
AUTHORIZED TRANSLATION



**MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA
REGULATION OF MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA
NUMBER: 07/M-DAG/PER/2/2013**

CONCERNING

**DEVELOPMENT OF PARTNERSHIP IN FRANCHISE FOR KIND OF
BUSINESS ON FOOD AND BEVERAGE SERVICES**

**BY THE GRACE OF ALLAH THE ONE SUPREME GOD
MINISTER OF TRADE OF THE REPUBLIC OF INDONESIA,**

- Considering : a. that the organization of franchise for kind of business on food and beverage services has provided significant contribution towards the development of economy, so that it is necessary to follow by the empowerment of small and medium businessman through the development of partnership;
- b. that based on the consideration as referred to in item a, it is necessary to stipulate Regulation of Minister of Trade concerning the Development of Partnership in Franchise for kind of business on Food and Beverage Services;
- In view of : 1. Law Number 3 of 1982 concerning Mandatory

Registration (State Gazette of the Republic of Indonesia of 1982 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 3214);

2. Law Number 5 of 1999 concerning Prohibition on Monopoly Practice and Unfair Business Competition (State Gazette of the Republic of Indonesia of 1999 Number 33, Supplement to State Gazette of the Republic of Indonesia Number 3817);
3. Law Number 32 of 2004 concerning Local Government (State Gazette of the Republic of Indonesia of 2004 Number 125, Supplement to State Gazette of the Republic of Indonesia Number 4437) as already amended lastly by virtue of Law of the Republic of Indonesia Number 12 of 2008 (State Gazette of the Republic of Indonesia of 2008 Number 59, Supplement to State Gazette of the Republic of Indonesia Number 4844);
4. Law Number 29 of 2007 concerning Provincial Government of Jakarta Special Capital Region as the Capital of Unitary State of the Republic of Indonesia (State Gazette of the Republic of Indonesia of 2007 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 4744);
5. Law Number 20 of 2008 concerning Micro, Small and Medium Business (State Gazette of the Republic of Indonesia of 2008 Number 93, Supplement to State Gazette of the Republic of Indonesia Number 4866);
6. Law Number 39 of 2008 concerning State Ministry (State Gazette of the Republic of Indonesia of 2008 Number 166, Supplement to State Gazette of the Republic of

Indonesia Number 4916);

7. Law Number 10 of 2009 concerning Tourism (State Gazette of the Republic of Indonesia of 2009 Number 11, Supplement to State Gazette of the Republic of Indonesia Number 4966);
8. Government Regulation Number 44 of 1997 concerning Partnership (State Gazette of the Republic of Indonesia of 1997 Number 91, Supplement to State Gazette of the Republic of Indonesia Number 3718);
9. Government Regulation Number 38 of 2007 concerning Distribution of Government Affairs between Government, Provincial Government, and Municipal Government (State Gazette of the Republic of Indonesia of 2007 Number 82, Supplement to State Gazette of the Republic of Indonesia Number 4737);
10. Government Regulation Number 42 of 2007 concerning Franchise (State Gazette of the Republic of Indonesia of 2007 Number 90, Supplement to State Gazette of the Republic of Indonesia Number 4742);
11. Presidential Decree Number 84/P of 2009 concerning the Establishment of Kabinet Indonesia Bersatu II as already amended by virtue of Presidential Decree Number 59/P of 2011;
12. Presidential Regulation of the Republic of Indonesia Number 47 of 2009 concerning the Establishment and Organization of State Ministry as already amended several times lastly by virtue of Presidential Regulation Number 91 of 2011;
13. Presidential Regulation Number 24 of 2010 concerning

Position, Duty and Function of State Ministry and Organizational Structure, Duty and Duty of Echelon I of State Ministry already amended several times lastly by virtue of Presidential Regulation Number 92 of 2011;

14. Regulation of Minister of Trade Number 31/M-DAG/PER/7/2010 concerning Organization and Working Procedure of Ministry of Trade as already amended by virtue of Regulation of Minister of Trade Number 57/M-DAG/PER/8/2012;
15. Regulation of Minister of Culture and Tourism Number PM.87/HK.501/MKP/2010 concerning Procedure for the Registration of Food and Beverage Services;
16. Regulation of Minister of Trade Number 53/M-DAG/PER/8/2012 concerning Organization of Franchise;

HAS DECIDED:

To Stipulate : REGULATION OF MINISTER OF TRADE CONCERNING DEVELOPMENT OF PARTNERSHIP IN FRANCHISE FOR KIND OF BUSINESS ON FOOD AND BEVERAGE SERVICES.

Article 1

The terms of Regulation of Minister shall be:

1. Franchise means a special right owned by an individual or corporate body towards business system with a special business character to market the goods and/or services proved successful and usable and/or applied by other parties based on the Franchise Agreement.
2. Franchisor means an individual or corporate body granting rights to use and/or apply Franchise owned to the Franchisee.

