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July 31, 2026

The Honorable Andrew Ferguson
Chair
Federal Trade Commission
600 Pennsylvania Avenue NW
Washington, DC 20580

Re: Antitrust Review of Sysco's Acquisition of Restaurant Depot

Dear Chair Ferguson:

In March 2026, the largest broadline food distributor in the U.S., Sysco, announced the $29 billion acquisition of the largest wholesale cash-and-carry food distributor, Restaurant Depot (RD).[1] The Sysco-RD merger will create a powerful food distribution "ecosystem" that will have substantial market positions in both the broadline and cash-and-carry markets. These channels are part of the broader food distribution market that is essential for the viability of foodservice operators, especially restaurants and other "food away from home" outlets where consumers spend more than half of their food dollars.

The Progressive Policy Institute (PPI) encourages the Federal Trade Commission to carefully examine how the Sysco-RD merger could enhance the company's incentive and ability to exercise market power across multiple food distribution markets. Anticompetitive effects of the merger would be felt through higher prices for products sourced by hundreds of thousands of restaurants that rely on the cash-and-carry model.[2] Increased costs would, in turn, be passed to consumers in higher prices for food away from home. Americans are already besieged by high food inflation and a cost-of-living crisis, a problem that anticompetitive consolidation in food distribution will only exacerbate.

I. Market Power in the Food Supply Chain Hurts U.S. Consumers

Access to food is critical to the health, productivity, and security of the U.S. population. Food distribution is part of the complex food supply chain composed of multiple markets, including agricultural inputs, farming and ranching, processing, manufacturing, distribution, and retailing. The food supply chain is marked by significant market power in fertilizers, meat and poultry

[1] *Sysco to Acquire Jetro Restaurant Depot to Expand into Higher-Margin, Growing, and Resilient Cash & Carry Channel*, Sysco, March 30, 2026, https://investors.sysco.com/annual-reports-and-sec-filings/news-releases/2026/03-30-2026-113036743.
[2] Damon Shrauner, *How Many Restaurants Are in the U.S.?* ckitchen.com, February 19, 2026 https://www.ckitchen.com/blog/2026/2/how-many-restaurants-are-in-the-u-s-2026.html?srsltid=AfmBOoo2oe5-OHWRuhSLNwGntO11lR9QSv_9K5EGKvAmyNLdWo-qI0t8.

processing, manufacturing, retail grocery, and broadline food distribution.[3] The exercise of market power by dominant firms and tight oligopolies is visible in higher prices, lower quality and variety, and slower innovation that harms American consumers. Moreover, high concentration in markets in the middle of the supply chain creates "market power bottlenecks" where large intermediaries can exercise market power upstream against input suppliers, and/or downstream against customers and final consumers.[4]

Harmful consolidation in food and agriculture has been challenged by both the FTC and U.S. Department of Justice (DOJ). For example, the DOJ forced the abandonment of the merger of meat packers, JBS and National Beef, in 2009.[5] The merger risked anticompetitively lower prices paid to ranchers for fed cattle and higher boxed beef prices paid by consumers. Likewise, in 2024, the FTC won an injunction against the merger of two large retail grocery chains, Kroger and Albertsons, that threatened higher prices for food in supermarkets.[6]

DOJ and FTC enforcement actions in the JBS-National Beef and Kroger-Albertsons mergers should inform the Commission's review of the Sysco-RD merger. The potential impact of higher prices is enormous. Spending on food accounted for about 12% of a typical consumer's budget in 2024.[7] Consumers spend more than half of their food budgets on food away from home — about 54% in 2025.[8] Restaurants are the primary customer base for food distributors — about 80% of food distribution industry sales in 2022 were made to independent and chain restaurants that will be affected by the Sysco-RD merger.[9]

Moreover, food inflation is high, increasing about 3.4% annually from 2009-2026 and has run about 6.3% higher than the Consumer Price Index (CPI).[10] Between 2020-2026, food inflation was even higher, at 5.4% annually and 23.5% higher than the CPI.[11] Since 2012, the rate of inflation for food away from home began to outpace that for food consumed at home. Between 2012 and 2026, annual inflation for food away from home was 76% higher than food consumed

