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Senate Report on Wheat Speculation Calls for Regulation Excess Speculation Hurts Farmers and the World's Hungry

Minneapolis – A report issued today by the Senate Permanent Subcommittee on Investigations found that excessive speculation by commodity index traders drove up wheat prices and disrupted the market. The report confirms the urgent need for new regulatory safeguards on excessive speculation in commodity markets, according to the Institute for Agriculture and Trade Policy (IATP).

Last year, IATP's report, *Commodities Market Speculation: The Risk to Food and Agriculture*, found that excessive speculation contributed to the global food crisis, leading to food related riots in many countries. Since 2006, about 150 million people have been added to those considered food insecure, now totaling some 1 billion people.

"Excess speculation on commodity markets has created chaos in agriculture and energy markets. The problems are systemic and certainly not limited to wheat," said Steve Suppan, lead author of IATP's report on speculation and food security. "Excess speculation is entirely preventable. Induced price volatility is due to a decade of deregulatory measures taken by regulators and members of Congress."

"The Senate report reinforces our call for tougher regulation of commodities markets and for more Commodities Futures Trading Commission resources to enforce those rules," said Suppan. "These provisions are included in a strong bill introduced by Rep. Collin Peterson (D-MN), the chair of the House Agriculture Committee. The bill awaits further action as the banking and agriculture committees fight over who will have jurisdiction over what part of the vast array of speculative instruments."

"To prevent financial institutions from evading new U.S. laws and rules, it is important to negotiate an intergovernmental agreement to harmonize national regulatory frameworks," said Suppan. "This week, the UN's summit on international financial reform in New York is an important opportunity to add commodity exchange regulation to the international financial reform agenda."

IATP has submitted testimony to the House Agriculture Committee and to the United Nations on how to better regulate commodity exchanges. This testimony and additional information can be found at: www.tradeobservatory.org.

IATP works locally and globally at the intersection of policy and practice to ensure fair and sustainable food, farm and trade systems.