



HOUSE OF REPRESENTATIVES

H. No. 8764

BY REPRESENTATIVES YAP (A.), GATCHALIAN, SALO, LIMKAICHONG,
GARCIA (G.), BIRON, LEE, SARMIENTO (C.), SAVELLANO AND
TAMBUNTING, PER COMMITTEE REPORT NO. 1021

AN ACT AMENDING SECTIONS 4 AND 8 OF REPUBLIC ACT
NO. 7042, AS AMENDED, OTHERWISE KNOWN AS THE
"FOREIGN INVESTMENTS ACT OF 1991"

*Be it enacted by the Senate and House of Representatives of the
Philippines in Congress assembled:*

1 SECTION 1. Section 4 of Republic Act No. 7042, as amended
2 by Republic Act No. 8179, otherwise known as the "Foreign
3 Investments Act of 1991", is hereby amended to read as follows:

4 "SEC. 4. *Scope.* - This Act shall not apply to
5 banking and other financial institutions which are
6 governed and regulated by the General Banking Act
7 and other laws under the supervision of the [Central
8 Bank] BANGKO SENTRAL NG PILIPINAS, AND THE
9 PRACTICE OF PROFESSIONS."

10 SEC. 2. Section 8 of Republic Act No. 7042, as amended by
11 Republic Act No. 8179, is hereby amended to read as follows:

1 "SEC. 8. *List of Investment Areas Reserved to*
2 *Philippine Nationals (Foreign Investment Negative List).*

3 – The Foreign Investment Negative List shall have two
4 (2) component lists: A and B:

5 "a) List A shall enumerate the areas of activities
6 reserved to Philippine nationals by mandate of the
7 Constitution and specific laws.

8 "b) List B shall contain the areas of activities
9 and enterprises regulated pursuant to law:

10 "1) which are defense-related activities,
11 requiring prior clearance and authorization from THE
12 Department of National Defense (DND) to engage in
13 such activity, such as the manufacture, repair, storage
14 and/or distribution of firearms, ammunition, lethal
15 weapons, military ordnance, explosives, pyrotechnics
16 and similar materials; unless such manufacturing or
17 repair activity is specifically authorized, with a
18 substantial export component, to a non-Philippine
19 national by the Secretary of National Defense; or

20 "2) which have implications on public health and
21 morals, such as the manufacture and distribution of
22 dangerous drugs; all forms of gambling; nightclubs,
23 bars, beer houses, dance halls, sauna and steam
24 bathhouses and massage clinics.

25 "Small and medium-sized domestic market
26 enterprises with paid-in equity capital less than
27 the equivalent of Two hundred thousand US dollars

1 (US\$200,000.00), are reserved to Philippine nationals:
2 *Provided*, That if: (1) they involve advanced technology
3 as determined by the Department of Science and
4 Technology, or (2) they employ at least [fifty (50)]
5 FIFTEEN (15) direct employees, then a minimum paid-in
6 capital of One hundred thousand US dollars
7 (US\$100,000.00) shall be allowed to non-Philippine
8 nationals.

9 "Amendments to List B may be made upon
10 recommendation of the Secretary of National Defense,
11 or the Secretary of Health, or the Secretary of
12 Education, [Culture and Sports,] indorsed by the
13 NEDA, or upon recommendation *motu proprio*, of
14 NEDA, approved by the President, and promulgated
15 by a Presidential Proclamation.

16 "The Transitory Foreign Investment Negative List
17 established in Section 15 hereof shall be replaced at the
18 end of the transitory period by the first Regular
19 Negative List to be formulated and recommended by
20 NEDA, following the process and criteria, provided in
21 Sections 8 and 9 of this Act. The first Regular Negative
22 Lists shall be published not later than sixty (60) days
23 before the end of the transitory period provided in said
24 section, and shall become immediately effective at the
25 end of the transitory period. Subsequent Foreign
26 Investment Negative Lists shall become effective fifteen
27 (15) days after publication in a newspaper of general

1 circulation in the Philippines: *Provided, however,* That
2 each Foreign Investment Negative List shall be
3 prospective in operation and shall in no way affect
4 foreign investment existing on the date of its
5 publication.

6 "Amendments to List B after promulgation and
7 publication of the first Regular Foreign Investment
8 Negative List at the end of the transitory period shall
9 not be made more often than once every two (2) years."

10 SEC. 3. *Separability Clause.* - If any portion or provision
11 of this Act is declared unconstitutional, the remainder of this Act
12 or any provision not affected thereby shall remain in force and
13 effect.

14 SEC. 4. *Repealing Clause.* - All laws, decrees, orders, rules
15 and regulations or other issuances or parts thereof inconsistent
16 with the provisions of this Act are hereby repealed or modified
17 accordingly.

18 SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15)
19 days after its publication in the *Official Gazette* or in a newspaper of
20 general circulation in the Philippines.

Approved,