



## **USA RICE**

### **Central America/ Andean Marketing Representation Market Access Program (MAP)**

## **REQUEST FOR PROPOSAL**

### **I. INTRODUCTION AND OVERVIEW**

#### **USA Rice**

USA Rice is a nonprofit trade association representing all segments of the U.S. rice industry, including but is not limited to producers, millers, exporters, and merchants, as well as other entities involved in the production and marketing of U.S. rice. The organization was founded in 1994 by the leadership of the industry's three national associations: the Rice Millers Association, USA Rice Council and the USA Rice Farmers (formerly known as US Rice Producers Group).

USA Rice's grower representation includes approximately 90% of the U.S. rice crop. The organization also represents virtually all U.S. rice millers and processors, as well as the nation's major rice exporters, which account for nearly 100% of U.S. rice supplies and exports. Furthermore, associate members of the USA Rice cover almost the entire marketing and distribution channels for U.S. rice.

USA Rice operates a domestic promotion program as well as export promotion programs in more than 20 countries. Programs are funded by both USA Rice members and through various public programs for which USA Rice competes annually.

USA Rice is headquartered in Arlington, Virginia, and has subsidiary offices in Arkansas, Louisiana and Germany. Consultants and agencies are used as appropriate, for a wide variety of projects, including domestic and international promotion programs.

USA Rice is an equal opportunity employer and prohibits discrimination in all programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, or marital or familial status.

### **II. MARKET SITUATION IN CENTRAL AMERICA**



### **Market Access:**

As a region, Central America was our second largest market until the past several years when exports to the region plummeted. In 2007, the U.S. exported 710,185 MT of rice to Central America; in 2014, exports had decreased 40% to 427,592 MT. They have since made a slight rebound with 587,210 MT exported in 2021. Most rice exported to the region is in paddy form.

Prospects for 2022 and beyond are steady, as the region produces only a portion of its demand, depending on the success of each annual crop. This outlook, however, may be moderated by currency exchange fluctuations which may make U.S. rice less affordable. Central America is one of the best growth markets for agricultural products due to a rapidly expanding population, positive income elasticity and limited potential for local production expansion.

Although the U.S. accounts for 76% market share of all rice imported from outside of the region, packers lack incentive to identify their rice as U.S. origin. In addition, because consumers do not “see” U.S. on the label, they lack awareness of U.S. rice and fail to connect the origin with a particular brand they buy.

Given that all countries manage internal tariff rate quotas (TRQ) and only permit rice to be imported through licensing issued by the respective governments, trade is largely restricted to rough rice in bulk to the region’s millers. Despite the market access benefits to the U.S. of the Central American Free Trade Agreement (CAFTA), importers are allowed import permits only after demonstrating that they have purchased the available local crop. Given that much of the region’s rice is not irrigated, wide production swings can take place, sometimes resulting in fairly significant fluctuations for U.S. exports. The TRQs for imports of U.S. rice will go to unlimited in the Central American countries of El Salvador, Guatemala, Honduras and Nicaragua on January 1, 2023, after a nearly two-decade phase-in since 2006.

Per capita consumption is high in the southern countries of Panama, Nicaragua, and Costa Rica and moderate in Honduras and El Salvador. Consumption is quite low in Guatemala, which has a long culinary tradition of a corn and bean-based diet. Despite efforts to increase per capita consumption of rice, consumption in Guatemala has remained virtually flat at just over 7kg per person annually. Continual growth in U.S. rice sales will depend on the ability to change taste preferences in the northern-tier countries (El Salvador, Guatemala and Honduras), where consumption of corn products is very high. It will also be based on maintaining a relatively high per capita consumption rate of more than 57 kg in the southern-most countries (Nicaragua, Costa Rica, and Panama), where consumers, especially the younger ones, are showing an increased tendency to consume alternative foods. Fast food chains and snack foods based on bread, potatoes and pasta are growing rapidly.



### **Market Promotions:**

Central America is an important partner for the US due to our geographic proximity and strong economic ties that we have historically maintained. This region is the second largest market for U.S. origin rice in terms of volume. Traditionally USA Rice promotions have focused on the northern-tier: Guatemala, Honduras, El Salvador, in an effort to increase their low to moderate rates of rice consumption as compared to the southern-tier: Costa Rica, Nicaragua and Panama. Recently, we have expanded promotional activities to include Nicaragua and Costa Rica. Trade servicing is conducted in all Central American partner countries.