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[3] *A More Detailed Food Dollar: Enhanced Accounting of U.S. Food Costs*, US Department of Agriculture Economic Research Service, March 10, 2026, https://www.ers.usda.gov/media/20837/err-357.pdf?v=58516.
[4] *Does Merger Enforcement Protect Consumers from the Long-Term Costs of Consolidation?* Competition Policy International, October 2025, https://www.progressivepolicy.org/wp-content/uploads/2025/10/1-does-merger-enforcement-protect-consumers-from-the-long-term-costs-of-consolidation-Diana-L-Moss.pdf.
[5] Am. Compl., at 12-13, United States v. JBS S.A., No. 1:08-cv-05992 (N.D. Ill. Nov. 7, 2008), https://www.justice.gov/atr/case-document/file/500006/dl.
[6] FTC v. Kroger Co., No. 3:24-cv-00347-AN, 2024 U.S. Dist. LEXIS 223077 (D. Or. Dec. 10, 2024).
[7] Consumer Expenditures--2024, U.S. Bureau of Labor Statistics, December 19, 2025, https://www.bls.gov/news.release/cesan.nr0.htm.
[8] Food Expenditure Series, US Department of Agriculture, Economic Research Service, Nominal food and alcohol expenditures, without taxes and tips, for all purchasers, June 1, 2026, https://www.ers.usda.gov/data-products/food-expenditure-series.
[9] *The Economic Impact of the U.S. Foodservice Distribution Industry*, International Foodservice Distributors Association, September 2023, https://ifdaonline.org/wp-content/uploads/2024/02/2023-IFDA-Foodservice-Distribution-Industry-Economic-Impact-Study-web-1.pdf.
[10] Consumer Price Index, Federal Reserve Bank of St. Louis, queried July 28, 2026, https://fred.stlouisfed.org/tags/series?t=food%3Binflation, and Table Data - Consumer Price Index for All Urban Consumers: All Items in U.S. City Average, Federal Reserve Bank of St. Louis, queried July 28, 2026, https://fred.stlouisfed.org/data/cpiaucsl.
[11] Id.

at home.[12] This data strongly supports the concern that any increases in prices for resulting from anticompetitive effects of the Sysco-RD merger will hit consumers in their paychecks and pocketbooks.

II. The Sysco-RD Merger Competition Concerns in Food Distribution

The Sysco-RD merger is the latest of many that Sysco has pursued as it continues to expand through acquisition. Since 1985, Sysco has made 26 acquisitions, picking up five companies in 2019 alone.[13] In 2015, the company attempted to buy a head-to-head broadline competitor, US Foods. Had the Sysco-US Foods merger succeeded, Sysco would have controlled approximately 75% of sales of broadline services to national customers.[14] With the elimination of a direct competitor, Sysco-US Foods threatened upward pressure on prices for broadline services and, ultimately, on consumers. The FTC obtained a preliminary injunction to stop the deal.[15]

In 2019, US Foods attempted another acquisition, this time with SGA Food Group, then owner of broadline distributor, Food Services of America (FSA).[16] The FTC flagged competition concerns here as well, requiring the divestiture of three FSA distribution facilities to restore competition lost by the merger.[17] The FTC's actions to enjoin and condition previous harmful mergers in food distribution provide important context for how the Commission handles the Sysco-RD merger.

Different business models meet the needs of a diverse array of foodservice operators, including restaurants, cafes, hotels, bars, caterers, and institutions (e.g., schools, hospitals). There are four major categories of food distributors: broadline, cash-and-carry, specialty, and redistributors.[18] Broadline distributors offer a "one-stop solution" to foodservice customers by "…provid[ing] an extensive array of products, from fresh produce and meats to dry goods and beverages..."[19] with large "logistical networks, state-of-the-art warehousing, and fleets of delivery trucks"…"to enable frequent and reliable deliveries."[20]

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[12] Id.

[13] Acquisitions by Sysco, Tracxn, July 1, 2026, https://tracxn.com/d/acquisitions/acquisitions-by-sysco/__pp2E3Rq0a3ETDuY_3oqZXVD6cfAQroQmERN8YlYN2AM#list-of-acquisitions.

[14] In re Sysco Corp., 2015 FTC LEXIS 38 (Federal Trade Commission, February 20, 2015), https://www.ftc.gov/system/files/documents/cases/150219syscopt3cmpt.pdf.

[15] FTC v. Sysco Corp., 113 F. Supp. 3d 1 (D.D.C. 2015).

[16] US Foods Holding Corp. (Compl.), Docket No. C-4688, (F.T.C. Sep. 10, 2019), https://www.ftc.gov/system/files/documents/cases/181_0215_usf-sga_complaint.pdf.

[17] Analysis of Agreement Containing Consent Orders To Aid Public Comment, In the Matter of US Foods Holding Corp. and Services Group of America, Inc., File No. 181-0215, Docket No. C-4688, https://www.ftc.gov/system/files/documents/cases/181_0215_c4688_us_foods_sga_analysis.pdf.

