

Shifting the Timeline for Establishing Valid Competition Forward in Weapon System Procurement Procedures

Amendment of the "Criteria for Entering into Contracts by Negotiation for Defense Capability Improvement Projects" (DAPA Instruction No. 1067, Amended July 15, 2026)

August 24, 2026

In this issue, we summarize and highlight the key revised provisions that clarify the timeline for establishing "Valid Competition" in procurement projects.

1. Background of the Amendment

Under weapon system procurement procedures, the final model (successful bidder) is selected through a series of stages: proposal evaluation, selection of equipment eligible for negotiation, test and evaluation (T&E), technical negotiation, contract terms negotiation, final price submission, provisional contract signing, and model selection evaluation.

However, when multiple candidates (bidding companies) undergo these extensive procedures over a prolonged period, and only a single bidder remains either mid-way or in the final stages, declaring a failed bid (re-bidding) and restarting the process from the beginning can lead to significant project delays.

To address this issue, the latest amendment improves the process by shifting the timeline for establishing valid competition forward to the proposal submission and evaluation stage, and by allowing the omission of the model selection evaluation process if only one candidate remains after negotiations are successfully concluded.

2. Key Changes

Category	Before Amendment	After Amendment
Time line for Determining Valid Competition	- Requirement-compliant lowest-cost method: at the time of price-competitive bidding, after test evaluation and negotiation are complete - Comprehensive evaluation method: not specified	Common: at the time of proposal evaluation (i.e., the cost-condition evaluation point)
Determination Criteria	- Requirement-compliant lowest-cost method: whether companies that completed negotiations take part in price-competitive bidding - Comprehensive evaluation method: unclear	Common: whether two or more companies satisfy the evaluation criteria in the proposal-evaluation results
Method of Model Selection	- Requirement-compliant lowest-cost method: selection of the lowest-cost company "through price-competitive bidding" - Comprehensive evaluation method: comprehensive comparative evaluation of factors such as the economic feasibility of acquisition cost and operation/maintenance cost	- Requirement-compliant lowest-cost method: the phrase "price-competitive bidding" is deleted; the model is selected as the lowest-cost company - Comprehensive evaluation method: unchanged - Common: if only one model has passed test evaluation and completed negotiation after target-equipment selection, model-selection evaluation may be omitted
Newly Established Concept	(None)	Establishes the concept of "cost condition," meaning, among the proposal-evaluation criteria, "whether the bid price falls within the project budget"

3. Details by Article

① Articles 6 & 33 — Establishment of the "Cost Condition" Concept

- Requires that the "cost condition" (whether the bid price falls within the project budget) be specified in the bid announcement and the request for proposal, alongside the mandatory and optional conditions.
- Incorporates price information as a mandatory review item beginning at the proposal-receipt stage.

② Article 8 — Change in the Timing of Opening Price Bids and Specification of the Criteria for Establishing Competition

- Timing of opening price bids: (Before) at the time of price negotiation → (After) at the time of cost-condition evaluation.
- "If, as a result of the proposal evaluation, two or more companies satisfy the evaluation criteria, valid competition shall be deemed established." (Newly added)
- Whether competition is established is now confirmed at the proposal-evaluation stage.

③ **Article 34 — Establishment of the Cost-Condition Evaluation Procedure**

- Cost-condition evaluation is conducted on the basis of the project budget, after the mandatory- and optional-condition evaluations are complete, under the direction of the head of the Integrated Program Management Team, with the head of the Proposal Evaluation Team and the secretary in attendance.

④ **Article 35 — Exclusion from Target-Equipment Selection for Failure to Meet the Cost Condition**

- Establishes failure to meet the cost condition as a new ground for exclusion at the target-equipment selection stage.

⑤ **Article 41 — Specifies the Proposal-Evaluation Stage (Cost Condition) as the Point of Establishing Competition, and Deletes the Language and Procedures on Price-Competitive Bidding under the Requirement-Compliant Lowest-Cost Method**

- Before the amendment, under the requirement-compliant lowest-cost method, the rules provided that, among equipment that had completed test evaluation and negotiation, the model was determined "through price-competitive bidding," selecting the company offering the lowest cost.
- After the amendment, the language and procedures relating to "price-competitive bidding" have been deleted.

⑥ **Article 39-2 (New) — Separate Specification of the Order of Negotiation Procedures**

- As a general rule, negotiations proceed in the order of ① technical negotiations (including follow-on logistics support) → ② contract-terms negotiations → ③ offset (industrial-cooperation) negotiations → ④ price negotiations, though they may be conducted concurrently where the nature of the project requires it.
- If negotiations break down with all negotiation-target companies, allows the procurement approach to be reconsidered — including issuing a new announcement — in addition to re-announcing the bid (reflecting the same intent as Article 30, Paragraph 3).

⑦ **[Attached Table 4] Negotiation List — Separate Specification of Price-Negotiation Standards for Procurement Projects (Added)**

- R&D projects: negotiated at or below the evaluation base price (unchanged).
- Procurement projects: separately provides that negotiation is conducted at or below the project budget (the estimated price, or the target price where one has been set).

⑧ **[Attached Form 1-1] Amendment to the Form**

- Adds a "Cost Condition Met (O/X)" item to the form used to disclose proposal-evaluation results.

4. Practical Implications

The practical significance of this amendment is that the validity of competition is no longer delayed until the final stages of the project (price negotiations), but is now determined early during the evaluation of cost conditions immediately following proposal submission.

Consequently, cost conditions must be clearly defined starting from the bidding notice and Request for Proposal (RFP) drafting stages. This significantly elevates the importance of the price bid (and related cost condition documentation) at the time of proposal submission.

Companies planning to participate in the bidding must thoroughly understand the intent and details of this amendment, ensuring meticulous preparation and flawless execution throughout the entire process.

※ This newsletter excerpts and summarizes only the amendments marked "Clarification of the Point of Valid Competition" in the old-new provision comparison table for DAPA Directive No. 1067 (amended July 15, 2026). For further detail, please refer to the original text of the DAPA directive.

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