

THE LICENCING OF REPRESENTATIVE OFFICES  
OF  
FOREIGN CONSTRUCTION COMPANIES

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(Regulation of the Minister of Public Works  
No.50/PRT/1991 dated February 7, 1991)

THE MINISTER OF PUBLIC WORKS

- Considering :
- a. that on the basis of the Decree of the Minister of Public Works No.502/KPTS/1985 the licencing of representative offices of foreign construction companies wishing to operate in Indonesia has been regulated;
  - b. that the presence of foreign construction companies should be arranged, supervised and controlled in a more effective way for the maximum benefits to promoting the capabilities of Indonesian construction companies;
  - c. that in line with the matter as meant in sub b., it is deemed necessary to improve the regulations on the licencing of representative offices of foreign construction companies operating in Indonesia;
  - d. that all these shall be stipulated by a Ministerial Regulation.

- In view of :
1. The Business Regulations Ordinance of 1934 (Statute Book of 1938 No.86) as already amended and supplemented;
  2. Government Regulation No.36/1977 on the termination of the activities of of foreign business undertaking in the field of trade;
  3. Presidential Decree No.44/1974 on the organisational principles of ministries;
  4. Presidential Decree No.15/1984 on the organisational structures of ministries;

5. Presidential Decree No.64/M/1988 on the establishment of 5th Development Cabinet;
6. The Decree of the Minister of Public Works No. 139/KPTS/1988 dated February 29, 1988, on the implementation of the stipulations on the licencing of construction businesses.

D E C I D E S :

To stipulate : THE REGULATION OF THE MINISTER OF PUBLIC WORKS ON THE LICENCING OF REPRESENTATIVE OFFICES OF FOREIGN CONSTRUCTION COMPANIES.

CHAPTER I

GENERAL PROVISIONS

Article 1

Meant in this Ministerial Regulation as :

- a. The Minister shall be the Minister of Public works ;
- b. Foreign construction companies are statutory bodies established on the basis of foreign laws, and domiciled in a foreign country, operating in the business of construction and cover construction consultancy services ( consultant ) and / or construction executive services ( contractor ) ;
- c. Representative offices of foreign construction companies are Indonesian nationals or foreign nationals appointed by a foreign construction company or a group of foreign construction companies abroad as their representation offices in Indonesia and are responsible for all the operations of the foreign construction companies in Indonesia ;
- d. A joint operation is an undertaking between one or several foreign and Indonesian construction companies, of temporary nature, to handle one or several projects and is no new statutory body according to the laws in Indonesia.  
If the foreign construction company has already established a joint venture in Indonesia within the framework of the foreign capital investment laws, and if it is realising a project in Indonesia it is required to establish a joint operation relationship with Indonesian participants of the joint venture ;

- e. A licence of a foreign construction company's representative office is a licence granted by the Minister to the foreign construction company to open a representative office in Indonesia ;
- f. Construction service are services relating to the construction of infrastructure and/or physical facilities which in their realisation and use concern the interest and safety of the society who use the infrastructure and facilities, as well as the orderly construction and the surroundings.

#### Article 2

- (1) A foreign construction company wishing to operate in Indonesia is required to open a representative office in Indonesia ;
- (2) To open a representative office in Indonesia a permit from the Minister is needed ;
- (3) A representative office of a foreign construction company may be given a permit only after it has met all the requirements.

#### Article 3

- (1) A foreign construction service company shall be allowed to handle project in Indonesia only under joint operation ;
- (2) The Indonesian participant of the joint operation must be :
  - a member of AKI/Gapensi of qualification - A, for a contractor, or
  - a member of INKINDO of qualification-A, and must be registered at the BINBANGKONSULINDO, for a consultant.
- (3) A joint operation company shall be allowed to follow only a tender and carry out work on government projects funded with foreign aid, foreign and domestic capital investment projects, and privately-funded projects.

#### Article 4

If a sub contractor is needed to carry out the work, it is required to appoint an Indonesia construction consultant / contractor.

## THE AUTHORITY TO GRANT A PERMIT AND APPROVAL

### Article 5

A permit for a representative office of a foreign construction company, and an approval for a joint operation are to be granted only by the Minister or authorised official on behalf of the government.

