



UNITED STATES OF AMERICA

## Federal Trade Commission

WASHINGTON, D.C. 20580

Office of Commissioner  
Rebecca Kelly Slaughter

### **Statement of Commissioner Rebecca Kelly Slaughter** *Regarding the FTC Staff Report, Feeding America in a Time of Crisis*

*As Prepared for Delivery*

Federal Trade Commission Open  
Meeting March 21, 2024

Thank you to the Office of Policy Planning for their hard work on the Supply Chain 6(b) study. I am pleased to support this important report of their findings, “Feeding America in a Time of Crisis.” In 2020 our nation faced several huge disruptions to our daily lives: primarily the fear for our health and safety from the threat of Covid-19, and the contrast between those sheltering in place and the essential workers braving dangerous conditions to keep things running. At the same time that we were reeling from those big changes, we quickly began to notice significant supply disruptions at the grocery store.

These supply shocks were felt by so many of us, across the country. In 2021, the Biden Administration launched a systematic examination of supply chains in critical sectors of the economy. We greatly appreciate the work of other agencies and the White House, examining supply chain disruptions in semiconductors, clean energy, freight and logistics, defense, healthcare, and agriculture. As part of this effort, the FTC has examined the grocery supply chain.

What we found was that throughout the supply chain, retailers, suppliers, distributors and raw materials suppliers had been prioritizing keeping costs low in the short term over long term resilience. Our grocery supply chain had been “optimized” for good times. The priorities had been to minimize unused inventory and unmet demand, minimize storage space needs, and to be the most efficient. “Just in time” stocking and obtaining key products from few sources or sometimes only a single source were fast and inexpensive strategies in the short term.

But these systems were incredibly brittle. By relentlessly optimizing for leanness in our supply chain, businesses chose again and again short-term savings over our long-term resilience. In 2020, we saw the profound costs of these choices. This study shows many of the severe impacts that supply shocks had on this brittle, “efficient” system. Widespread, substantial, sustained shortages, sometimes of critical goods that American families relied upon.

Fortunately, the study also found that companies throughout the supply chain quickly realized the value of resilience, and are now considering ways to update the brittle sourcing system. They are now prioritizing resilience, not just short-term savings. Where they discovered they were relying on just one or two suppliers, they are now seeking out additional suppliers.

I also want to highlight one area that the study has framed up for further research. The study found some indications that higher prices at the grocery store, which continued after the worst of the pandemic supply chain disruptions were resolved, were not simply mirroring the higher costs retailers faced, but actually may be reflective of higher profits for those retailers. I was glad to see the study recommend this subject for further research. Since the study found that some aspects of the supply chain disruptions we faced during the pandemic may have been harmful to competition, the indications that profits may have increased during the same time and remain high may be further indication that consumers are not benefitting from competitive markets in the ways they should when they do their grocery shopping.

Thank you again to the staff of the Office of Policy Planning for their hard work on this important report. I'm very glad to support approval of the publication of the report.