



HOUSE OF REPRESENTATIVES

H. No. 9057

---

BY REPRESENTATIVES YAP (A.), NIETO, BIRON, ROMUALDO, SILVERIO, VERGARA, ZUBIRI, TAN (M.), RODRIGUEZ (M.), TREÑAS, ALVAREZ (F.), TAMBUNTING, RELAMPAGOS, DAZA, LIMKAICHONG, ACOSTA-ALBA, GO (M.), SAVELLANO, LOPEZ (C.), UY (J.), GARCIA (J.E.), ABAYA, CANAMA, EVARDONE, JAVIER, CAGAS, JALOSJOS, MONTORO, ROMUALDEZ, RODRIGUEZ (I.), DURANO, ONG (H.), SAGARBARRIA, LAOGAN, DUAVIT, DIMAPORO (A.), MARCOLETA, TUPAS, MENDOZA, BELMONTE (R.), ARCILLAS, CHAVEZ AND EUSEBIO, PER COMMITTEE REPORT NO. 1215

---

AN ACT SETTING THE MINIMUM PAID-UP CAPITAL AND LOCALLY PRODUCED STOCK INVENTORY REQUIREMENTS FOR FOREIGN RETAIL BUSINESS ENTERPRISES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8762, OTHERWISE KNOWN AS THE "RETAIL TRADE LIBERALIZATION ACT OF 2000"

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

1 SECTION 1. Section 5 of Republic Act No. 8762 is hereby  
2 amended to read as follows:

3 "SEC. 5. *Foreign Equity Participation.* -  
4 Foreign-owned partnerships, associations and  
5 corporations formed and organized under the  
6 laws of the Philippines may, upon registration with the

1 Securities and Exchange Commission (SEC) and the  
2 Department of Trade and Industry (DTI), or in case of  
3 foreign-owned single proprietorships, with the DTI,  
4 engage or invest in the retail trade business [ subject to  
5 the following categories:] WITH A MINIMUM PAID-UP  
6 CAPITAL OF THE EQUIVALENT IN PHILIPPINE  
7 PESO OF TWO HUNDRED THOUSAND US DOLLARS  
8 (US\$200,000.00).

9 “[Category A – Enterprises with paid-up capital  
10 of the equivalent in Philippine Pesos of less than  
11 Two million five hundred thousand US dollars  
12 (US\$2,500,000.00) shall be reserved exclusively for  
13 Filipino citizens and corporations wholly owned by  
14 Filipino citizens.]

15 “[Category B – Enterprises with a minimum  
16 paid-up capital of the equivalent in Philippine Pesos  
17 of Two million five hundred thousand US dollars  
18 (US\$2,500,000.00) but less than Seven million five  
19 hundred thousand US dollars (US\$7,500,000.00) may be  
20 wholly owned by foreigners except for the first two (2)  
21 years after the effectivity of this Act wherein foreign  
22 participation shall be limited to not more than sixty  
23 percent (60%) of total equity.]

24 “[Category C – Enterprises with a paid-up  
25 capital of the equivalent in Philippine Pesos of  
26 Seven million five hundred thousand US dollars

1 (US\$7,500,000.00) or more may be wholly owned by  
2 foreigners: *Provided, however,* That in no case shall the  
3 investments for establishing a store in Categories B  
4 and C be less than the equivalent in Philippine Pesos  
5 of Eight hundred thirty thousand US dollars  
6 (US\$830,000.00).]

7 “[Category D – Enterprises specializing in  
8 high-end or luxury products with a paid-up capital of  
9 the equivalent in Philippine Pesos of Two hundred fifty  
10 thousand US dollars (US\$250,000.00) per store may be  
11 wholly owned by foreigners.]

12 “The foreign investor shall be required to  
13 maintain in the Philippines the full amount of [the  
14 prescribed minimum] ITS PAID-UP capital, unless the  
15 foreign investor has notified the SEC and the DTI of its  
16 intention to repatriate its capital and cease operations  
17 in the Philippines. The actual use in Philippine  
18 operations of the inwardly remitted [minimum] capital  
19 [requirement] shall be monitored by the SEC.

