

The Federal Trade Commission (FTC) has announced it has started an investigation into supply chain disruption, which will include a probe into several major retailers' and wholesalers' profit margins.

The FTC has ordered nine large retailers, wholesalers, and consumer good suppliers to provide detailed information to shed light on the causes behind ongoing supply chain disruptions and how these disruptions are causing serious and ongoing hardships for consumers and harming competition in the U.S. economy.

The independent agency is issuing the orders under Section 6(b) of the FTC Act, which authorizes the Commission to conduct wide-ranging studies that do not have a specific law enforcement purpose.

The orders are being sent to Walmart, Amazon.com, Kroger, C&S Wholesale Grocers, Associated Wholesale Grocers, McLane, Procter & Gamble, Tyson Foods, and Kraft Heinz Co. The companies will have 45 days from the date they received the order to respond.

“Supply chain disruptions are upending the provision and delivery of a wide array of goods, ranging from computer chips and medicines to meat and lumber. I am hopeful the FTC’s new 6(b) study will shed light on market conditions and business practices that may have worsened these disruptions or led to asymmetric effects,” said Chair Lina M. Khan.

“The FTC has a long history of pursuing market studies to deepen our understanding of economic conditions and business conduct, and we should continue to make nimble and timely use of these information-gathering tools and authorities.”

In addition to better understanding the reasons behind the disruptions, the study will examine whether supply chain disruptions are leading to specific bottlenecks, shortages, anticompetitive practices, or contributing to rising consumer prices.

The orders require the companies to detail the primary factors disrupting their ability to obtain, transport and distribute their products; the impact these disruptions are having in terms of delayed and canceled orders, increased costs and prices; the products, suppliers and inputs most affected; and the steps the companies are taking to alleviate disruptions; and how they allocate products among their stores when they are in short supply.

The FTC also is requiring the companies to provide internal documents regarding the supply chain disruptions, including strategies related to supply chains; pricing; marketing and promotions; costs, profit margins and sales volumes; selection of suppliers and brands; and

market shares.

In addition, the agency is soliciting voluntary comments from retailers, consumer goods suppliers, wholesalers, and consumers regarding their views on how supply chain issues are affecting competition in consumer goods markets. These comments provide an opportunity for market participants to surface additional issues and examples of how supply chain disruptions are affecting competition.

The Commission vote to approve issuing the Special Orders was 4-0.