3. Franchisee means an individual or corporate body which is granted the rights to use and or apply Franchise owned by the Franchisor.
4. Cooperation with the pattern of capital participation means cooperation in the development of outlet for the Franchise of type of food and beverage services in a certain amount of percentage.
5. Restaurant means business to provide food and beverage furnished with the manufacture, instrument and equipment for the process of storage and serving, in 1 (one) permanent place.
6. Restaurant means business to provide food and beverage furnished with the instrument and equipment for the process of storage and serving, in 1 (one) permanent place.
7. Bar means any business to provide alcoholic and non-alcoholic beverages furnished with the equipment for the process of manufacture, storage and/or serving, in 1 (one) permanent place.
8. Cafe means provision of snack and soft drinks furnished with instrument and equipment for the process of manufacture, storage and/or serving, in 1 (one) permanent place.
9. Investment Value means total initial capital incurred for the land and building (outlet) either individually owned or rental including business equipment to carry out business activity.
10. Outlet means place to carry out the activity of food and beverage services.

11. Minister means Minister operating government affairs in the area of Trading.
12. Director General means Director General of Domestic Trade.

Article 2

Scope for kind of business on food and beverage service in the Regulation of Minister shall include:

- a. Restaurant
- b. Restaurant
- c. Bar / Tavern; and
- d. Café

Article 3

The Franchisor and Franchisee for kind of business on Restaurant, Restaurant, Bar/Tavern and Café as referred to in Article 2 may develop the business activity through the establishment of outlet which is

- a. individually owned and managed;
- b. franchised; and/or
- c. collaborated with the pattern of capital participation.

Article 4

The Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café may establish outlet which is individually outlet and managed (company owned outlet) as referred to in Article 3 item a at most 250 (two hundred fifty) outlets.

Article 5

- (1) In the event that the Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café have had

250 (two hundred fifty) outlets and will add outlet, the establishment of additional outlet shall:

- a. be franchised; and/or
 - b. be collaborated with the pattern of capital participation.
- (2) In the event that the Franchisor or Franchisee adds outlet through collaboration with the pattern of capital participation as referred to in paragraph (1) item b, percentage of total capital participation shall be made as follows:
- a. for the investment value less than or equal to Rp.10,000,000,000.00 (ten billion rupiah), total capital participation from other parties at least 40%; or
 - b. for the investment value more than Rp.10,000,000,000.00 (ten billion rupiah), total capita participation from other parties at least 30%.

Article 6

Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café to establish additional outlet franchised and/or collaborated with the pattern of capital participation as referred to in Article 5 paragraph (1) shall prioritize small and medium business players in the local area as the Franchisee and/or capital participating as long as it meets requirement as specified by the Franchisor.

Article 7

- (1) Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café shall use materials and equipment of domestic production business at least 80%

(eighty percent).

- (2) In a certain case, the Minister may allow the permit of using materials and equipment of domestic production business less than 80% (eighty percent) after considering the recommendation of Appraiser Team.
- (3) Appraiser Team as referred to in paragraph (2) shall be Appraiser Team as regulated in Regulation of Minister of Trade No. 53/M-DAG/PER/8/2012 regarding Operation of Franchise.

Article 8

Franchisor for kind of business on Restaurant, Bar/Tavern and Café shall provide development to the Franchisee and/or capital participating in terms of training and guidance on the management of franchise business.

Article 9

- (1) Minister shall delegate authority to the Director General to supervise Franchise for kind of business on Restaurant, Bar/Tavern and Café.
- (2) Director General shall coordinate with the related agency at central and region in supervising as referred to in paragraph (1).
- (3) Technical provisions on the supervision shall be further regulated by Director General.

Article 10

Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café shall report the change of total outlet which is individually owned and managed (company owned outlet), franchised and/or collaborated with the pattern of

capital participation to the Director General for attention Director of Developed Trading Business of Ministry of Trade copied to Head of Office in charge in the area of trading at local Province and Regency/Municipality.

Article 11

Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café in violation of the provisions as referred to in Articles 4, 5, 7, and 8 may be subject to administrative sanction gradually in terms of:

- a. written warning at least 3 (three) times consecutively with a grace period of 2 (two) weeks as of the warning by the issuing authority of the Franchise Registration Certificate;
- b. suspension of Franchise Registration Certificate at least 2 (two) months if it fails to meet provisions as contained in the written warning as referred to in item a; and
- c. revocation of Franchise Registration Certificate, if it fails to meet the provisions as referred to in item b.

Article 12

- (1) Franchisor or Franchisee for kind of business on Restaurant, Bar/Tavern and Café which has had outlet more than 250 (two hundred fifty) shall adjust to provisions on addition to the outlet as referred to in Article 5 within 5 (five) years as of the effectiveness of the Regulation of Minister.
- (2) Adjustment as referred to in paragraph (1) shall be annually reported to Director General for attention Director of Developed Trading Business.

Article 13

Regulation of Minister shall become effective as of

promulgation.

For public cognizance, it is ordered to promulgate Regulation of Minister by publicizing the same in the State Gazette of the Republic of Indonesia.

Stipulated in : Jakarta

On : February 11, 2013

**MINISTER OF TRADE OF THE REPUBLIC
OF INDONESIA,**

signed

GITA IRAWAN WIRJAWAN

Copy conforms to original

Secretariat General

Ministry of Trade of the Republic of Indonesia

Plh. Head of Legal Bureau,

signed and sealed

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Translated from Indonesian Language
Jakarta, November 25, 2013
Authorized and Sworn Translator,

FIKRI SAID OBED