



USA RICE

South Korea Marketing Program Implementation

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 SOUTH KOREA

Rice is considered the most important crop in South Korea, accounting for more than 90 percent of its total grain production and over 45 percent of its food self-sufficiency. Barley, soybeans, and potatoes are the other major crops. Fruits, particularly citrus, and vegetables are also widely grown.

According to Statistics Korea, the rice planted area in South Korea has declined since 2001,

though 2021 was an anomaly. On average, rice area has been annually decreasing by 5,000-38,000 hectares. Due to the withdrawal of support policies on other crops (rice excepted), the “rice reduction program” (in place since 2018), and skyrocketing price of rice in 2020, the rice planted area increased in 2021 from 726,432 ha to 732,477 hectares. The average rice price of 20kg had increased annually since 2017. The average price in 2017 was ₩33,569 (\$28.14), but the price in 2021 reached ₩58,287 (\$48.87). Once the new crop entered the market in 2021, the price began to drop so the Korean government purchased 350,000 MT of the new crop. As prices continued to decrease, , the government decided to purchase an additional 200,000 MT as local farmers demanded additional government purchases to stabilize rice prices.

At the end of October 2021, the MY 2021/22 rice stocks are expected to decline 7 percent from the MY 2019/20. The total stock in the MY 2021/22 is 1.1 MMT with 27.5 percent stock-to-use ratio. The main reason for this decline was the delayed import shipments under 2021 TRQ contracts, due to container shortages and freight delays.

In 2019, Korea’s Ministry of Agriculture, Food and Rural Affairs (MAFRA) announced that The World Trade Organization (WTO) allowed South Korea to keep a 513% tariff on imported rice as it reached an agreement with five countries after years of negotiation. The sky-high tariff was disputed by the United States, China, Australia, Thailand, and Vietnam through the WTO in late 2014 when Korea decided to open its market to imported rice under tariffication. The five countries argued that the tariff should be lowered to around 200 - 300 percent. Official discussions among the countries began the following year and resulted in Korea imposing a 5% tariff on the tariff rate quota (TRQ) amount of 408,700 tons, while the 513% percent tariff remains on imports above the TRQ; this effectively restricts additional foreign rice imports above the established quota.

Korea agreed to create specific import quotas for the five countries that disputed the measure. Of the total TRQ amount, 388,700 tons are shared by the five countries, with levels based on their rice exports to Korea over past years. Korea's country-specific quota (CSQ) imports from China amount to 157,195 tons, followed by 132,304 tons from the U.S., 55,112 tons from Vietnam, 28,494 tons from Thailand, 15,595 tons from Australia, with the remaining 20,000 tons quota reserved for global quota. Additionally, a minimum of 40,000 tons of this amount must be table rice (37,000 tons from the U.S. and 3,000 tons from Vietnam).

Annual per capita table rice consumption in MY 2020/21 hit a new low of 55.3 kg (122 lbs). The table rice consumption per capita has been declining from the record high in 1970, which was 136.4 kg (300 lbs). The main reasons for the change are eating habit changes due to rising incomes and the growing popularity of more diverse international foods.

After the outbreak of COVID-19, Koreans began to prepare more meals at home instead of dining out, as was seen throughout the world. This increased the rice consumption at home with a resultant decline in foodservice usage of rice. In MY2020/21, rice consumption was 3.96 MMT, 3 percent lower compared to the MY 2019/20 due to declines in disappearance



of both table and feed rice. The consumption in the food processing sector did not change from the level of the MY2019/20 due to higher demands for rice in HMR (Home Meal Replacement) and RTE (Ready To Eat) products.

Market Access:

On December 22, 2021, the Korea Agro-Fisheries & Food Trade Corporation (aT) completed the tendering process on imported rice. Under the 2021 TRQ regime, Korea purchased 408,700 MT of rice on a milled basis, valued at \$421.9 million, from five countries including the United States, China, Vietnam, Thailand, and Australia. Country-Specific Quotas (CSQ) accounted for about 388,700 MT out of the 2021 TRQ volume and Most Favored Nation Quotas (MFN) took the remaining 20,000 MT. The United States' share of 2021 TRQ was 32.4 percent, which is the same as the 2020 TRQ. Specifically, U.S. rice contracts were 132,304 MT on a milled basis, with a value of \$170.5 million. Out of the total U.S. rice contracts, 90,804MT on a milled basis was brown rice for food processing, and the remaining 41,500MT on a milled basis was table rice.