[18] *A Guide to the Types of Food Service Distribution*, Feeser's, [no date], https://www.feesers.com/blog/types-of-food-service-distribution. This aligns with the FTC's complaint challenging the Sysco US Foods merger.

[19] *What is a Broadline Distributor*, Restaurant365, [no available date], https://www.restaurant365.com/blog/what-is-a-broadline-distributor/.

[20] Id.

Sysco is the largest broadline distributor, with a market share of about 40%, based on 2025 revenue, followed by Performance Food Group and US Foods with 31% and 19%, respectively.[21] The largest three broadline distributors account, therefore, for about 90% of the market, with a high market concentration of about 3,000 HHI.[22] Under the 2023 DOJ/FTC Merger Guidelines, market concentration of greater than 1,800 HHI is considered "high," as is a single firm market share of 30%.[23] Such markets are considered much less conducive to competitive outcomes.

In contrast, cash-and-carry distribution features a self-service warehouse model where customers buy in bulk and arrange their own transportation.[24] Industry sources indicate that RD had $16 billion in annual sales in 2025,[25] has 166 locations in 35 states, and serves more than 725,000 independent restaurants and foodservice operators.[26] RD accounts for 25% of the cash-and-carry/club store market[27] and is described by Sysco as the "premier" cash-and-carry wholesaler.[28] US Foods Chef'Store also competes in cash-and-carry, as does Gordon Food Service's small cash-and-carry operation, and large format club stores such as Costco Business Center and Sam's Club.[29]

The Sysco-RD merger, therefore, puts control of about 40% of the broadline and 25% of the cash-and-carry market in the hands of a single firm. By the numbers, the merger warrants careful scrutiny. Combining this concern over market structure with how the merger would potentially strengthen Sysco-RD's incentives to exercise market power paves the way for the FTC to consider an important theory of competitive harm under the 2023 DOJ/FTC Merger Guidelines.

[21] Sysco 2025 Annual Report, Sysco, 2025, https://investors.sysco.com/~/media/Files/S/Sysco-IR/documents/annual-reports/Sysco_2025-Annual-Report_Web.pdf; Performance Food Group Company Reports Fourth-Quarter and Full-Year Fiscal 2025 Results, Performance Food Group, August 13, 2025, https://investors.pfgc.com/press-releases/press-release-details/2025/Performance-Food-Group-Company-Reports-Fourth-Quarter-and-Full-Year-Fiscal-2025-Results/default.aspx: US Foods Reports Fourth Quarter and Fiscal Year 2025 Earnings, US Foods, February 12, 2026, https://ir.usfoods.com/newsroom/news/news-details/2026/US-Foods-Reports-Fourth-Quarter-and-Fiscal-Year-2025-Earnings/default.aspx.
[22] Market concentration is calculated as the sum of the squared market shares for sellers in the market.
[23] Merger Guidelines, U.S. Department of Justice and Federal Trade Commission, December 18, 2023, https://www.ftc.gov/system/files/ftc_gov/pdf/2023_merger_guidelines_final_12.18.2023.pdf.
[24] *How the Food Distribution Industry Works*, Umbrex, [no date], https://umbrex.com/resources/how-industries-work/agriculture-and-food/how-the-food-distribution-wholesaling-industry-works/.
[25] Restaurant Depot Acquisition Investor Event, Sysco, May 18, 2026, https://investors.sysco.com/~/media/Files/S/Sysco-IR/documents/events-and-presentations/2026-jetro-restaurant-depot-acquisition-investor-presentation.pdf.
[26] *Sysco to buy Restaurant Depot for $29.1B*, The Food Away From Home Association, March 30, 2026, https://foodaway.org/Ifma/Resources/News/2026/Sysco-to-buy-Restaurant-Depot-for-29.1B.aspx.
[27] Id.
[28] *Sysco to Acquire Jetro Restaurant Depot to Expand into Higher-Margin, Growing, and Resilient Cash & Carry Channel*, Sysco, March 30, 2026, https://investors.sysco.com/annual-reports-and-sec-filings/news-releases/2026/03-30-2026-113036743.
[29] *The 2023 Distributor 15*, *CSP Daily News*, [no date], https://www.cspdailynews.com/2023-distributor-15#:~:text=Table_title:%20The%202023%20Distributor%2015%20Table_content:%20header:,US%20Foods%20Inc.%20%7C%20PCYA*:%2015.5%25%20%7C.

