



USA RICE

Central America/ Andean Marketing Representation Regional Agricultural Promotion Program (RAPP)

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:

Central America is a crucial market for the U.S. rice industry. Historically, the U.S. dominated the Central American rice market, but quality concerns since the 2010 crop have allowed foreign suppliers to gain ground. Central American consumers prefer long grain rice with consistent length, minimal chalk, and a non-sticky texture when cooked, favoring higher amylose content. In response, new U.S. rice varieties have been developed to meet these preferences.

The northern tier of Central America, comprising El Salvador, Guatemala, and Honduras, is a region with significant growth potential for U.S. rice. Factors contributing to this include low local rice consumption, a young population with a favorable view of U.S. products, limited local production expansion, and rising incomes. In 2023, U.S. rice held a 63% market share in the northern tier, compared to Brazil's 23% and Uruguay's 8%. Per capita rice consumption in this region has surpassed 40 pounds annually, about 10 pounds more than in the U.S.

In 2023, the tariff quotas under the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) were lifted, allowing Guatemala, El Salvador, and Honduras to begin free trade for rice from the U.S. This development has opened new opportunities for increased U.S. rice exports, bolstered by USA Rice's decade-long investment in promoting American rice in Central America.

The southern tier of Central America, including Nicaragua, Costa Rica, Panama, and the Dominican Republic, has a higher per capita rice consumption and is more quality-conscious compared to the northern tier. In these countries, U.S. rice faces stiffer competition from South American suppliers. In 2023, U.S. rice held only a 16% market share in Nicaragua, Costa Rica, and Panama, compared to Brazil's 38% and Uruguay's 41%.

Nicaragua also began free trade for rice from the U.S. in 2023, with Costa Rica and the Dominican Republic set to follow in 2025, and Panama in 2032. However, logistical challenges, such as increased shipping periods and costs due to bottlenecks in the Panama Canal, have impacted demand. Additionally, U.S. rice prices have been higher than those of other exporters due to tighter supplies and steady demand in other markets, leading to lower imports.

Despite a 4% decline in regional trade in 2023, attributed to general market conditions rather than CAFTA-DR's phase-out, the U.S. retains a competitive edge due to the agreement. Most U.S. rice enters as rough/paddy rice, covering nearly 90% of the tariff rate quotas (TRQs).

In Panama, the five-year average market share for U.S. rice dropped from 60% to 30% in 2023. In Costa Rica, the U.S. market share plummeted from over 95% to just 3% in 2023. Despite these challenges, a 15% larger long grain crop expected in 2024/25 and improvements in the Panama Canal situation may help the U.S. recapture some lost market share.

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. 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 19th 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, however, promotional activities and trade servicing will be considered in additional Andean countries where market opportunities are present.

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 2023 the Colombian tariff rate for US rice above the TRQ level decreased from 49.23% to 43.08%. 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:

Collaborate with retailers, distributors, and importers to develop consumer facing promotional strategies that maximize the return on investment and raise awareness of U.S.-origin rice. This strategy will leverage retail and market research insights. It will also explore new sectors, including but not limited to AI-generated targeted advertising, rice by-product development (such as supplements, hair products, and flour), and pop-up shops featuring specialty rice varieties and products.

Partner with social media professionals to amplify the reach of U.S.-origin rice among consumers. Create generic social media campaigns that can be tailored to support the brands of retailers and importers who source U.S. origin rice. The social media messaging will also complement trade shows, trade missions, and trade collaborations, showcasing U.S. rice as the preferred foreign origin. Strategies include but are not limited to social media blitzes to spread key messages, share brand origin stories, highlight specialty varieties, and explain sustainability practices.

- a. Develop generic digital and in-person activities that promote the benefits of consuming U.S. origin.
- 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. 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.
- e. 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.

- f. 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 August 1, 2024- December 31, 2024. The firm will work directly with the Asihia Grigsby, USA Rice Senior 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 Regional Agricultural Promotion Program (RAPP) 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 Asihia Grigsby, USA Rice Senior Director, International Promotion, with further oversight by Sarah Moran, Chief Operating Officer.

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 **Central America: \$60,000-\$90,000** and the **Andean: \$40,000-\$50,000** submitted proposals should reflect this budget. Funds for this project come from the U.S. Department of Regional Agricultural Promotion Program (RAPP) 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 Friday, July 12, 2024. For the individual or agency selected to complete this scope of work, the contract will run for five months commencing in August 2024 and ending on December 31, 2024. 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 Friday, July 12, 2024. Please direct your proposal to the following email address:

Asiha Grigsby
E-mail: agrigsby@usarice.com