### **III. MARKET SITUATION IN THE ANDEAN**

The Andean countries of Peru, Colombia, and Venezuela represent important, if not consistent, markets for the U.S. rice industry. Various factors including regional competition, regional trade agreements, more favorable trade terms for competitor nations, market access issues, and firm market prices for U.S. rice contribute to the inconsistencies in these markets. Nonetheless, these three countries have the potential to be important buyers, especially during years of crop shortfalls in South America, when these high rice consumption countries seek alternative suppliers to meet their rice needs.

Colombia is of particular interest to USA Rice. The U.S. Congress ratified the U.S-Colombia Free Trade Agreement (FTA) in October 2011 and an export trading company (ETC) was established to administer the rice tariff rate quota (TRQ). The FTA granted zero percent duty on 79,000 MT (milled basis) during the first year. In each subsequent year, the TRQ increases by 4.5 percent until the 19<sup>th</sup> year, when the TRQ disappears and there will be no duties on U.S. rice. The ETC auctions off import licenses for rice to be imported duty-free within the TRQ. After deducting expenses, the auction revenues are split 50/50 between the U.S. and Colombian parties.

The Trade Promotion Agreement (PTPA) between Peru and the United States was signed in April 2006 and began full implementation in February 2009. U.S. rice exports to Peru now benefit from a 74,000-ton TRQ on a milled rice-equivalent basis with an annual compound growth rate of 6 percent from years zero through seventeen of the agreement. Milled, brown, and rough rice can be imported under the TRQ. In 2017, the Peruvian government permitted U.S. brown and paddy rice to be imported but U.S. rice sales still remain low.

For Venezuela, rice is a staple food with per capita consumption at about 50 lbs. Consumption has increased over the past several years due to government controls which



keep rice prices low. Rice is on the government’s list of strategic food products, resulting in predictions of continued growth in consumption. Venezuela has suffered major crop shortages in the past five years due to drought and rising production costs, which deters production because the government-controlled farm gate prices limit profits. As such, the country has alternately turned to the U.S. to supply a significant amount of paddy rice.

**Market Promotion:**

There is great potential for growing the per capita consumption rate of U.S. origin rice in the Andean by way of effective promotions and trade servicing. We have traditionally conducted promotional activities and trade servicing in Peru, Colombia, and Venezuela, in recent years, promotional activities have only been conducted in Colombia.

US exports to Peru have decreased since 2018 with the expectation of 2021 and tonnage remains low. US parboiled rice is of constant interest among Peruvian importers because of reduced cooking time in high altitudes. However, the quality standard in the country is directly influenced by the rice industry of Uruguay. The strategy to develop a strong quality image of US rice will initiate by targeting the local trade and food service sectors. We will work in these areas to introduce the benefits of US rice and remain apprised of market developments.

In 2022 the Colombian tariff rate for US rice above the TRQ level decreased from 55.38% to 49.23%. The free trade agreement and successful TRQ auction are top priorities in the Colombian market. Our goal is to maintain market share and overcome competition from suppliers with lower tariff rates by expanding promotional activities targeting the consumer at the retail level in major cities and working in the HRI sector.

**IV. USA RICE OBJECTIVES IN CENTRAL AMERICA & ANDEAN]**

USA Rice objectives in **Central America & Andean** include:

- a. Increasing both the value and volume of U.S. rice exports to Central American and Andean countries.
- b. Building long-lasting market awareness and preference for U.S. origin rice among consumers, foodservice professionals, media and trade.
- c. Providing the Central American and Andean rice consumers with the information to encourage increased U.S. origin rice purchases.
- d. Positioning the U.S. rice industry as a consistent trading partner for Central American and Andean importers and millers.



