



Hearing on “Pricing the Future: China’s Ambitions for Commodity Derivatives Markets”

April 16, 2026

Opening Statement of Commissioner Livia Shmavonian

Good morning, and welcome to the fourth hearing of the U.S.-China Economic and Security Review Commission’s 2026 annual report cycle. Thank you for joining us. We welcome our witnesses and are grateful they’re here to share their expert perspectives.

I’d also like to extend our appreciation to the Senate Commerce Committee for use of their hearing room, as well as the Senate Recording Studio for their assistance in livestreaming this event. For those attending in person or watching online, witness testimony is available on the Commission's website, and a transcript of this hearing will be available

Today’s hearing will examine China’s role in key commodities markets. For over two decades, China has quietly pursued the development of domestic futures exchanges, expanded their production and processing of core commodities, and became a key market maker in many segments and sectors. These actions are in furtherance of their ambitions to one day challenge existing global financial exchanges. China’s 15th Five-Year Plan signals that it will step up its efforts to develop futures and derivatives markets, along with a whole host of enhancements to optimize the prediction, trading, and utilization of key commodities.

In 2025, China imposed stringent export controls on critical minerals and rare earths, focusing the world’s attention on the fragility of supply chains for critical inputs and sparking discussion in the United States and around the world on building alternate supply.

China is the world’s largest buyer of numerous commodities, from crude oil to soybeans. It dominates processing and refining in many industries producing inputs for its voracious industrial sector. While other commodities do not have the word “rare” or “critical” in their names, they can be equally important to U.S. national security. In many markets, Chinese firms are the primary purchaser of goods and Chinese processors are the primary manufacturer. China has also demonstrated its capacity and will to cut off supply and require onerous disclosures. Taken together, these dynamics have the potential to present significant future risk to global commodities markets’ safety and soundness.

Prices in physical markets are influenced by supply and demand, but the financial markets for these commodities runs deeper than the physical markets. Benchmark prices are set on the New York Mercantile Exchange, CME, or the London Metals Exchange, in addition to numerous other regional exchanges around the world. Traders on these exchanges are not just physical buyers and sellers hedging price exposure. They are international investment banks, hedge funds, individual investors, and large commodity traders.

With benchmarks set in U.S. dollars on international exchanges under the purview of U.S., UK, or European regulators, China has been at a major disadvantage when it comes to pricing power for agricultural goods, base and precious metals, and energy products.

China recognizes this weakness and has made enhancing its pricing power an explicit goal in developing domestic exchanges. The volume of futures trading has grown rapidly on Chinese exchanges, which now count themselves among the largest in the world.

Hong Kong Exchanges and Clearing acquired the London Metals Exchange, one of the three most important exchanges in the world, in 2012. China has also already begun to direct its state-owned traders and buyers to use Chinese pricing indices.

In 2020, Chinese exchanges accounted for 79 percent of all agricultural futures and options contracts traded and in 2023, the top ten contracts were all traded on Chinese exchanges.¹ Iron ore traded on the Dalian Commodity Exchange is the world's deepest market in terms of volume. The Guangzhou Futures Exchange has created the world's first futures contract for lithium, while a competing CME contract is more lightly traded. China is also starting to show its future playbook, and in autumn 2025, the Big Three iron ore miners were pushed to switch contract prices away from the S&P's Platts price index in favor of a new price index, preferred by China. While only moderately successful, this demonstrates future ambitions and potential to sway contracts to preferred market facilitators.

Despite the large volumes on several Chinese exchanges, large institutional investors remain wary because the same standards and accountability that exist in U.S. markets don't yet exist on Chinese exchanges. But complacency and short-term thinking yields risk. We should plan for a future where these exchanges can credibly compete with U.S. exchanges.

This hearing will look not just at the current status quo but also look ahead to understand what success for China in this sphere would mean for global commodities trade, supply chains, and manufacturing.

I would like to thank my fellow Commissioners for their participation, our witnesses for their testimony, and the staff for their support in organizing today's hearing.

I will now turn the floor over to my colleague and co-chair for this hearing, Commissioner Taylor Budowich.

¹ Futures Industry Association, "Contract Rankings 2023. "Agricultural Futures and Options Trading – A Global Perspective," *FIA presentation to the Agricultural Advisory Committee of the Commodity Futures Trading Commission*, June 9, 2021, 5. https://www.cftc.gov/media/6106/AAC060921_WillAcworth/download.