today's agenda covers a range of topics that are of critical importance to the agricultural economy, including geopolitical and sustainability issues, along with recent developments in the agricultural derivatives markets. I grew up in California's Central Valley, a rural agriculture community that cultivates over 250 crops and produces one-fourth of the nation's food.[1] This background has given me a deep appreciation as a CFTC Commissioner for the vital role that the U.S. agricultural economy plays as a significant contributor to the nation's GDP. In 2021, the agricultural economy accounted for approximately \$1.2 trillion to the U.S. GDP, or 5.4 percent of the total GDP.[2] This highlights the importance of the agricultural sector in driving economic growth and providing employment opportunities across the country.

One of the key factors underpinning the U.S. agricultural economy is its diverse range of crops, livestock, and specialty products, which helps to maintain a resilient and adaptable economic base. With nearly 20% of the nation's economy and 15% of American jobs directly or indirectly linked to the food and agriculture sectors[3], the U.S. agricultural derivatives markets play a crucial role in managing risk and maintaining stability across these industries.

The significant impact of agriculture on the U.S. economy means that the CFTC's role in overseeing agricultural derivatives is critical to the economic well-being of the nation. The agricultural derivatives markets have been essential for our agriculture stakeholders for over 150 years, providing them with valuable tools for price discovery and risk management. Our role at the CFTC is to ensure that market participants can confidently use futures, options, and swaps to hedge their risks and navigate the complexities of the global agricultural economy. By providing market participants with a means to hedge against price fluctuations, manage risk, and ensure more predictable income streams, these markets help stabilize the agricultural sector and support the livelihoods of millions of Americans.

The agricultural sector, however, continues to face many challenges, including geopolitical tensions, climate change, and increasing demand for sustainably produced products. I am acutely aware of how these issues can create uncertainty and volatility in the markets, which can make it more difficult for market participants to manage risk and can lead to increased costs for consumers. It is therefore essential that we continue to monitor and assess these issues and risks, and that we work to promote transparency and stability in the agricultural derivatives markets.

Thank you Chairman Behnam and to the members for their service on this Committee. I look forward to today's discussions.

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[1] ([https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#\\_ftnref1](https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#_ftnref1)) See *California's Central Valley (Regional Overview)*, U.S. Geological Survey, Department of the Interior, available at <https://ca.water.usgs.gov/projects/central-valley/about-central-valley.html> (<https://ca.water.usgs.gov/projects/central-valley/about-central-valley.html>).

[2] ([https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#\\_ftnref2](https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#_ftnref2)) See *What is agriculture's share of the overall U.S. economy?*, Economic Research Service, U.S. Department of Agriculture, available at <https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58270> (<https://www.ers.usda.gov/data-products/chart-gallery/gallery/chart-detail/?chartId=58270>) (Last updated Jan. 6, 2023).

[3] ([https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#\\_ftnref3](https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement040523#_ftnref3)) See *Feeding the Economy Report (2023)*, available at <https://feedingtheeconomy.com/> (<https://feedingtheeconomy.com/>).

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