

Request for Proposals for Comprehensive Market Assessment, Economic Impact Analysis, and Strategies to Increase U.S. Cheese Exports to Thailand

Purpose of the Request for Proposals (RFP): The purpose of this Request for Proposals (RFP) is to establish a contract with a qualified consultant to perform a comprehensive market assessment, economic impact analysis, and strategies to increase U.S. cheese exports to Thailand.

Statement of Work

Background: While the total cheese imports to Thailand continue to grow, lower tariffs for U.S. competitors such as Australia and New Zealand threaten U.S. market share. In 2021 under the ASEAN-Australia-New Zealand free trade agreement, tariff rates for cheeses from Australia and New Zealand will reach 0% with no safeguards, while U.S. cheese exports will continue to have a 30% tariff applied.

As demonstrated by the table below, cheese imports into Thailand have grown quickly and significantly in recent years, including for U.S. cheese.

Cheese Imports into Thailand (tons)

Country	2012	2013	2014	2015	2016	2017
All countries	7,851	9,068	10,605	12,037	14,630	14,899
NZ	2,679	2,882	4,062	4,535	5,081	4,156
AUS	2,287	2,445	2,884	2,986	3,790	3,182
USA	686	1,038	876	1,145	1,384	1,725
Belgium	165	351	230	480	932	1,303
Germany	402	444	689	726	702	754
France	258	326	358	483	607	663
Italy	166	220	369	544	471	612
Denmark	286	328	212	373	378	363

Thailand has a growing food service industry, including more Western style restaurants, as well as an increasing use of cheese as an ingredient in baked goods, ready to eat foods, and snacks. According to Nielsen Global Snacking Report, refrigerated snacks (including cheese snacks) jumped 6.4% in Asia-Pacific (including Thailand). Thailand's economic growth has led to an emerging middle class, and thus growing demand for dairy products such as processed cheese. Expansion in the food service, food processing, and retail segments are being catalyzed by changes in food consumption habits and a dynamic tourism sector. Thailand has a strong food-manufacturing base and is one of the world's largest food product exporters, resulting in an increasing focus on importing the quality of food ingredients.

Thailand's food processing industry has developed rapidly and is one of the most developed in South East Asia with more than 10,000 food and beverage processing factories. According to the National Food Institute, Thai agri-food exports will grow by 8.7 percent in 2018 to reach U.S.

\$36 billion in 2018. Food processing firms in Thailand are organized through the Federation of Thai Industry (FTI) and the Frozen Food Association (FFA). Through these organizations they frequently lobby the government on matters related to their interest. For example, FTI has successfully worked with the Thai Food and Drug Administration (FDA) on food labelling and food additive issues.

A reduction of the import tariff on U.S. cheese is needed to increase the use of U.S. cheese in Thailand. To successfully request that Thailand consider lowering the import tariff on any certain imported product, the keys to success are: (1) creating an economic argument showing that the domestic Thai industries will benefit greatly from lower tariffs on inputs and (2) organizing the local industry to collectively lobby the government (Ministry of Finance and Ministry of Commerce for a tariff reduction. The key factors that these ministries weigh when evaluating tariff reduction proposals are: (1) positive benefits for Thai industries, (2) negative effects on Thai producers, and (3) the impact a tariff reduction will have on government finances. This project is designed to depict to the Thai governments that a lower tariff will generate a competitive advantage for Thai manufactures by allowing them to compete more effectively with their competitors in other countries. Increased exports will result in increased profits for Thai industries which should blunt any negative financial impacts that will result from lower tariffs and eventually increase the Thai government revenue for the incremental of sales tax and other relevant tax collection.

Thai food processors and consumers have steadily increased their cheese purchases resulting in cheese imports doubling over the past 6 years. The recent tariff agreement with New Zealand shows that cheese is not a sensitive commodity for Thailand. In that agreement, New Zealand gained increased market access without expanding the market access they provided to Thailand. As Thailand does not have a strong dairy sector, there is no industry trade association that would oppose a tariff reduction for cheese. However, Thai food processors are seeking to expand exports to the ASEAN Economic Community and need cheaper inputs to increase their competitiveness. This is a target area of the government's "4.0" economic plan meaning that the project would align with the government's objectives.

Project Description: U.S. Department of Agriculture, Bangkok Office, seeks proposals from interested consultants to conduct the comprehensive market and economic impact analysis and suggest strategies through the formation of an advocacy group to advocate for lower Thai tariffs on U.S. cheese imports. The selected consultant will build an economic case for lower tariffs on U.S. cheeses, and to present this information to the Thai government along with the formed working group. The ultimate objective of this project is to reduce the import tariff for U.S. cheeses from 30 percent to 0 percent by 2021.

