

XAVIER JESUS D. ROMUALDO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 344

INTRODUCED BY REPRESENTATIVE XAVIER JESUS D. ROMUALDO

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 amended to read as
2 follows:

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

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

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

than sixty percent (60%) of total equity.]

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

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

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

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

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

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

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

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

48 follows:

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

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

55
56 “[(b) Five (5) retailing branches or franchises in operation anywhere around the world
57 unless such **retailer has at least one (1) store capitalized at** a minimum of Twenty-five
58 million US dollars (US\$25,000,000.00);]

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

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

63 “The DTI is hereby authorized to pre-quality all foreign retailers, subject
64 to the provisions of this Act, before they are allowed to conduct business in the
65 **Philippines.**

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

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

74 ”SEC. 5. Section 9 of Republic Act No. 8762 is hereby amended to read as
75 follows:

76 “SEC. 9. *Promotion of Locally Manufactured Products.* - [For ten (10)
77 years after the effectivity of this Act, at] *AT least [thirty] TEN percent [(30%)] (10%) of*
78 *the aggregate cost of the stock inventory of foreign retailers [falling under Categories B*
79 *and C and ten percent (10%) for Category D] shall be made in the Philippines.”*

80 SEC. 6. *Separability Clause.* - *If any portion or provision of this Act is*
81 *declared unconstitutional, the remainder of this Act or any provision not affected thereby*
82 *shall remain in force and effect.*

83 SEC. 7. *Repealing Clause.* - Republic Act No. 8762, and all laws, decrees,
84 orders, rules and regulations or other issuance or parts thereof inconsistent with the
85 provisions of this Act are hereby repealed or modified accordingly.

86
87 SEC. 8. *Effectivity.* - This Act shall take effect fifteen (15) days after its
88 publication in the *Official Gazette* or in a newspaper of general circulation.

89 Approved,