III. Extending Sysco's Dominant Position Into Cash-and-Carry

The merger of Sysco and Restaurant Depot will combine the largest players in broadline and cash-and-carry to create a massive food distribution ecosystem with a foot in two major markets. The 2023 DOJ/FTC Merger Guidelines explain that some mergers can violate the law when they entrench or extend a dominant position. Under Guideline No. 6, the agencies may scrutinize a merger involving a firm with a dominant position because it "may extend that dominant position to substantially lessen competition or tend to create a monopoly in another market…through exclusionary conduct, weakening competitive constraints, or otherwise harming the competitive process."[30]

This concern has arisen in past cases, notably in *FTC v. Procter and Gamble Co*. There, Procter's acquisition of Clorox would have extended the former's dominance in the markets for soaps, detergents, and cleaners to the market for household liquid bleach, where Clorox was also dominant.[31] The proposed Sysco-RD merger raises similar concerns, despite Sysco's description of the deal that diverts attention from the question of whether it could entrench or extend Sysco's dominant position. For example, the Sysco CEO describes the merger as "…combin[ing] two industry leaders to create a preeminent multi-channel foodservice distribution platform"[32] and "Jetro Restaurant Depot is a best-in-class operator with a differentiated value proposition that is highly complementary and synergistic with Sysco."[33]

The reality is that the proposed merger is designed to extend Sysco's network into the high-margin and faster-growing cash-and-carry business. In doing so, a major effect will be to retain customers in the now larger Sysco "ecosystem" by increasing their dependence on Sysco's integrated services.[34] What Sysco does not say in its public statements is that broadline and cash-and-carry food distribution are inextricably related, although not in traditional horizontal or vertical arrangements. Independent restaurants use cash-and-carry to supplement their broadline deliveries, to handle last-minute menu adjustments, or quickly secure items when a broadline order runs short.[35] This important dynamic, coupled with Sysco-RD's positions in broadline and cash-and-carry markets, raises a number of competitive concerns.

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[30] 2023 Merger Guidelines, *supra* note 23.
[31] FTC v. Procter & Gamble Co., 386 U.S. 568, 573 (1967).
[32] Sysco, *supra* note 1.
[33] Id.
[34] *See, e.g.,* Manu Batra et al., *Ecosystem Theories of Harm in EU Merger Control: Analysing Competitive Constraints and Entrenchment*, *Journal of European Competition Law & Practice* 15, no. 6, at 357-67, September 2024, https://academic.oup.com/jeclap/article/15/6/357/7810622.
[35] *See*, e.g., Melissa Evans, *Where do Restaurants Buy their Food? A Buyer's Guide*, Dining Alliance, March 18, 2026, https://diningalliance.com/blog/where-do-restaurants-buy-their-food/.

IV. Potential Loss of Pricing Leverage and Enhanced Risk of Restaurant Customer "Lock-In"

Opposition to the Sysco-RD merger speaks volumes about its potential to entrench or extend Sysco's market power — in two major ways.[36] First, post-merger, Sysco will make unified pricing decisions for both its broadline and cash-and-carry business, eliminating RD as an important source of competitive leverage over broadline pricing. With significant overlap in Sysco and RD locations on the coasts, the Southeast, and Midwest, the loss of RD as an independent check on pricing will exacerbate this effect on restaurant customers.[37]

The Independent Restaurant Coalition (IRC) explains, for example, that "When [broadline] delivery prices rise, we shift to Restaurant Depot. When [cash-and-carry] warehouse prices increase, we lean on delivery. That tension keeps prices in check, and is one of the only forms of leverage small, independent businesses have in a supply chain dominated by large corporations. If this merger proceeds, that leverage disappears."[38] The IRC's statement gives credence to the concern that the Sysco-RD merger would eliminate competitive pricing discipline across the broadline and cash-and-carry markets.

Second, Sysco claims that the merger will allow Sysco-RD to offer "its products to more customers in more markets."[39] This may be true, but the prevailing concern is that post-merger, Sysco could have much stronger incentives to retain restaurants in its distribution ecosystem. This could limit customers' ability to supplement purchases from competing broadline or cash and carry distributors. For example, Sysco could tie or bundle together broadline and cash and carry sales, or otherwise condition them in ways that limit customers' ability to access competitors' services. Sysco-RD's dominance in broadline *and* control of a quarter of the cash-and-carry market could exacerbate this adverse outcome.