The U.S. Department of Agriculture, Bangkok Office, will review, interview and select the consultant for the project, guide the project's process, and serve as the primary local point of contact for the project.

Project Objectives:

- 1) Formation of an industry advocacy group to provide market information, competitive advice, implementation of tariff reduction efforts, information collection activities for market

assessment, economic analysis, and selection of active, influential members to represent the efforts for tariff reduction to the Thai Government;

- 2) Identify market potential for U.S. cheese with respect to the food manufacturing and processing market segments. Completion of the market assessment and economic impact analysis of a lowering import tariff rate of U.S. cheeses;
- 3) A meeting with all relevant stakeholders to present and brainstorm on strategies and the results of the market assessment and economic impact analysis to be presented to the Thai Government agency;
- 4) After completion of the market assessment and economic impact analysis, the selected advocacy group will meet with the Thai government to request a tariff reduction and communicate industry interests and the impact of a reduction, and;
- 5) Gain reduction of the import tariff from 30 percent to 0 percent.

Detailed Project Description and Required Deliverables:

The selected consultant will provide research, analysis and recommendations sufficient to accomplish the “Project Objectives” as stated above. At a minimum, the scope of work shall include the following:

- The selected consultant will begin by identifying key industry trade stakeholders; this is a crucial step to identify the right and key stakeholders to form an industry advocacy group to work on the tariff reduction issue. The advocacy group will provide direction and counsel during all phases of the project as well as being at the forefront together with the consultant in representation efforts to the Thai government. This advocacy group will consist of up to 10-15 people, including FAS Bangkok, California Milk Advisory Board (CMAB) and U.S. Dairy Export Council (USDEC) Thailand representatives, as well as representatives from leading importers, foodservice, retailers, industrial users, and others with a strong interest in the issue;
- The consultant will conduct a market assessment and an economic analysis of the economic impact of the tariff reduction on the Thai economy and international supplying countries. The study will be undertaken by the consultant with support and input from FAS Bangkok, as well as CMAB, USDEC, key government officials, consumers, as well as leading importers, industrial and food service users, retailers, and other private sector representatives. The analysis should focus on the impact lower tariffs for U.S. cheese will have on Thai food processing firms and exports, especially highlighting the benefits;
- The consultant will conduct at least 30-40 interviews with individuals and/or small groups to gain additional insights. The market assessment and economic analysis will be used to cooperate with all key stakeholders, particularly those in the Thai government and private sector, in order to quantify the benefits and costs to Thailand of various tariffs levels;
- Organizing the industry advocacy group meetings to collect more information and present a market assessment and an economic analysis of the economic impact of the tariff reduction on the Thai economy and international supplying countries;

- The consultant will present the information to relevant Thai Government agencies focusing on the benefits that Thailand will gain from the tariff reduction, and submit a proposal to Thai government requesting for a tariff reduction;
- After the consultant submit the proposal requesting the Thai government for the import tariff reduction on U.S. cheeses, the consultant will continue to provide supplemental information to any questions raised by the Thai government for the next 9 months. This may include secondary surveys, updated statistics, clarification on any concerns from the submitted proposal;
- Proposal Format and Content. The proposal submittal must contain the following information:
 1. Cover Letter. Provide name and address of the company(s) and project contact person with address, phone and email. Summarize your understanding of the project scope and services being required. Provide a statement indicating your ability to provide timely services for this project and to meet the requirements of the proposed schedule. Indicate your acceptance of the requirements of this RFP. The cover letter must be signed by a duly authorized official of the company.
 2. Project Team.
 - a. Prepare an organizational chart showing the project team
 - b. Provide resumes or a listing of information for each person included in your proposed project team. State the educational background of each individual, years of experience, length of employment with your company, and previous project experience. For each person, list specific responsibilities on this project, experience on economic impact studies of similar size and type, specific qualifications applicable to this project, and any current work assignments which may affect availability for this project.
 - c. Any capacity and/or resources available that would enable you to back up and support the assigned staff.
 - d. Describe specific knowledge of food business and familiarity with Thai food processing industry and networks.
 - e. The examples of projects involving market analysis, strategy formulation, and related business development work.
 - f. For the project manager and other “key” team members proposed, provide at least three client references (contact person, phone, email and summary of project).
 - g. Experience in Thai government is highly desirable.
 - h. Describe commitment and procedures in delivering flawless service to your clients.
 3. Project Approach
 - a. Provide a description of your project approach including – but not limited to – all items listed above, a work plan and estimated personnel hours, if available. Any changes that your team might recommend to the overall scope of work should be indicated and explained.
 - b. Any additional information that would uniquely qualify your team for this project.
 4. Deliverables:
 - a. List of all interviews conducted by the consultant.

