**The Future of Water Act of 2022**

As climate change has increased the severity and frequency of drought in our country, large corporations should not be profiting off of water or water rights. In order to help protect our country's water, Senator Warren introduced the Future of Water Act, which would amend the Commodity Exchange Act to prohibit futures trading of water or water rights. Water is a basic human right that must be managed and protected as a public trust resource. Water should be affordable, easily accessible, and guarded from markets prone to manipulation and speculation that could cause real-world price increases.

Last year, the Chicago Mercantile Exchange (CME) announced it had certified the world's first water futures contracts, the Nasdaq Veles Water Futures, which allow investors to purchase and sell futures contracts based on "water rights" prices in California. CME's certification shows that market speculators are interested in financial derivatives based on water and water rights. Large contract holders would have a strong incentive to manipulate the water futures market for profit. In many parts of the country, water is becoming a scarcer resource.  Large corporations are purchasing 10,000 acre plus swaths of land primarily for the property's water rights, effectively commoditizing what should be a natural resource. If there is too much concentration in water markets by these massive passive investors it could create a market condition where non-user/non-commercial interests are setting the price, which could lead to physical water hoarding and price increases. The announcement of the Nasdaq Veles Water Futures received tepid responses from water managers in California and condemnation from the global water community, including the United Nations Special Rapporteur on the Human Right to Water who has stated: "Water belongs to everyone and is a public good. It is closely tied to all of our lives and livelihoods, and is an essential component to public health. . . .Water is already under extreme threat from a growing population, increasing demands and grave pollution from agriculture and mining industry in the context of worsening impact of climate change. . . I am very concerned that water is now being treated as gold, oil and other commodities that are traded on Wall Street futures market."

If the water futures market were to lead to real-world price increases, the most immediate impact would be on California's agricultural industry, potentially driving out small producers and incentivizing further farmland consolidation.  With climate change causing extreme drought and the prospects of a new state groundwater law, farmers are already seeking other water options, such as acquiring surface-water allocations or planting higher-value crops. But these options, which are already are too expensive for many smaller farms, would be out of the question with higher prices for water entitlements. Larger farms with existing access to water entitlements and economies of scale would be better positioned. Added costs could also spur more consolidation in the already consolidated agriculture sector. In California, the median size of crop farms has steadily increased since 1987, with the largest 5 percent of properties accounting for just over half of California's cropland. While these large farms have gotten even bigger, California lost over 1,000 farms in 2017 to 2018 alone, most of them smaller farms.

**The Future of Water Act of 2022 would:**

- **Prohibit the trading of water and water rights from commodity futures contracts.** The proposed bill would add "water and water rights" to the current list of prohibitions in the Commodity Exchange Act.

- **Protect American families, farmers, and ranchers from water price spikes.** Wall Street's interest in financial derivatives based on water and water rights could lead to severe real-world water price spikes due to market manipulation and/or excessive speculation. Prohibition of water and water rights futures trading stops this dangerous speculation and protects Americans.