

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 399**



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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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**EXPLANATORY NOTE**

The bill intends to amend Republic Act No. 8179, or the Foreign Investments Act of 1991, to delete the "practice of professions" from the items listed in the Foreign Investment Negative List. It also intends to lower the employment threshold to 15 for small and medium-sized enterprises established by foreign investors with minimum paid up capital of \$100,000.

According to data from the World Bank, the Philippines' Foreign Direct Investments (FDI) accumulation for 2015-2017 was a mere \$24 billion, lower than our ASEAN neighbors which range from \$32 to \$200 billion. The amendments to the Foreign Investments Act show the country's openness to change and willingness to live up to our economic potential by reeling in more foreign investments. It hopes to facilitate transfer of technologies by attracting Foreign Direct Investments and further hopes to make the Philippines more accessible to foreign investors and generate more employment opportunities in the country.

The approval of this bill is earnestly sought.

  
**LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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**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:*

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

“SEC. 4. Scope. – This Act shall not apply to banking and other financial institutions which are governed and regulated by the General Banking Act and other laws under the supervision of the [Central Bank] BANGKO SENTRAL NG PILIPINAS, AND THE PRACTICE OF PROFESSIONS.”

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

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

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

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

1. Which are defense-related activities, requiring prior clearance and authorization from the Department of National Defense (DND) to engage in such activity, such as the manufacture, repair, storage and/or distribution of firearms, ammunition, lethal weapons, military ordinance, explosives, pyrotechnics and similar materials; unless such manufacturing or repair activity is specifically authorized, with a substantial export component, to a non-Philippine national by the Secretary of National Defense; or
2. Which have implications on public health and morals, such as the manufacture and distribution of dangerous drugs; all forms of gambling; nightclubs, bars, beer houses, dance halls, sauna, and steam bathhouses and massage clinics.

"Small and medium-sized domestic market enterprises with paid-in equity capital less than the equivalent of two hundred thousand US dollars (US \$200,000.00), are reserved to Philippine nationals: Provided, That if: (1) they involve advanced technology as determined by the Department of Science and Technology, or (2) they employ at least [fifty (50)] FIFTEEN (15) direct employees, then a minimum paid-in capital of One hundred thousand US dollars (US \$100,000.000 shall be allowed to non-Philippine nationals

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

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

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

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

**SECTION 3. *Separability Clause.*** – Should any provision herein be declared unconstitutional, the same shall not affect the validity of the other provisions of this Act.

**SECTION 4. *Repealing Clause.*** – All laws, decrees, orders, rules, and regulations or other issuances or parts inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

**SECTION 5. *Effectivity Clause.*** – This Act shall take effect in fifteen (15) days after publication in the Official Gazette or in one (1) newspaper of general circulation in the Philippines.

*Approved,*