

# CONTROL OVER THE ALCOHOLIC BEVERAGES INDUSTRY

Oct 31, 2012

On 27 July 2012, the Minister of Industry Regulation No. 71/M-IND/PER/7/2012 on Oversight and Control of the Alcoholic Beverages Industry ("Regulation 71") was issued. Alcohol beverages are now divided into the following 3 categories, namely Class A – 1% to 5% ethyl alcohol; Class B – 5% to 10% ethyl alcohol; and Class C – 20% to 55% ethyl alcohol.

Regulation 71 requires all alcoholic beverage industrial entities to obtain a Business License called an IUI. IUIs are subject to the Negative List. Any IUI holder who does not produce any alcoholic beverage within 2 consecutive years, may have its permit revoked. Alcoholic beverage companies are prohibited from, among others, mixing other alcohol with high level of concentration (alkohol teknis) or other dangerous chemical substances; producing alcoholic beverages with an ethyl level above 55%; keeping and using alcohol with high level of concentration (alkohol teknis) as raw material in their industry; producing any product with a volume of less than 180ml; and repackaging.

Regulation 71 also recognizes traditional alcoholic beverages whose producers may only produce up to 25 liters per day and can only distribute their products within the relevant municipality or regency. Use of these alcoholic beverages is limited to cultural activities and ritual ceremonies.

Several routine reporting requirements apply to all alcoholic beverage producers. Anyone failing to comply with Regulation 71 may have their IUI revoked and other sanctions may be imposed.