



**SENATE**

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**Senate Bill No. 1349**

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**Introduced by Senator Juan Miguel F. Zubiri**

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**AN ACT  
AMENDING REPUBLIC ACT NO. 8762, OTHERWISE KNOWN AS THE RETAIL  
TRADE LIBERALIZATION ACT, AND FOR OTHER PURPOSES**

Nineteen years since Republic Act No. 8762 or the Retail Trade Liberalization Act was enacted, a total of only 43 foreign retail investments creating around 22,000 jobs have been recorded by the Department of Trade and Industry. The minimum paid-up capital required for foreign investors to participate in our retail markets, which is pegged at US\$2.5 million, has been cited as one of the restrictions why the Philippines is lagging in terms of foreign investments compared to our ASEAN neighbors.

To realize the intention of the law "*in attracting promoting and welcoming productive investment that will bring down price for the Filipino consumer, create more jobs, promote tourism, assist small manufacturers, stimulate economic growth and enable Philippine goods and services to become globally competitive through the liberalization of the retail trade sector,*" the bill proposes to bring down the minimum paid-up capital required of foreign investors to the equivalent in Philippine peso of US\$500,000. The proposed threshold hopes to make the country competitive in the region and at the same time continue to protect domestic micro and small enterprises from foreign competition.

In view of the foregoing, the approval of this bill is urgently sought.


**JUAN MIGUEL F. ZUBIRI**

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AN ACT  
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TRADE LIBERALIZATION ACT, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of the 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 FIVE HUNDRED  
THOUSAND US DOLLARS (US\$500,000.00).**

[Category A - Enterprises with paid-up capital of the equivalent in Philippine  
Pesos of less than Two million five hundred thousand US dollars (US\$2,500,000)  
shall be reserved exclusively for Filipino citizens and corporations wholly owned by  
Filipino citizens.]

[Category B - Enterprises with a minimum paid-up capital of the equivalent  
in Philippine Pesos of Two million five hundred thousand US dollars  
(US\$2,500,000) but less than Seven million five hundred thousand US dollars  
(US\$7,500,000) may be wholly owned by foreigners except for the first two (2)  
years 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)

1 or more may be wholly owned by foreigners: Provided, however, That in no case  
2 shall the investments for establishing a store in Categories B and C be less than  
3 the equivalent in Philippine Pesos of Eight hundred thirty thousand US dollars  
4 (US\$830,000).]

5 [Category D - Enterprises specializing in high-end or luxury products with a  
6 paid-up capital of the equivalent in Philippine Pesos of Two hundred fifty thousand  
7 US dollars (US\$250,000) per store may be wholly owned by foreigners.]

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

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

18 Foreign retail stores shall secure a certification from the Bangko Sentral ng  
19 Pilipinas (BSP) and the DTI, which will verify or confirm inward remittance of **ITS**  
20 [the minimum required] capital investment."

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

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

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

24 "SEC. 8. *Qualifications of Foreign Retailers.* - [No foreign retailer shall be  
25 allowed to engage in retail trade in the Philippines unless all the following  
26 qualifications are met:

- 27 a. A minimum of Two hundred million US dollars (US\$200,000,000) net  
28 worth in its parent corporation for Categories B and C, and Fifty million  
29 US dollars (US\$50,000,000) net worth in its parent corporation for  
30 Category D;
- 31 b. Five (5) retailing branches or franchises in operation anywhere around  
32 the word unless such retailer has at least one (1) store capitalized at a  
33 minimum of Twenty-five million US dollars (US\$25,000,000.00);
- 34 c. Five (5)-year track record in retailing; and]

1 d. Only nationals from, or juridical entities formed or incorporated in  
2 countries which allow the entry of Filipino retailers shall be allowed to  
3 engage in retail trade in the Philippines.

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

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

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

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

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

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

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

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

*Approved,*