In Korea, aT conducts weekly auctions to sell imported table rice to distributional channels. For U.S. rice at least, there is often a two year lag from the year the rice was purchased and the year it is sold to the public. The auctioning for U.S. medium grain rice under 2019 TRQ was fulfilled on September 29, 2021, with 36,879 MT out of total committed volume of 37,000MT. As of October 5, aT began the auctioning process for another 38,500 MT of U.S. medium grain rice under the 2020 TRQ. aT offers around 700 MT of U.S. medium grain rice and 70 MT of Vietnamese or Thai long grain rice weekly to local distributors. However, the auctioning speed compared to the last year is much slower (last year, the weekly auctions were for 1,200 MT for U.S. rice) as the Korean government is trying to stabilize local rice prices.

The Korean government's priority on the local rice prices is understandable but it is a consistent challenge to the U.S. table rice auctioning system. aT's unpredictable changes in the rice auction volume make local rice distributors wary as they could encounter stock management issues. Moreover, the Korean government is deteriorating the rice quality by delaying and decreasing the rice auction frequency and volume.

III. USA RICE FEDERATION OBJECTIVES IN SOUTH KOREA

USA Rice objectives in South Korea include:

1. Convince foodservice outlets to include new U.S. rice dishes on their menu;
2. Incrementally increase the usage of U.S. rice in the foodservice sector;
3. Work with retailers, etailers, food distributors, wholesalers, mass caterers and others to amplify the marketing messages of U.S. rice including environmental stewardship, sustainability, versatility and high quality to consumers.



4. By use of sampling, taste testing and other means increase the number of South Korean consumer who have had the chance to try U.S. rice firsthand

IV. SCOPE OF WORK

1. Update and maintain the Korean USA Rice website as needed.
2. Encourage rice product processors to incorporate U.S. rice menus into their operations, by targeting foodservice chains and conducting one-on-one menu presentations and hands-on workshop seminars to develop more U.S. rice menus targeting online consumers using food delivery services and apps.
3. Conduct tie-in promotions and/or retail sales promotions. Tie-in promotions will include U.S. medium grain rice menu sampling, on-offline advertisement, POS material production and consumer promotional events.
4. Conduct in-house recipe development, which will include tests of U.S. rice for recipes and menu development by a contracted chef/chef team, styling and photo shooting for the developed rice menus. Recipes for the new rice menus will be updated on USA Rice Korean website and used for promotional materials in other planned activities.
5. Submit via e-mail one copy of a monthly written report to USA Rice. The monthly report will include, at a minimum, the following information:
 - a. Report on rice market in South Korea;
 - b. Copies of all trade and government contact reports;
 - c. List of contacts made in government and industry during the period;
 - d. Summary of activities undertaken during the period covered by the report, including an evaluation of the impact on the target audience;
 - e. All information and materials generated during that month;
 - f. Progress of achieving program goals as set forth in the UES; and
 - g. Trade publication articles related to USA Rice and the U.S. rice industry.
6. Provide a year-end self-evaluation that addresses the goals and performance measures as outlined in the UES and the impact on the target audience(s).

The firm or consultant shall successfully complete the above scope of work from January 2023 through December 31, 2023. The firm will work directly with the USA Rice Director of Asia Promotion Programs. 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.

V. 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 III and the Scope of Work outlined in Section IV.
- B. Explain why your qualifications and background make you the best individual/agency to represent the USA Rice in South Korea (please mention language proficiencies).
- C. Provide information regarding your past work, especially related to representing U.S. agricultural commodities in South Korea.
- D. Please detail which of your staff members will make-up the USA Rice team and explain their roles and experience.
- E. Include an accounting 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.

VI. 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.

VII. 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 South Korea, not necessarily the lowest bid.

VIII. ADMINISTRATION

The individual or agency selected for the position will report directly to Jim Guinn, Director, Asia Promotion Programs, with further oversight by the Vice President, International.

IX. FINANCIAL

The total budget for all aspects of this scope of work, including all fees, overhead, third party expenses, travel and other expenses is approximately \$280,000. Submitted proposals



should reflect this budget. Funds for this project come from the U.S. Department of Agriculture's Market Access Program (MAP) and is subject to the annual availability of funds in that program.

X. PROPOSAL DUE DATE / PROJECT TIMING

Proposals are due by close of business on November 30, 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.

XI. SUBMISSION OF PROPOSALS

Individuals / agencies are invited to submit proposals to USA Rice by close of business (5pm EST) November 30, 2022. Please direct your proposal to the following email address:

jguinn@usarice.com.