IIAC sets Seoul Incheon core minimum guarantees from $48m to $95m

Earlier today, Incheon International Airport Corporation released full details of its previously announced tender for Seoul Incheon Airport's five-year duty free concessions with minimum guarantees for the core retail units set from KRW 92.9bn ($48m) up to KRW 104.9bn ($95m).

The core concessions are the eight store units that will be open to all-comers (*see table below*) while the remaining four units of the 12 (in total) have been reserved for small- and medium-sized enterprises (SMEs) **as previously reported**. They have minimum guarantees within the range of KRW 4.9bn ($4.5m) to KRW 20.4bn ($18.4m).

In terms of space, the area that will be open to bid from general enterprises totals 15,206sq m while the SMEs can bid for space totalling 2,188sq m giving the latter, a 12.6% share of the retail floor at the Korean hub (*see table below*).

SPECIAL TERMS FOR SMES

Regarding SMEs, IIAC says: "Aligned with government policies, IIAC (has) made unwavering efforts to create a stable environment for their successful entry in that the central area of the passenger terminal and duty-free zones near the departure gate are allocated for the small- and medium-sized new entrants.

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Tender Group		Tender Package	Number of shops	Area (m^2)[1]	Minimum Acceptable Amount[2] (KRW)	Merchandise Category	Notice Number
General enterprises	A Group	DF1	3	1,324	104,940,104,000	Perfume, cosmetics	2014-0000
		DF2	4	1,106	100,165,577,000	Perfume, cosmetics	2014-0000
	B Group	DF3	5	506	69,884,107,000	Liquor, tobacco	2014-0000
		DF4	5	486	52,901,099,000	Liquor, tobacco	2014-0000
	C Group	DF5	4	2,066	70,300,054,000	Leather, Fashion	2014-0000
		DF6	11	1,909	69,748,162,000	Fashion, misc.	2014-0000
		DF7	12	2,856	79,904,312,000	Fashion, misc.	2014-0000
	D Group	DF8	23	4,953	104,320,180,000	All items	This notice
	Subtotal		67	15,206	652,163,595,000		
Small & medium-sized enterprises	E Group	DF9	4	859	20,415,285,000	All items	2014-0000
		DF10	5	924	15,948,317,000	All items	2014-0000
		DF11	1	234	15,108,848,000	Perfume, cosmetics /misc.	2014-0000
		DF12	1	171	4,999,801,000	Liquor, tobacco/ misc.	2014-0000
	Subtotal		11	2,188	56,472,251,000		
Total			**78**	**17,394**	**708,635,846,000**		

"Moreover, to reduce their initial burden for business investment, IIAC presented the minimum bidding price at 60% of that of their major counterparts.

Also, rental deposits for all the tenant firms in commercial facilities is equivalent to six months' rent and should be paid in cash, but SMEs and established middle-sized companies can also pay the deposit with guaranteed securities."

IIAC says that to qualify for participation, retailers "shall be either a domestic corporation licensed to operate a store selling bonded imported goods by the Korea Customs Service or a foreign corporation licensed by a relevant authority in the governing country to run a duty free/tax-free business, that is either currently in operation or has previously been in operation within 10 years from tender notice date".

It further states that consortia or joint contracts are not allowed.

TENDER SCHEDULE

IIAC's tender process will follow the following timetable and deadlines:

Tender presentation

• Date: 14:00 on 11 December 2014

• Place: Main auditorium of the IIAC (1st floor)

• Participation in the presentation is not a prerequisite for participation.

Application for participation

• Date: 29 January, 2015 10:00~16:00

• Place: Main conference room, IIAC (5th floor)

• Participants must be present at the conference room during above time mentioned.

Tender (Business Proposal (60%) and Financial Proposal (40%)

• Date: 30 January, 2015, 10:00~16:00

• Place: Main conference room of the IIAC (5th floor)

Further tender information can be accessed at http://ebid.airport.kr or by contacting Ms. Kang Eun-jeong (+82-32-741-5733) about the tender process or Mr. Kim Hong-soo (82-32-741-5552) about the business operation.