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## United States Senate

COMMITTEE ON SMALL BUSINESS  
WASHINGTON, DC 20510-6350

October 20, 1999

By Fax: 202-326-3585

The Honorable Robert Pitofsky  
Chairman, Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Dear Chairman Pitofsky:

The Committee on Small Business (Committee) held a hearing on September 14, 1999, on the subject of slotting allowances, which are fees paid by manufacturers of consumer products to retailers for the privilege of placing and keeping their products on the retailers' shelves. The small business witnesses testified about the anti-competitive nature of these fees and to the harm they inflict on small enterprises and consumers.

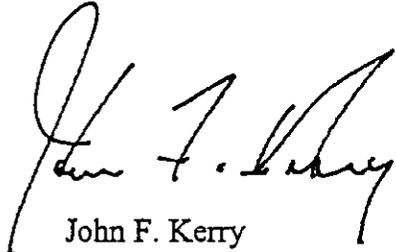
The Committee is concerned that these fees have become a mechanism by which large dominant manufacturers can drive out their competition simply by controlling the retailers' shelf space. Witness after witness testified that the practice of charging slotting fees causes higher consumer prices while limiting consumer choice. Similarly, many small business owners who were interviewed by Committee staff spoke of marketplace abuses with dubious legality. The Committee is concerned that additional efforts are needed to monitor the grocery marketplace.

Accordingly, we respectfully request that the Federal Trade Commission (FTC) take an active role in seeking information from the small business community. This is necessary because many in the small business community who have been negatively affected by slotting allowances are reluctant to seek assistance from the FTC. Their fear of retaliation is apparently overwhelming. Thus, FTC being pro-active in its efforts regarding slotting is worthy of serious consideration.

The Committee is also very supportive of a recommendation made by the FTC. Specifically, it was suggested that the FTC host a public workshop to bring manufacturers and retailers together with FTC officials to discuss and exchange information about slotting allowances. We believe that the workshop would, among other things, serve as a valuable mechanism to highlight concerns within the industry about slotting, and to educate manufacturers and retailers about applicable laws. The Committee is fully prepared to assist the FTC in this important effort.

Additionally, the Committee is thankful for the assistance of the FTC's Bureau of Competition. Similarly, we would like to highlight the efforts of the staff at the Bureau of Consumer Protection, which has provided considerable assistance for our forthcoming hearing on Cramming. In closing, the Committee is committed to continuing to work with the FTC both on consumer affairs issues and on slotting allowances, and we believe that our combined efforts can be a catalyst for change.

Thank you for your assistance with our efforts to learn more about the negative impact of slotting allowances on small businesses and consumers. If you have any questions, please do not hesitate to call either of us or have your staff contact Paul Conlon, with Senator Bond, at 202/224-5175 or Damon Dozier, with Senator Kerry, at 202/224-



John F. Kerry  
Ranking Member

Sincerely,



Christopher S. Bond  
Chairman