



HOUSE OF REPRESENTATIVES

H. No. 300

BY REPRESENTATIVES YAP (V.), VILLAFUERTE, SALCEDA, GARIN (S.),
GATCHALIAN, NOGRALES (J.J.), SUANSING (E.), DEFENSOR (L.),
GO (M.), BABASA, BIAZON, SANGCOPAN, AGLIPAY, BAGATSING,
CUEVA, CABREDO, JALOSJOS, SIAO, ALBANO (A.) AND
RODRIGUEZ

AN ACT FURTHER PROMOTING THE ENTRY OF FOREIGN
DIRECT INVESTMENTS IN THE COUNTRY BY
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, otherwise
2 known as the "Foreign Investments Act of 1991", is hereby amended
3 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. MOREOVER,
9 THIS ACT SHALL NOT APPLY TO THE PRACTICE OF

1 PROFESSIONS: *PROVIDED, HOWEVER, THAT SUCH*
2 PRACTICE SHALL BE SUBJECT TO APPLICABLE LAWS,
3 RULES AND REGULATIONS AND OTHER RECIPROCITY
4 AGREEMENTS WITH OTHER COUNTRIES."

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

7 "SEC. 8. *List of Investment Areas Reserved to*
8 *Philippine Nationals (Foreign Investment Negative*
9 *List)*. – The Foreign Investment Negative List shall
10 have two (2) component lists: A and B:

11 "a) List A shall enumerate the areas of activities
12 reserved to Philippine nationals by mandate of the
13 Constitution and specific laws.

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

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

26 "2) which have implications on public health and
27 morals, such as the manufacture and distribution of
28 dangerous drugs; all forms of gambling; nightclubs,

1 bars, beer houses, dance halls, sauna and steam
2 bathhouses and massage clinics.

3 "Small and medium-sized domestic market
4 enterprises with paid-in equity capital less than the
5 equivalent of Two hundred thousand US dollars
6 (US\$200,000.00), are reserved to Philippine nationals:
7 *Provided*, That if: (1) they involve advanced technology
8 as determined by the Department of Science and
9 Technology, or (2) they employ at least [fifty (50)]
10 FIFTEEN (15) direct employees, then a minimum
11 paid-in capital of One hundred thousand US dollars
12 (US\$100,000.00) shall be allowed to non-Philippine
13 nationals.

14 "Amendments to List B may be made upon
15 recommendation of the Secretary of National Defense,
16 or the Secretary of Health, or the Secretary of
17 Education, [Culture and Sports,] [i]Endorsed by the
18 NEDA, or upon recommendation *motu proprio*, of
19 NEDA, approved by the President, and promulgated
20 by a Presidential Proclamation.

21 "The Transitory Foreign Investment Negative List
22 established in Section 15 hereof shall be replaced at
23 the end of the transitory period by the first Regular
24 Negative List to be formulated and recommended by
25 NEDA, following the process and criteria, provided in
26 Sections 8 and 9 of this Act. The first Regular Negative
27 Lists shall be published not later than sixty (60) days

1 before the end of the transitory period provided in said
2 section, and shall become immediately effective at the
3 end of the transitory period. Subsequent Foreign
4 Investment Negative Lists shall become effective
5 fifteen (15) days after publication in a newspaper of
6 general circulation in the Philippines: *Provided,*
7 *however,* That each Foreign Investment Negative List
8 shall be prospective in operation and shall in no way
9 affect foreign investment existing on the date of its
10 publication.

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

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

18 SEC. 4. *Repealing Clause.* - Sections 4 and 8 of Republic Act
19 No. 7042, as amended, are hereby amended. All laws, decrees,
20 orders, rules and regulations or other issuances or parts thereof
21 inconsistent with the provisions of this Act are hereby repealed or
22 modified accordingly.

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

Approved,