

Public Statements & Remarks

Statement of Commissioner Christy Goldsmith Romero on “Celebrating the 50th National Agricultural Day” Before the Agricultural Advisory Committee

April 05, 2023

On March 21, 2023, Americans celebrated the 50th National Agricultural Day to recognize the hard work and dedication of the entire Ag industry. That includes members of the Agricultural Advisory Committee (“AAC”). My biggest message today is thank you and we celebrate your contributions to the American and global economies.

Now it used to be that when someone turned 50, there was a big party to celebrate. A virtual meeting today seems not enough to celebrate this milestone. I think it would have been fitting if we had a celebration today—at least some cake—to thank you for feeding our nation and driving our economy. So, I’ll talk to Chairman Behnam and ask if next time he can get you some cake. Let me also recognize and thank him for his sponsorship of AAC.

The Ag sector has faced severe headwinds over the last three years. Pandemic-related supply chain disruptions, labor and transportation shortages, and Russia’s war on Ukraine that impacted energy and food prices and market volatility have brought unprecedented challenges. I am glad to have had the chance to meet with many of you at the Commodity Markets Council conference and at other events in the last year to hear about the specific issues and challenges that you have faced, some of which are on the agenda today.

International shipping is a challenge that I have heard from several groups. For example, when I toured Michigan’s largest grain handler, Michigan Agricultural Commodities Inc., I met with two twin brothers who took over the business from their father. They ship soybeans to Asian countries for tofu and other food products. They told me about the problems and uncertainties they have faced trying to ship soybeans internationally given the shortage of ships and unreliable schedules.

Uncertainty about the availability of the Black Sea Corridor and access to China during Covid lockdowns, concerns about ship queues, congestion, and unpredictable shipping schedules and services have had very real impacts. In addition, freight rates soared and there were concerns about shipping companies taking advantage of the situation, leading to investigations.[1] It’s one thing to read about international shipping issues. It’s another to be standing in a grain handler’s loading dock looking at the food they need to ship as soon as possible.

I look forward to hearing today from Daniel B. Maffei, Chairman of the Federal Maritime Commission, who recently testified before Congress that the ocean freight transportation system is much improved.[2] Chairman Maffei recently testified before Congress that “the ship queues and congestion that overwhelmed the supply chain for approximately two-years have drastically dissipated,” and that costs have gone down to pre-pandemic levels.[3] I hope these developments are providing much-needed relief to our farmers and producers. I am also interested in hearing about the enforcement actions by the Federal Maritime Commission during this time to enforce the rule of law, which is important to keep freight and fees fair.[4]

I want to commend our Agricultural Community for their grit and resilience to provide food, fuel and fiber and drive our economy during these challenging times. House Agriculture Chairman Thompson recently stated in a hearing that there are 43 million jobs and over \$7 trillion in economic activity attributed to the food and agriculture sector. That is an incredible driver of our economy.

I also look forward to the discussion on sustainable biofuel. Prior to coming to the CFTC, my experience related to biofuel was in running a law enforcement office in Treasury and ensuring that our fleet met the federal requirements for E85 fuel blend. Soon after I arrived at the CFTC, I toured one of POET’s biofuel plants. This plant produces 53 million gallons of ethanol annually, consuming approximately 18 million bushels of corn grown in the region.[5] They spoke to me about the reduced emissions compared to fossil fuels and showed me their total water recovery system to eliminate wastewater discharge.[6] They also showed me their livestock feed byproduct.

Given the ability of biofuel to be used immediately in transportation, in April 2022, when gas prices soared after Russia’s invasion, the Biden Administration announced efforts by the Department of Agriculture to boost homegrown biofuels to enable energy independence and bring relief from rising fuel prices.[7] In January 2023, the Department of Energy announced \$118 million in funding for biofuel production.[8] I am interested in Committee members views on these and other efforts, and on biofuel’s ability to reduce carbon emissions.

I am also interested in understanding the market for biofuel-related derivatives products. By my office’s count, there are about 14 biofuel-related products trading on derivatives exchanges. I have proposed that the CFTC categorize products that are climate, environmental or sustainable, so that we can better monitor the market and conduct surveillance and enforcement.[9]

I am glad that we are speaking today about issues that are foundational to our commodities and derivatives markets. The derivatives markets have served as a critical tool for our farmers, ranchers and producers to manage risk during these unprecedented times. As advisors to the Commission, you play an important role and I value your opinions. Have derivative markets been adequately serving your needs? Are there additional actions that you believe the CFTC should take to promote market resilience, vibrancy and integrity?

I look forward to hearing your thoughts on these important issues and extend my great appreciation for the 50 years and more.

[1] See Chairman Maffei of the Federal Maritime Commission, Testimony Before the **Subcommittee on Coast Guard and Maritime Transportation, House Committee on Transportation and Infrastructure (Match 23, 2023)** Testimony of Chairman Maffei before Congress: "Review of Fiscal Year 2024 Budget Request for the Federal Maritime Transportation Programs, and Implementation of the Ocean Shipping Reform Act of 2022" - Federal Maritime Commission - Federal Maritime Commission (fmc.gov) (<https://www.fmc.gov/testimony-of-chairman-maffei-before-congress-review-of-fy2024-budget/>) ("However, there were also widespread reports from importers and exporters that the large multinational ocean container ship operators were taking advantage of a situation already economically favorable to them. The most cited example was additional freight charges called detention and demurrage being improperly assessed for laden containers that were not picked up on schedule or empty containers and other equipment that was not returned on time.").

[2] See Id.

[3] See Id.

[4] See Federal Maritime Commission, FY 2024 Budget Justification (March 2023) Federal Maritime Commission FY 2024 Budget Justification (fmc.gov) (<https://www.fmc.gov/wp-content/uploads/2023/03/FMCFY2024CongressionalBudgetJustification.pdf>) ("The Commission also brought formal proceedings against three ocean common carriers related to detention and demurrage, one of which settled for a civil penalty of \$2 million (the other two are pending). Additionally, the Commission took pre-enforcement actions against two ocean carriers and two non-vessel-operating common carriers.").

[5] See Poet, Caro, MI - POET (<https://poet.com/caro>).

[6] See Id.

[7] See USDA, Biden-Harris Administration, Department of Agriculture Announce Efforts to Enable Energy Independence by Boosting Homegrown Biofuels (April 12, 2022) Biden-Harris Administration, Department of Agriculture Announce Efforts to Enable Energy Independence by Boosting Homegrown Biofuels | USDA (<https://www.usda.gov/media/press-releases/2022/04/12/biden-harris-administration-department-agriculture-announce-efforts>).

[8] See DOE, U.S. Department of Energy Awards \$118 Million to Accelerate Domestic Biofuel Production, (Jan. 26, 2023) U.S. Department of Energy Awards \$118 Million to Accelerate Domestic Biofuel Production | Department of Energy (<https://www.energy.gov/eere/bioenergy/articles/us-department-energy-awards-118-million-accelerate-domestic-biofuel>).

[9] See CFTC Commission Goldsmith Romero, Remarks at ISDA's ESG Forum on Promoting Market Resilience: A Thoughtful Approach to the Daunting Challenge of Climate Financial Risk (March 7, 2023) Remarks of Commissioner Christy Goldsmith Romero at ISDA's ESG Forum on Promoting Market Resilience: A Thoughtful Approach to the Daunting Challenge of Climate Financial Risk | CFTC (<https://www.cftc.gov/PressRoom/SpeechesTestimony/oparomero7>).

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