### CHAPTER III

#### THE REQUIREMENTS AND PROCEDURE FOR FILING AN APPLICATION FOR A PERMIT

### Article 6

- (1) An application for a permit for representatives offices of a foreign construction companies must be completed with the following documents :
  - a. Data of the company ;
  - b. Data of the personnel ;
  - c. Specification of the line of business ;
  - d. A certificate from the Indonesian government representative mission in the country where the company has its head office or from the representative office of the government of the country concerned in Jakarta ;
  - e. The written appointment from the company abroad to its future representative in Indonesia ;
  - f. The taxpayer identity number (NPWP) of the company ;
  - g. Receipt of the payment of administrative fees.
- (2) To pay administrative fees with the following stipulation :
  - a. The administrative fee for the period of validity of the permit, for consultant are the equivalent of US\$ 5,000.- and for contractor the equivalent of US\$ 10,000.-
  - b. The administrative fee as meant in paragraph (2), sub a., must be paid through a government bank in the account of the State Treasury.

## Article 7

- (1) The application for a permit as meant in Article 6 shall be by filling out a form provided by and be handed in to the Minister, in this case the Head of the Bureau for Construction Industry Development for processing ;
- (2) After verifying the application and its attachments :
  - a. the Minister may approve the application by issuing a permit for a representative office of a foreign construction company ;
  - b. by certain considerations the Minister may reject the application in writing along with the reasons for the rejection.

## CHAPTER IV

### RIGHTS AND OBLIGATIONS

## Article 8

- (1) a. A foreign construction service company shall be allowed to contact individuals/business companies/government institutions as well as national private companies with a view to seeking a market of construction services ;
  - b. The foreign construction company through a joint operation shall be allowed to take part in a prequalification/tender under Article 3 paragraph (3).
- (2) The foreign construction company shall be required :
  - a. to abide by all the laws in Indonesia ;
  - b. to submit a report on its business activities once in every year to the Minister or authorised official ;
  - c. to guarantee a transfer of knowledge to its Indonesian consultant/contractor partner ;
  - d. to set up a name board in each location of work clearly to notify the Indonesian construction consultant / contractor.
- (3) A joint operation is required to :
  - a. to abide by all the laws in Indonesia ;
  - b. to secure the transfer of knowledge to its Indonesian consultant/contractor partner;
  - c. to set up a name board in each location of work clearly to notify the Indonesian construction consultant / contractor.

CHAPTER V

P E R I O D

Article 9

A permit for a foreign construction company shall be valid for 3 (three) years and may be renewed by filling an application as meant in Article 6:

Article 10

The permit of a representative offices of construction company as meant in Article 9 shall expire if no application for a renewal has been filed.

CHAPTER VI

S A N C T I O N

Article 11

Deviation from the activities by a foreign contraction company and / or its representative office and a violation of all the stipulations in this Ministerial Regulation is liable to the revocation of a permit that has been granted or to other administrative sanctions according to the laws in force.

CHAPTER VII

TRANSITIONAL PROVISION

Article 12

- (1) The permit of a representative office of a foreign construction company obtained before the issuance of this Ministerial Regulation, shall be declared to remain effective up to its expiry, by complying with the stipulations as laid down in this Ministerial Regulation;

- (2) A foreign construction company which has obtained a permit as meant in paragraph (1) in the performance of its activities is required to meet all its rights and obligations as meant in article 8 of this Ministerial Regulation.

## CHAPTER VIII

### CONCLUDING PROVISION

#### Article 13

With the issuance of this Ministerial Regulation, the Decree of the Minister of Public Work No.502/KPTS/1985 on the licensing of representative offices of foreign contractors and other stipulations contradictory to this Ministerial Regulation shall be declared null and void.

#### Article 14

Matters that have not been adequately dealt with in this Ministerial Regulation shall be provided for later.

#### Article 15

This Ministerial Regulation shall take effect as from the date of stipulation. This Ministerial Regulation shall be disseminated to all concerned for information and proper implementation.

Stipulated in Jakarta  
On February 7, 1991

THE MINISTER OF PUBLIC WORKS,  
sgd.

RADINAL MOOCHTAR