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January 24, 2023

Chair Lina Khan
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

Dear Chair Khan:

I write to urge the Federal Trade Commission to open an investigation into potential price gouging and other deceptive practices by the country's largest egg companies that appear to be contributing to cost increases for American consumers.

According to the Bureau of Labor Statistics, the price of a dozen eggs was up 138% in December 2022 compared to December 2021. Customers in my home state of Rhode Island paid \$5.10 for a dozen eggs in December 2022 on average, according to Instacart. Meanwhile, the largest U.S. egg producer, Cal-Maine Foods, reported record profits of \$323 million as of the most recent quarter, swinging from a loss of \$16.8 million during the same period in the previous year. The company also reported a huge increase in profit margins quarter-over-quarter, from negative 2.4% to 22.3%, which could be an indication of gouging.

Many in the egg industry have pointed to last year's avian flu outbreak as the reason behind these substantial price increases. However, as early as May 2022 the U.S. Department of Agriculture's (USDA) Economic Research Service found that "the price increase" observed in the egg sector was "much larger than the decreases in production" caused by the avian flu. Indeed, while prices are up 138%, the American Egg Board recently reported that U.S. egg producer flocks are only 6% below normal levels. USDA also observed little effort among the largest egg producers to increase production to moderate record prices.

It is also worth noting that small producers, which have faced many of the same market challenges as the biggest producers, have managed to keep prices under control. A recent article in EcoRI News, for instance, explained that despite skyrocketing egg prices, local producers in Rhode Island have not increased their prices to keep pace with larger producers. Policies and investments that support our local food systems are a win-win for our local economies.

At a time when food prices are high and many Americans are struggling to afford their groceries, we must examine the industry's role in perpetuating high prices and hold those responsible accountable for their actions.

I appreciate your attention to this important issue, and look forward to your prompt reply.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jack Reed". The signature is fluid and cursive, with the first name "Jack" and last name "Reed" clearly distinguishable.

Jack Reed
United States Senator