

United States Senate

WASHINGTON, DC 20510

March 31, 2004

R. Hewitt Pate
Assistant Attorney General for Antitrust
Department of Justice
950 Pennsylvania Avenue, NW
Washington, DC 20530

Dear Mr. Pate:

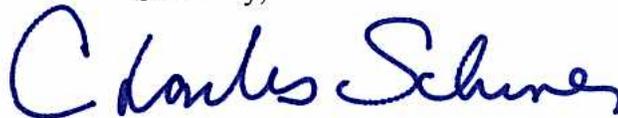
I am writing concerning the recent bankruptcy filing of Parmalat USA. As you probably know, following the accounting scandal surrounding their Italian parent company, Parmalat USA is being sold. I am concerned that an acquisition by one of the existing processing companies that purchases milk from New York dairy farmers and supplies retail milk products in New York may reduce competition and raise prices for consumers in an already concentrated market. As prescribed by federal antitrust statutes, it is imperative that the Department of Justice assures that any such merger does not reduce competition.

Media accounts suggest Dean Foods may make an offer to purchase Parmalat USA. If this potential purchase were to be approved there would be further concentration in the dairy industry resulting in fewer milk buyers and suppliers the Northeast. This merger could simultaneously result in higher retail prices coupled with lower farm prices for New Yorkers. With Dean Foods and Parmalat USA controlling the two largest shares of the New York City fluid milk market, a combined company would control as much as 85-90% of the market. If such a merger were approved, the further concentration would damage both the rural economy that depends on dairy farmers by reducing the number of competitors for New York milk and increase consumer cost through lower competition among retail product producers. Even before the proposed sale of Parmalat USA, I joined with several of my colleagues to call for a General Accounting Office investigation into the apparent farm-retail price disparity caused by the existing lack of competition in the processing sector. I am concerned that the situation may only become worse if there is further concentration in the dairy industry.

Considering the indications that Parmalat is already involved in private negotiations with one, if not more, companies to acquire its US subsidiaries, I urge the Antitrust Division to closely follow the proposed sale and ensure there is no reduction in competition in New York's dairy industry. It is in the vital interest of both New York's dairy farmers and consumers that the Department of Justice remain vigilant and fully protect New Yorkers as the Parmalat sale proceeds.

Thank you for your attention to these matters of great importance to New York farmers and consumers. I look forward to your response.

Sincerely,



Charles E. Schumer
United States Senator