

# What a U.S. Franchisor Will Want to Know About a New Country

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## General

1. What is different about operating here compared with the US?  
Examples: business days, hours of operation, weekends, holidays, labor laws, work ethic
2. How does the commercial and consumer credit system work?
3. How much time and money does it take to start a business?
4. Are there local language issues or laws that can affect use of the company's trademark?
5. Are there laws which protect domain names?
6. Is the legal system perceived to be fair and efficient? Does it adequately protect and enforce intellectual property rights?
7. Do laws restrict foreign ownership of certain businesses?
8. How advanced are telecommunications and technology?

## Franchise Specific

1. What restrictions exist on a franchisee paying franchise fees or on a franchisor repatriating dividends/profits to the US?

Examples:

- exchange controls
  - withholding tax
  - government approvals
  - limits on fees charged
2. Are there restrictions on charging or collecting interest from franchisees?

3. Do any restrictions exist on franchising in particular industries?
4. Are there any technology transfer laws, commercial agency laws, or dealership laws which regulate franchising
5. Does the country regulate:
  - The sale of franchises?
  - The termination or nonrenewal of franchises?
6. Are non-compete covenants enforceable?
7. Does any law restrict a franchisor from negotiating with a prospective franchisee, or signing a nonbinding letter of intent or accepting a good faith deposit from a prospective franchisee?
8. Will any franchise law or other law require a US franchisor to prepare and deliver to a prospective franchisee a financial statement which is audited using the last country's accounting principles?
9. Is there a functioning national franchise association that will help foreign franchisors? Is there an American Chamber of Commerce?
10. Does the government have any programs which are designed to help franchisees or franchisors?
11. Are any laws which would regulate franchising now being considered?
12. Does a civil code require franchisors to make pre-sales disclosures?
13. What is the general reputation of franchising in the country?
14. If a government change is likely in the near future, what is the expected impact on business in general and upon international franchising in particular?
15. How can a US franchisor identify and evaluate the credibility of prospective franchisees?
16. Are there trade/customs barriers or tariffs that could adversely impact the importation of equipment, supplies and inventory from the U.S.?