## V. SCOPE OF WORK

USA Rice seeks a qualified individual or agency to serve as the trade and promotional representative in Central America and the Andean, and to accomplish the following scope of work:

- a. Develop generic digital and in-person activities that promote the benefits of consuming U.S. origin rice including but not limited to material development, digital and print media placements, social media, in-store promotions, restaurant promotions.
- b. Create campaigns that bring awareness to targeted consumers about the economic, nutritional and versatility of U.S. origin rice, as well as stimulate increased sales.
- c. Monitor, report and assist with consumer or market trends and developments related to rice in the Central American and Andean markets.
- d. Assist with arrangements and accompany USA Rice Federation staff and/or members on consumer insight development trips to Central America and/or the Andean.
- e. Represent USA Rice at conferences, trade shows, USG events and other functions conducted by and for the rice trade in/for the Central America and Andean regions.
- f. Keep USA Rice members and staff apprised of market opportunities in the region via the submission of regular communications. A monthly written report will be required and should include an outline of projected activities for the next month as well as a report on all activities conducted during the reporting month. Consultant will also submit trip reports after travel to any of the Central American or Andean countries.
- g. Develop and conduct promotional activities that will create awareness of local brands that utilize US origin rice, as well as, increase the sale and consumption of US rice in target Central American and Andean countries
- h. Develop and conduct promotional activities that will create awareness of local brands that utilize US origin rice, as well as, increase the sale and consumption of US rice in target Central American and Andean countries.

The firm or consultant shall successfully complete the above scope of work from January 1, 2023- December 31, 2023. The firm will work directly with the Asihia Grigsby, USA Rice Director of International Promotion for the Western Hemisphere. The agency or individual selected to conduct activities will contract with the USA Rice and will be subject to the regulations applicable to the Market Access Program (MAP) as administered by the Foreign Agricultural Service of the United States Department of Agriculture.



## **VI. PROPOSALS**

USA Rice requests that you include the following components in discussing your capabilities:

- A. Describe how you/your agency will achieve the Objectives outlined in Section IV and the Scope of Work outlined in Section V.
- B. Explain why your qualifications and background make you the best individual/agency to represent the USA Rice in Central America and the Andean (please mention language proficiencies).
- C. Provide information regarding your past work, especially related to representing U.S. agricultural commodities in Central America and the Andean
- D. Please detail which of your staff members will make-up the USA Rice team and explain their roles and experience.
- E. Include a detailed estimate of all costs necessary to complete this scope of work including staff fees, third party expenses, administrative overhead, travel, and other direct/indirect costs needed to support your program.
- F. Include any additional information that demonstrates the ability to perform the functions outlined in this Request for Proposal.

## **VII. CONFLICTS OF INTEREST**

Potential conflicts of interest relative to this program are as follows: agency representation of another entity that is directly competitive to rice, e.g., pasta, tortillas, potatoes; or a firm of record for any U.S., or other rice company. Please disclose any conflicts of interest.

Additionally, no USA Rice employee, officer, board member, or agent thereof will participate in the review, selection, award, or administration of a contract if a real or apparent conflict of interest would arise. Such a conflict would arise when an employee, official, board member, agent, or the employee's, officer's, board member's, or agent's family, partners, or an organization that employs or is about to employ any of these parties or their affiliates has a financial or other interest in the contract.

USA Rice officers, employees, board members, and agents thereof shall neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or subcontractors. Procedures shall also provide for disciplinary actions to be applied for violations of such standards by officers, employees, board members, or agents thereof.

## **VIII. SELECTION CRITERIA**



USA Rice reserves the right to award the contract to the individual/agency with the best combination of attributes and ability to successfully serve as the organization's marketing representative in Central America and the Andean, not necessarily the lowest bid.

## **IX. ADMINISTRATION**

The individual or agency selected for the position will report directly to Asiha Grigsby, USA Rice Director, International Promotion, with further oversight by Sarah Moran, Vice President, International.

## **X. FINANCIAL**

The total budget for all aspects of this scope of work, including all fees, overhead, third party expenses, travel and other expenses is \$200,000- \$240,000 submitted proposals should reflect this budget. Funds for this project come from the U.S. Department of Agriculture's Market Access Program (MAP) and are subject to the annual availability of funds in that program.

## **XI. PROPOSAL DUE DATE / PROJECT TIMING**

Proposals are due by close of business on Monday, November 21, 2022. For the individual or agency selected to complete this scope of work, the contract will run for one year commencing in January 2023 and ending on December 31, 2023. If mutually acceptable, the contract may be renewed at the end of the fiscal year at the option of the USA Rice.

## **XII. SUBMISSION OF PROPOSALS**

Individuals / agencies are invited to submit proposals to USA Rice by close of business (5pm EST) on Monday, November 21, 2022. Please direct your proposal to the following email address:

Asiha Grigsby  
E-mail: [agrigsby@usarice.com](mailto:agrigsby@usarice.com)