

**Republic of the Philippines  
House of Representatives  
Quezon City**

**Eighteenth Congress  
First Regular Session**

**House Bill No. 192**



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**Introduced by Representatives  
Estrellita B. Suansing and Horacio P. Suansing, Jr.**

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**EXPLANATORY NOTE**

This bill seeks to amend Republic Act No. 8762, otherwise known as the "Retail Trade Liberalization Act of 2000", by removing the equity and capitalization requirements in the Retail Trade Liberalization law to create a more favorable investment climate in the country.

In this proposed measure, foreign-owned partnerships, associations and corporations formed and organized under the laws of the Philippines shall be allowed to engage or invest in the retail trade business with a minimum paid-up capital of the equivalent in Philippine Peso of Two Hundred Thousand US Dollars (US\$200,000.00).

Other salient features of the bill include the following:

- (1) Remove the following requirements for foreign investors to acquire shares of stock of local retailers and for public offering of shares of stock by foreign-owned retail enterprises.
- (2) Eliminate the required net worth of retailing branches, and retailing track record conditions for foreign retailers to engage in retail trade in the Philippines.
- (3) Permit only nationals from or juridical entities formed or incorporated in countries which allow the entry of Filipino retailers to engage in retail trade in the Philippines.

- (4) Reduce the required locally manufactured products carried by foreign retailers from thirty percent (30%) to ten percent (10%) of the aggregate cost of their stock inventory.

The bill envisions attracting more foreign investors in the retail sector, resulting in greater variety of products, more choices of goods for the consumers, inflow of new technology, and employment opportunities for more Filipinos.

This bill was proposed as House Bill No. 9057 during the 17<sup>th</sup> Congress and was approved on third and final reading. In view of the foregoing, immediate passage of the bill is earnestly sought.



**REP. ESTRELLITA B. SUANSING**

1<sup>st</sup> District, Nueva Ecija



**REP. HORACIO P. SUANSING, JR.**

2<sup>nd</sup> District, Sultan Kudarat

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**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 the House of Representatives of the Philippines in Congress assembled:*

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

"SEC. 5. *Foreign Equity Participation.* – Foreign-owned partnerships, associations and corporations formed and organized under the laws of the Philippines may, upon registration with the Securities and Exchange Commission (SEC) and the Department of Trade and Industry (DTI), or in case of foreign-owned single proprietorships, with the DTI, engage or invest in the retail trade business [, subject to the following categories:] **WITH A MINIMUM PAID-UP CAPITAL OF THE EQUIVALENT IN PHILIPPINE PESO OF TWO HUNDRED THOUSAND US DOLLARS (US\$200,000.00).**



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

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

14           “[Category C – Enterprises with a paid-up capital of the  
15 equivalent in Philippine Pesos of Seven million five hundred  
16 thousand US dollars (US\$7,500,000.00) or more may be  
17 wholly owned by foreigners: *Provided, however,* That in no  
18 case shall the investments for establishing a store in  
19 Categories B and C be less than the equivalent in Philippine  
20 Pesos of Eight hundred thirty thousand US dollars  
21 (US\$830,000.00).]

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

26           “The foreign investor shall be required to maintain in  
27 the Philippines the full amount of [the prescribed minimum]  
28 **ITS PAID-UP** capital, unless the foreign investor has notified  
29 the SEC and the DTI of its intention to repatriate its capital  
30 and cease operations in the Philippines. The actual use in

1 Philippine operations of the inwardly remitted [minimum]  
2 capital [requirement] shall be monitored by the SEC.

3 “Failure to maintain the [full] amount of [the prescribed  
4 minimum] **PAID-UP** capital **REQUIRED IN THE**  
5 **IMMEDIATELY PRECEDING PARAGRAPH**, prior to  
6 notification of the SEC and the DTI, shall subject the foreign  
7 investor to penalties or restrictions on any future trading  
8 activities/business in the Philippines.

9 “Foreign retail stores shall secure a certification from  
10 the Bangko Sentral ng Pilipinas (BSP) and the DTI, [which will]  
11 **TO** verify or confirm **THE** inward remittance of [the minimum  
12 required] **THEIR** capital investment.”

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

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

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

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

21 “[a] A minimum of Two hundred mullion US dollars  
22 (US\$200,000,000.00) net worth in its parent corporation for  
23 Categories B and C, and Fifty million US dollars  
24 (US\$50,000,000.00) net worth in its parent corporation for  
25 Category D;]

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

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

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

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

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

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

20 **SEC. 5.** Section 9 of Republic Act No. 8762 is hereby amended to read as  
21 follows:

22 “SEC. 9. *Promotion of Locally Manufactured Products.* –  
23 [For ten (10) years after the effectivity of this Act, at least  
24 [thirty] **TEN** percent [(30%)] **(10%)** of the aggregate cost of the  
25 stock inventory of foreign retailers [falling under Categories B  
26 and C and ten percent (10%) for Category D] shall be made in  
27 the Philippines.

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



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

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

Approved,