

EIGHTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
*First Regular Session*

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**HOUSE OF REPRESENTATIVE**

H.B. No. 4457

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Introduced by **Representative TEODORICO T. HARESCO, JR.**

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**EXPLANATORY NOTE**

Participation of foreign entities in economic and commercial activities in the Philippines is regulated under Republic Act No. 7042, as amended, otherwise known as the Foreign Investments Act of 1991 (FIA).<sup>1</sup> It was passed in order to attract, promote and welcome foreign investment in activities which contribute to the national industrialization and socioeconomic development.

As compared to our neighbors in Southeast Asia, the Philippines' Foreign Direct Investment is way behind. According to the recent World Investment Report of the United Nations Conference on Trade and Development (UNCTAD) for 2019, FDI in the Philippines in 2018 totalled \$6.45 billion. It was down from the 2017 figure of \$8.7 billion.<sup>2</sup> In contrast, our neighbor to the south, Indonesia, had \$22 billion in foreign investments in 2018, more than three times that of the Philippines. Thailand had \$10 billion. The Philippines' \$6.45-billion FDI in 2018 constituted only 4 percent of the total received by all Southeast Asian nations — \$148.69 billion. Our FDI went down by 26 percent from last year, at a time when the total FDI for Southeast Asia went up by 3 percent.<sup>3</sup>

Foreign Direct Investment are important part of international resources. This bill seeks to amend the current Foreign Investments Act in order to improve investment climate in the Philippines. In view of the foregoing, the earnest passage of this bill is sought.

  
**TEODORICO T. HARESCO, JR.**

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<sup>1</sup> <https://kittelsoncarpo.com/foreign-investment-negative-list/>

<sup>2</sup> <https://news.mb.com.ph/2019/06/18/why-are-we-behind-in-foreign-investments/>

<sup>3</sup> Ibid.

HOUSE OF REPRESENTATIVES  
H.B. No. 4457

Introduced by Representative TEODORICO T. HARESCO, JR.

AN ACT  
AMENDING REPUBLIC ACT NO. 7042, OTHERWISE KNOWN AS THE FOREIGN  
INVESTMENTS ACT OF 1991, AS AMENDED BY REPUBLIC ACT NO. 8179, AND FOR  
OTHER PURPOSES

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

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

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4       Section 2. Declaration of Policy. – **RECOGNIZING THAT GLOBAL AND REGIONAL**  
5 **ECONOMIES AFFECT THE PHILIPPINE ECONOMY**, [i]t is the policy of the State to  
6 attract, promote and welcome productive investments from foreign individuals,  
7 partnerships, corporations and governments, including their political subdivisions, in  
8 activities which significantly contribute to [~~national industrialization and~~  
9 ~~socioeconomic development~~] **SUSTAINABLE INCLUSIVE ECONOMIC GROWTH,**  
10 **PRODUCTIVITY, GLOBAL COMPETITIVENESS, EMPLOYMENT CREATION,**  
11 **TECHNOLOGICAL ADVANCEMENT, AND COUNTRYWIDE DEVELOPMENT** to the  
12 extent that foreign investment is allowed in such activity by the Constitution and  
13 relevant laws. Foreign investments shall be encouraged in enterprises that  
14 significantly expand livelihood and employment opportunities for Filipinos, enhance  
15 economic value of [farm] **AGRICULTURAL** products; promote the welfare of Filipino  
16 consumers; expand the scope, quality and volume of exports and their access to  
17 foreign markets; and / or transfer relevant technologies in agriculture, industry and  
18 support services. Foreign investments shall be welcome as a supplement to Filipino  
19 capital and technology in those enterprises serving mainly the domestic market. XXX”  
20

21       **SEC. 2.** Section 3 of R.A. 7042 is hereby amended to read as follows:  
22

23       “Section 3. Definitions. – As used in this Act:



1  
2 XXX

3  
4 b) The term "investment" shall mean equity participation in any enterprise organized or  
5 existing under the laws of the Philippines **AND DULY RECORDED IN THE ENTERPRISE'**  
6 **STOCK AND TRANSFER BOOK, OR ITS EQUIVALENT:"**  
7

8 **SEC. 3.** Section 4 of R.A. 7042 is hereby amended to read as follows:  
9

10 "Section 4. Scope. – This Act shall not apply to banking and other financial institutions  
11 which are governed and regulated by the General Banking Act and other laws under the  
12 supervision of the [~~Central Bank~~] **BANGKO SENTRAL NG PILIPINAS, AND THE**  
13 **PRACTICE OF PROFESSIONS."**  
14

15 **SEC. 4.** The National Economic and Development Authority (NEDA), in cooperation and  
16 consultation with the Board of Investments (BOI), the Department of Trade and Industry (DTI),  
17 the Securities and Exchange Commission (SEC), the Department of Information and  
18 Communications Technology (DICT), investment promotion agencies (IPAs), and other  
19 pertinent government agencies, shall conduct an annual review of the Foreign Investment  
20 Negative List.  
21

22 **SEC. 5.** In order to effectively guide investors on potential areas of investment in the  
23 Philippines, the BOI, in coordination and cooperation with the other government agencies and  
24 IPAs, shall make available for public access a joint web portal that shall contain the following:

- 25 A) All information pertinent to investment policies, programs, and procedures;  
26 B) Information on relevant industries and services that will be promoted for investment  
27 purposes;  
28 C) Database of Filipino micro, small and medium enterprises that could be potential  
29 partners of foreign investors;  
30 D) Regional and provincial investment information; and  
31 E) Such other relevant information needed in setting up businesses in the Philippines  
32 such as laws, regulations and government issuances.  
33

34 **SEC. 6. Oversight Committee.** The NEDA shall submit to Congress every April 30 of the  
35 year the output of the stakeholders' analysis on the contribution to the economy of the  
36 investment areas, industries or sectors that will be liberalized and excluded in the Foreign

1 Investment Negative List. It shall likewise recommend to Congress investment-related matters  
2 requiring legislation.

3  
4 The NEDA is hereby directed to make the necessary amendments to the implementing  
5 rules and regulations of R.A. 7042, as amended, in order to reflect the changes embodied in this  
6 Act.

7 **SEC. 7. *Implementing Rules and Regulations.*** – The NEDA is hereby directed to make  
8 the necessary amendments to the implementing rules and regulations of R.A. 7042, as amended,  
9 in order to reflect the changes embodied in this Act.

10  
11 **SEC. 8. *Separability Clause.*** – If any portion of this Act shall be held invalid or  
12 unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions  
13 hereof which shall remain in full force effect.

14  
15 **SEC. 9. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations or provisions  
16 thereof which are inconsistent with this Act are hereby repealed, amended or modified  
17 accordingly.

18  
19 **SEC. 10. *Effectivity Clause.*** - This act shall take effect fifteen (15) days after its  
20 publication in the Official Gazette or in a newspaper of general circulation.

21  
22 *Approved,*