- b. Consultant will submit a draft of final report on economic impact analysis and a proposal to be submitted to the relevant Thai governments for review and comment, prior to finalizing.
 - c. Final report on economic impact analysis, key findings, and proposals to be submitted to the relevant Thai governments.
 - d. The final report document must be delivered in PDF format, with a separate PDF for the executive summary.
 - e. Presentation to be delivered by the consultant at several meetings (about 5 meeting) with the U.S. Department of Agriculture, Bangkok office, project team, food industry, and Thai government officials. The number of the meetings are not flexible and should include any follow-up meetings with the Thai government (if any) to provide further information if required by the Thai government officers. An electronic file of the consultant's PowerPoint presentation should be included in the deliverables so that the U.S. Department of Agriculture and project partners for further discussion on the consultant's findings and recommendations for the strategic approach to the Thai governments.
5. Detailed budget breakout: Explain in details how costs are bread downed and calculated. The budget also includes printing and filing documents to be presented the advocacy group for consultation and related government agencies and costs for seminars, meetings, and conference facilities for advocacy group meetings.

Selection Criteria:

Upon receipt of the proposals, U.S. Department of Agricultural, Bangkok office will evaluate the completeness of each proposal. All complete proposals will be forwarded to relevant members of the project team including but not limited to U.S. Dairy Export Council and California Milk Advisory Board. The project team will rely on the qualitative information contained and presented in the proposals, interviews, and reference checks in making the decision to select the most qualified firm to provide services for this project. Selection criteria will be based on:

- 1. Appropriate explanation detailing the approach to the project objectives and scope of work as stated in this RFP.
- 2. Demonstrated understanding of the project. Ability to Complete the Scope of Work: Consultants should comment on their ability to complete the scope of work listed, being sure to list any items they do not feel they would be able to complete, and any additional items they can provide above the scope.
- 3. The company background and applicable project experiences
 - o Explanation of Experiences: Preferences will be given to consultants who have experience with governmental economic impact analysis and lobbying/ trade negotiation experience.)
 - o Proven record of market research and analysis, preferably in food manufacturing business.
 - o Knowledge of the economic opportunities and challenges of U.S. food products.
- 4. Abilities and Backgrounds of Personnel: Consultants should list the key personnel who will be responsible for providing services, and provide resumes for those individuals. Please include all relevant experience during the last 3 years with similar governments. Project team members' experience with comparable projects.

5. Team’s knowledge and insight of food industry, experience in conducting economic analysis, proposal preparation, and past experiences in dealing with the Thai governments.
6. Track record of success in conducting economic analysis, proposal preparation, and past experiences in dealing with the Thai governments.
7. Detailed Explanation of Costs: Explain in detail how costs are calculated
8. References: Include a minimum of three (3) references. At least two references should be a former client.

Based on evaluation of written proposals, the U.S. Department of Agriculture, Bangkok office, may ask a number of companies and their representatives to present a proposal for services, e.g. interview with the project team. The U.S. Department of Agriculture reserves the right to not select a company as part of this process if the project team feels the criteria of the project have not been met or an agreement cannot be reached with any of the interviewed companies.

Schedule (Tentative):

This schedule represents the U.S. Department of Agriculture, Bangkok office’s, best estimate of the timing for the RFP. If a component of this schedule such as the deadline for receipt of proposals is delayed, the rest of the schedule may be shifted accordingly.

RFP Issued:	July 1, 2019
Deadline to acknowledge interest & submit questions	July 15, 2019
Answers to questions sent to all consultants who have acknowledged interest	July 22, 2019
Deadline for Proposal Submittal	July 31, 2019
Interviews with consultants	August 6, 2019
Intent to award	August 15, 2019
Work begins	September 1, 2019
Submission of the proposal requesting the government to lower import tariff on U.S. cheeses	April 30, 2020
Anticipated Project Completion Date	September 15, 2020

Note: execution of the complete project may be contingent on securing additional funding, depending on the proposed costs received during the RFP process. It is anticipated that the project can be fully achieved without requiring additional funding.

During the evaluation process, the U.S. Department of Agriculture, Bangkok office, reserves the right to request additional information or clarifications from proposers and the right to reject any or all proposals. All costs to develop submitted proposals are entirely the responsibility of the individual or consultant, and shall not be charged in any manner to the U.S. Department of Agriculture, Bangkok office. This includes, but is not limited to, the direct cost of consultant’s personnel assigned to prepare consultant’s response to the RFP and any out-of-pocket expense

(including, but not limited to travel accommodation, supplies, etc.) incurred by the individual or consultant in preparing the response to the proposal.

Points of Contact:

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