



HOUSE OF REPRESENTATIVES

H. No. 59

BY REPRESENTATIVES YAP (V.), SUANSING (E.), ROMUALDO, VILLAFUERTE, SALCEDA, SILVERIO, ROMERO, GARIN (S.), SUANSING (H.), CABREDO, ONG (R.), ALBANO (A.), CALDERON, BUSTOS, NIETO, BOLILIA, ROMUALDEZ (F.M.), CASTRO (F.H.), DELOS SANTOS, GATCHALIAN, BIRON, SINGSON-MEEHAN, CUEVA, BORDADO, REYES, TIANGCO, GO (M.), CALIXTO, REVILLA, VILLAR, ALVAREZ (F.), VERGARA, OUANO-DIZON, SUNTAY, COLLANTES, DUAVIT, AUMENTADO, CAMPOS, SAGARBARRIA, BARONDA, CUA, KHO (E.), OLIVAREZ, MARTINEZ, GARCIA (J.E.), MATUGAS, PACQUIAO (R.), PANOTES, BABASA, ESPINO, ALBANO (R.), GARBIN, UNABIA, VILLA, CO (E.), QUIMBO, ROBES, DEFENSOR (M.), BILLONES, LACSON, CARI, EBCAS AND PICHAY

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 laws of
6 the Philippines may, upon registration with the
7 Securities and Exchange Commission (SEC) and the

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

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

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

23 “[Category C – Enterprises with a paid-up
24 capital of the equivalent in Philippine Pesos of Seven
25 million five hundred thousand US dollars
26 (US\$7,500,000.00) or more may be wholly owned by
27 foreigners: *Provided, however,* That in no case shall
28 the investments for establishing a store in Categories B

1 and C be less than the equivalent in Philippine Pesos of
2 Eight hundred thirty thousand US dollars
3 (US\$830,000.00).]

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

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

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

23 “Foreign retail stores shall secure a certification
24 from the Bangko Sentral ng Pilipinas (BSP) and the
25 DTI, [which will] TO verify or confirm THE inward
26 remittance of [the minimum required] THEIR capital
27 investment.”

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

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

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

5 “SEC. 8. [*Qualifications of Foreign Retailers*]
6 **USE OF FOREIGN RETAILERS OF HIGH-END GOODS.** –
7 [No foreign retailer shall be allowed to engage in retail
8 trade in the Philippines unless all the following
9 qualifications are met:]

10 “[(a) A minimum of Two hundred million US
11 dollars (US\$200,000,000.00) net worth in its parent
12 corporation for Categories B and C, and Fifty million
13 US dollars (US\$50,000,000.00) net worth in its parent
14 corporation for Category D:]

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

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

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

25 “The DTI is hereby authorized to pre-qualify all
26 foreign retailers, subject to the provisions of this Act,

1 before they are allowed to conduct business in the
2 Philippines.

3 "The DTI shall keep a record of qualified foreign
4 retailers who may, upon compliance with law, establish
5 retail stores in the Philippines. [It shall ensure that the
6 parent retail trading company of the foreign investor
7 complies with the qualifications on capitalization and
8 track record prescribed in this section.]

9 "The Inter-Agency Committee on Tariff and
10 Related Matters of the National Economic AND
11 Development Authority (NEDA) Board shall formulate
12 and regularly update a list of foreign retailers of
13 high-end or luxury goods and render an annual report
14 on the same to Congress."

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

17 "SEC. 9. *Promotion of Locally Manufactured*
18 *Products.* - [For ten (10) years after the effectivity of
19 this Act, at] AT least [thirty] TEN percent [(30%)]
20 (10%) of the aggregate cost of the stock inventory of
21 foreign retailers [falling under Categories B and C and
22 ten percent (10%) for Category D] shall be made in the
23 Philippines."

24 SEC. 6. *Repealing Clause.* - Republic Act No. 8762, and all
25 laws, decrees, orders, rules and regulations or other issuances or
26 parts thereof inconsistent with the provisions of this Act are hereby
27 repealed or modified accordingly.

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

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

Approved,

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