

Public Statements & Remarks

Statement of Commissioner Christy Goldsmith Romero: Keeping Grain Barges Moving

Opening Statement to the Agricultural Advisory Committee

July 19, 2023

Remarks as prepared for delivery

Good morning and a special thank you to the members of our Agricultural Advisory Committee. I want to thank Chairman Behnam for sponsoring this Committee and the staff for organizing this meeting.

I recently heard a quote at a Senate Agriculture Committee hearing that's a great reminder to all of us in this room: "The typical person may occasionally need a doctor, or an attorney once in a lifetime, but the same person, three times, a day, every single day, needs a farmer."^[1] U.S. farmers, ranchers, and producers have continued to meet that need, three times a day, every single day.

The pandemic, rising trade tensions with China, and Russia's war in the Ukraine, have all threatened the agricultural supply chain. And it seems like the most persistent challenge for farmers, ranchers and producers is the changing face of Mother Nature. Shifting weather patterns and more extreme weather threaten crops and livestock via hurricane, wildfire, and drought. They are also making it more difficult to get these products to market. That's why I'm very interested to hear about developments in Mississippi River barge traffic.

Earlier this summer, Commissioner Mersinger and I visited a grain elevator and producer near Kansas City. There, we heard and saw firsthand how historically low water levels on the Missouri River were affecting the ability to load barges and ship grain. The producer pointed out a huge painted "4" on the barge, which they told me isn't normally exposed.

The fact that it was visible was a warning sign about low river levels. Forecasts suggest that ongoing drought in the Midwest means the Ohio and Mississippi rivers will reach so-called low stage by the end of July.^[2]

Keeping grain barges moving is critical. The producer explained that low water levels meant that barges couldn't be filled as much as they usually were at the elevator. Instead, they had to move a half-loaded barge downriver, and truck the rest of the grain to load where the water levels were higher. Those extra steps add additional cost to grain prices in a way that can hurt producers and ultimately families who buy dinner at the grocery store. It can also create delays that could cause missed delivery dates—a risk that end users have to manage.

Unfortunately, drought isn't the only challenge for barge shipping. Rain and melting snowfall is a welcome sight with much of the American corn and winter wheat belts suffering from drought this year,[3] but too much of it at once can cause problems for shipping too. In April, there was a seesaw from the drought in the fall in the Mississippi River. Record melting snowfall caused flooding and lock closures on the upper Mississippi River to most barge traffic for weeks.[4] This affected deliveries of grain and soybeans, as well as deliveries of fertilizer in advance of spring planting. Barges needed to be offloaded and transported by truck or rail.[5]

This type of challenge drives home the importance of farmers and producers to access derivatives markets that are well functioning and orderly. When they work right, our markets can help them manage their risk and obtain the certainty they need to make decisions for the coming year. Core to our role at the CFTC is to listen and hear what is and isn't working in our regulated markets. That is why this advisory committee is so important.

As I said at the time of my confirmation, my highest priority is ensuring that markets work well. I will continue to visit with and listen to our end users and market participants to understand the challenges faced and appropriate solutions. I'm also looking forward to hearing from the panel on issues related to a lack of access to futures commission merchants by small farmers and end users.

Thank you for your service on this Committee and for all you do to feed and clothe this country.

[1] (https://www.cftc.gov/PressRoom/SpeechesTestimony/romerostatement091723#_ftnref1) Commodity Programs, Credit, and Crop Insurance – Part Two: Industry Perspectives to Risk Management and Access to Credit: Hearing Before the Subcomm. On Commodities, Risk Management, and Trade, (May 4, 2023) (Statement of James R. Korin at 3).

[2] (https://www.cftc.gov/PressRoom/SpeechesTestimony/romerostatement091723#_ftnref2) See Brian Sullivan, "America's Most Crucial Waterway is Drying Out," Bloomberg (July 14, 2023), <https://www.bloomberg.com/news/articles/2023-07-14/mississippi-ohio-rivers-drying-up-for-a-second-straight-year> (<https://www.bloomberg.com/news/articles/2023-07-14/mississippi-ohio-rivers-drying-up-for-a-second-straight-year>).

[3] (https://www.cftc.gov/PressRoom/SpeechesTestimony/romerostatement091723#_ftnref3) Office of the Chief Economist, "Corn Areas in Drought," United States Department of Agriculture, updated July 4, 2023, <https://agindrought.unl.edu/Maps.aspx?1> (<https://agindrought.unl.edu/Maps.aspx?1>).

[4] (https://www.cftc.gov/PressRoom/SpeechesTestimony/romerostatement091723#_ftnref4) See Agricultural Marketing Service, "Grain Transportation Report," United States Department of Agriculture, (Apr. 27, 2023), <https://www.ams.usda.gov/sites/default/files/media/GTR04272023.pdf> (<https://www.ams.usda.gov/sites/default/files/media/GTR04272023.pdf>); P.J. Huffstutter, "Flooding on Upper Mississippi to halt barge traffic for weeks, USDA says" REUTERS, (Apr. 27, 2023), <https://www.reuters.com/world/us/flooding-upper-mississippi-river-halt-barge-traffic-weeks-usda-2023-04-27/> (<https://www.reuters.com/world/us/flooding-upper-mississippi-river-halt-barge-traffic-weeks-usda-2023-04-27/>).

[5] (https://www.cftc.gov/PressRoom/SpeechesTestimony/romerostatement091723#_ftnref5) See *Id.*

