

Congress of the United States
House of Representatives

COMMITTEE ON OVERSIGHT AND REFORM

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WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5051
MINORITY (202) 225-5074
<https://oversight.house.gov>

May 12, 2022

Mr. Steve Presley
Chief Executive Officer
Nestlé USA
1812 North Moore Street
Arlington, VA 22209

Dear Mr. Presley:

The Committee on Oversight and Reform seeks information regarding the steps your company is taking to respond to the shortage of infant formula in the United States. For several months, consumers and families have been struggling to obtain infant formula amid national shortages.¹ Following a recall of one company's powder infant formula products, the national out-of-stock rate has risen to 43%—a 10% increase from last month's average. In five states, the out-of-stock-rate is greater than 50%.²

According to the Centers for Disease Control and Prevention, approximately three-quarters of parents use formula to feed their infants.³ As a result of ongoing supply issues, some parents are being forced to ration food or travel for hours to obtain formula, and chain retailers are instituting purchasing limits to manage inventory.⁴ Third-party online retailers are reportedly taking advantage of supply shortages by charging exorbitant prices—in some cases, as much as three times the standard price for a can of formula. For families with infants who require a specific formula due to medical conditions, allergies, or sensitivities, the shortage is even more dire—causing some families to consider going to the emergency room to feed their children.⁵

The national formula shortage poses a threat to the health and economic security of infants and families in communities throughout the country—particularly those with less income

¹ Data assembly, *Data assembly's Data Reveals 31% Out-of-Stock Rate in April 2022 for Baby Formula; Up 11% Compared to 2021* (Apr. 14, 2022) (online at <https://datassembly.com/news/out-of-stock-rate-in-april-2022/>).

² Data assembly, *Data assembly Releases Latest Numbers on Baby Formula* (May 10, 2022) (online at <https://datassembly.com/news/out-of-stock-rate-in-april-2022-copy/>).

³ Centers for Disease Control and Prevention, *Breastfeeding Among U.S. Children Born 2011-2018, CDC National Immunization Survey* (Aug. 2, 2021) (online at www.cdc.gov/breastfeeding/data/nis_data/results.html).

⁴ *Baby Formula Shortage Strains Families, Forces Stores to Ration*, Washington Post (Apr. 13, 2022) (online at www.washingtonpost.com/business/2022/04/13/baby-formula-shortage/).

⁵ *A Baby Formula Shortage Leaves Desperate Parents Searching for Food*, New York Times (May 11, 2022) (online at www.nytimes.com/2022/05/10/us/baby-formula-shortage.html).

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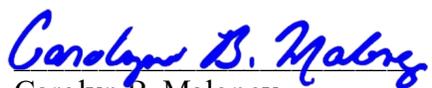
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who have historically experienced health inequities, including food insecurity.⁶ Four companies, including yours, reportedly control nearly 90% of the U.S. market for formula manufacturing.⁷ It is critical that your company take all possible steps to increase the supply of formula and prevent price gouging. Given the urgent need to address this shortage, we request written responses to the following questions, as well as a staff briefing on these topics, by May 26, 2022:

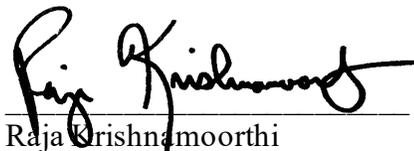
1. When did Nestlé USA become aware of a shortage of its infant formula products?
2. What steps has Nestlé USA taken to increase the supply of infant formula products to meet demand, and what steps is Nestlé USA taking going forward?
3. What steps is Nestlé USA taking to lower prices, prevent price gouging, or otherwise increase consumer access to its infant formula products?
4. When does Nestlé USA expect to have sufficient supply to meet consumer demand?
5. Please identify any issues relating to the supply chain, availability of raw materials, and availability of labor that have affected production and distribution of Nestlé USA infant formula products.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate “any matter” at “any time” under House Rule X. If you have any questions regarding this request, please contact Committee staff at (202) 225-5051.

Sincerely,



Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform



Raja Krishnamoorthi
Chairman
Subcommittee on Economic and
Consumer Policy

Enclosure

cc: The Honorable James Comer, Ranking Member
Committee on Oversight and Reform

⁶ *Id.*

⁷ *Monopolies and the Baby Formula Shortage*, American Prospect (May 10, 2022) (online at <https://prospect.org/blogs-and-newsletters/tap/monopolies-and-the-baby-formula-shortage/>).

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The Honorable Michael Cloud, Ranking Member
Subcommittee on Economic and Consumer Policy