20 “Failure to maintain the [full] amount of [the  
21 prescribed minimum] PAID-UP capital REQUIRED IN  
22 THE IMMEDIATELY PRECEDING PARAGRAPH, prior to  
23 notification of the SEC and the DTI, shall subject the  
24 foreign investor to penalties or restrictions on any  
25 future trading activities/business in the Philippines.

1           “Foreign retail stores shall secure a certification  
2           from the Bangko Sentral ng Pilipinas (BSP) and the  
3           DTI, [which will] TO verify or confirm THE inward  
4           remittance of [the minimum required] THEIR capital  
5           investment.”

6           SEC. 2. Section 6 of Republic Act No. 8762 is hereby deleted.

7           SEC. 3. Section 7 of Republic Act No. 8762 is hereby deleted.

8           SEC. 4. Section 8 of Republic Act No. 8762 is hereby amended  
9           to read as follows:

10           “SEC. 8. [*Qualifications of Foreign Retailers*]

11           **USE OF FOREIGN RETAILERS OF HIGH-END GOODS. –**

12           [No foreign retailer shall be allowed to engage in retail  
13           trade in the Philippines unless all the following  
14           qualifications are met:]

15           “[(a) A minimum of Two hundred million US  
16           dollars (US\$200,000,000.00) net worth in its parent  
17           corporation for Categories B and C, and Fifty million  
18           US dollars (US\$50,000,000.00) net worth in its parent  
19           corporation for Category D;]

20           “[(b) Five (5) retailing branches or franchises in  
21           operation anywhere around the world unless such  
22           retailer has at least one (1) store capitalized at  
23           a minimum of Twenty-five million US dollars  
24           (US\$25,000,000.00);]

25           “[(c) Five (5)-year track record in retailing; and]

1           “(d) Only nationals from[,] or juridical entities  
2           formed or incorporated in countries which allow the  
3           entry of Filipino retailers shall be allowed to engage in  
4           retail trade in the Philippines.

5           “The DTI is hereby authorized to pre-qualify all  
6           foreign retailers, subject to the provisions of this Act,  
7           before they are allowed to conduct business in the  
8           Philippines.

9           “The DTI shall keep a record of qualified foreign  
10          retailers who may, upon compliance with law, establish  
11          retail stores in the Philippines. [It shall ensure that  
12          the parent retail trading company of the foreign  
13          investor complies with the qualifications on  
14          capitalization and track record prescribed in this  
15          section.]

16          “The Inter-Agency Committee on Tariff and  
17          Related Matters of the National Economic AND  
18          Development Authority (NEDA) Board shall formulate  
19          and regularly update a list of foreign retailers of high-  
20          end or luxury goods and render an annual report on the  
21          same to Congress.”

22          SEC. 5. Section 9 of Republic Act No. 8762 is hereby amended  
23          to read as follows:

24                 “SEC. 9. *Promotion of Locally Manufactured*  
25                 *Products.* – [For ten (10) years after the effectivity of  
26                 this Act, at] AT least [thirty] TEN percent [(30%)]

1           (10%) of the aggregate cost of the stock inventory of  
2           foreign retailers [falling under Categories B and C and  
3           ten percent (10%) for Category D] shall be made in the  
4           Philippines.”

5           SEC. 6. *Separability Clause.* – If any portion or provision of  
6           this Act is declared unconstitutional, the remainder of this Act or  
7           any provision not affected thereby shall remain in force and effect.

8           SEC. 7. *Repealing Clause.* – Republic Act No. 8762, and all  
9           laws, decrees, orders, rules and regulations or other issuances or  
10          parts thereof inconsistent with the provisions of this Act are hereby  
11          repealed or modified accordingly.

12          SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15)  
13          days after its publication in the *Official Gazette* or in a newspaper of  
14          general circulation.

          Approved,

          O