The potential loss of pricing leverage and "lock in" of cash-and-carry customers could raise food distribution prices to restaurants and, ultimately, the price of food away from home. The merger could also weaken Sysco-RD's incentives to compete on other important dimensions of competition such as quality, variety, convenience, and innovation. Over the long term, anticompetitive effects of the merger could well discourage entry, investment, and innovation in food service markets.[40]

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[36] Peter Romeo, *Objections to a Sysco's-Restaurant Depot Deal are Mounting*, International Foodservice Manufacturers Association, May 6, 2026, https://foodaway.org/IFMA/Resources/News/2026/Objections-to-a-Syscos-Restaurant-Depot-deal-are-mounting.aspx.
[37] Our Locations, Sysco, https://www.sysco.com/contact/our-locations; Locations, Restaurant Depot, https://www.restaurantdepot.com/locations/find-a-warehouse.
[38] *Block the Proposed Acquisition of Restaurant Depot by Sysco*, Independent Restaurant Coalition, [no date], https://www.independentrestaurantcoalition.com/sysco_petition.
[39] Sysco, *supra* note 1.
[40] 2023 Merger Guidelines, *supra* note 23.

V. Any Efficiencies From the Merger Are Unlikely to Reduce Incentives to Exercise Market Power

The 2023 DOJ/FTC Merger Guidelines explain how the antitrust agencies evaluate claimed merger efficiencies.[41] The guidelines are clear that efficiencies must be merger-related and cognizable. This means cost savings and consumer benefits such as higher quality and new products and services must be achievable only through the merger and verifiable. Any efficiencies must also meet the rigorous criteria that they do not arise from anticompetitive reductions in output and reduce or eliminate incentives to exercise market power post-merger.

Sysco-RD expect about $250 million in cost savings in the third year after merger consummation.[42] They also expect other "revenue" benefits such as expanded assortments of products at RD stores and improved service to multi-unit restaurant customers and national customers.[43] In considering these claims, PPI encourages the Commission to consider evidence from previous food attempts by broadline distributors to expand into the cash-and-carry market.

For example, US Foods acquired Smart Foodservice Warehouse Stores (now US Foods Chef'Store) in April 2020.[44] Since the acquisition, the company expanded from 70 stores to around 95 locations in 14 states.[45] But in mid-2024, US Foods reversed course, announcing that it was exploring options to sell Chef'Store. While a sale has yet to be made, industry reporting notes that US Foods' decision to spin it off only a few years after buying it was prompted by fewer than expected synergies between the cash and carry and broadline business."[46] US Foods' strategy is now re-focused on "growing its core broadline business,"[47] to compete in the broadline market.[48]

The failure of the US Foods Chef'Store experiment to generate efficiencies has important implications for the proposed Sysco-RD merger. One industry media outlet expressed skepticism of claimed revenue synergies from an omnichannel strategy.[49] Moreover, such an ecosystem merger would likely raise significant risks around integrating very different assets, logistics models, and management teams — factors that slow down integration in a complex business organization and reduce projected cost savings.[50] Sysco-RD's willingness to pursue the same

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[41] Id.
[42] Sysco, *supra* note 1.
[43] Id.
[44] *US Foods Completes Acquisition of Smart Foodservice Warehouse Stores*, US Foods, April 24, 2020, https://ir.usfoods.com/newsroom/news/news-details/2020/US-Foods-Completes-Acquisition-of-Smart-Foodservice-Warehouse-Stores/default.aspx.
[45] Timothy Inklebarger, *US Foods to sell its cash-and-carry Chef'Store Concept*, Restaurant Business, June 5, 2024, https://www.restaurantbusinessonline.com/operations/us-foods-sell-its-cash-carry-chefstore-concept.
[46] Id.
[47] Id.
[48] Id.
[49] Kristoffer Inton, *Sysco: We Think Market May Be Overreacting to Acquisition of Jetro Restaurant Depot*, *Morningstar*, March 30, 2026, https://www.morningstar.com/stocks/sysco-we-think-market-may-be-overreacting-acquisition-jetro-restaurant-depot.
[50] Diana L. Moss, *Fixing the Fix: Updating Policy on Merger Remedies*, CPI Antitrust Chronicle, October 2024, https://www.progressivepolicy.org/wp-content/uploads/2024/10/1-Fixing-The-Fix-Updating-Policy-On-Merger-Remedies-Diana-L-Moss.pdf.

type of failed ecosystem merger as US Foods-Chef'Store reveals a focus on controlling competition in food distribution, not on squeezing out cost savings or generating benefits for consumers.

PPI appreciates the opportunity to offer analysis and perspective on the Sysco-RD merger, encourages the Commission to carefully scrutinize it, and to take appropriate action to protect competition and consumers.

Respectfully,

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