

H. No. 300
S. No. 1156

Republic of the Philippines
Congress of the Philippines
Metro Manila
Eighteenth Congress
Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-sixth day of
July, two thousand twenty-one.

[REPUBLIC ACT NO. **11647**]

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

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

SECTION 1. Section 2 of Republic Act No. 7042 (R.A.
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. 2. Declaration of Policy. – Recognizing
that increased capital and technology benefits the
Philippines and that global and regional economies
affect the Philippine economy, it is the policy of the*

State to attract, promote and welcome productive investments from foreign individuals, partnerships, corporations, and governments, including their political subdivisions, in activities which significantly contribute to sustainable, inclusive, resilient, and innovative economic growth, productivity, global competitiveness, employment creation, technological advancement, and countrywide development to the extent that foreign investment is allowed in such activity by the Constitution and relevant laws, and consistent with the protection of national security. Foreign investments shall be encouraged in enterprises that significantly expand livelihood and employment opportunities for Filipinos; enhance economic value of agricultural products; promote the welfare of Filipino consumers; expand the scope, quality and volume of exports and their access to foreign markets; and/or transfer relevant technologies in agriculture, industry and support services. Foreign investments shall be welcome as a supplement to Filipino capital and technology in those enterprises serving mainly the domestic market.

“The State shall promote accountability and integrity in public office, as well as the promotion and administration of efficient public service to entice foreign investments.

“Foreign investments shall be conducted based on the principles of transparency, reciprocity, equity, and economic cooperation.

“x x x.”

SEC. 2. Section 3 of R.A. No. 7042 is hereby further amended to read as follows:

“SEC. 3. *Definitions.* — As used in this Act:

“x x x

“(b) The term “investment” shall mean equity participation in any enterprise organized or existing under the laws of the Philippines and duly recorded in the enterprise’s stock and transfer book, or any equivalent registry of ownership;

“(c) The term “foreign investment” shall mean an equity investment made by a non-Philippine national in the form of foreign exchange and/or other assets actually transferred to the Philippines and duly registered with the Bangko Sentral ng Pilipinas;

“(d) x x x;

“(e) x x x;

“(f) x x x;

“(g) x x x;

“(h) The term “practice of profession” shall mean an activity or undertaking rendered and performed by a registered and duly licensed professional or holder of a special temporary permit as defined in the scope of practice of a professional regulatory law; and

“(i) The term “pipeline transportation” shall mean the sector which includes transport of goods or materials through a pipeline such as crude, refined petroleum, natural gas, biofuels, and other chemically stable substance.”

SEC. 3. Section 4 of R.A. No. 7042 is hereby amended to read as follows:

“SEC. 4. *Inter-Agency Investment Promotion Coordination Committee.* — There is hereby created the “Inter-Agency Investment Promotion Coordination Committee”, hereinafter referred to as the “IIPCC”, which shall be the body that will integrate all

promotion and facilitation efforts to encourage foreign investments in the country. The Department of Trade and Industry (DTI) shall act as the IIPCC's lead agency. The IIPCC shall be composed of the:

“(a) Secretary of the DTI, to preside as Chairperson;

“(b) Secretary/Undersecretary of the Department of Finance (DOF) as Vice-Chairperson;

“(c) One (1) representative from the DTI-Board of Investments (BOI);

“(d) One (1) representative from the DTI-Philippine Economic Zone Authority (PEZA);

“(e) One (1) representative from the Department of Foreign Affairs (DFA), Office of the Undersecretary for Multilateral Affairs and International Economic Relations (OUMAIER);

“(f) One (1) representative from the National Economic and Development Authority (NEDA);

“(g) One (1) representative from the Department of Information and Communications Technology (DICT);

“(h) One (1) representative from the Commission on Higher Education (CHED);

“(i) One (1) representative from the Technical Education and Skills Development Authority (TESDA); and

“(j) Four (4) representatives composed of one (1) representative each from the National Capital Region, Luzon, Visayas and Mindanao, to be chosen from a list of nominees prepared and submitted by

nationally recognized leading industry or business chambers, who shall be of known competence, probity, integrity and expertise in any of the fields of investment, advertising, banking, finance management and law, with at least ten (10) years of outstanding management or leadership experience.

“The Chairperson may from time to time, as a particular foreign investment may require, request the participation of other government departments and agencies or instrumentalities, local government units (LGUs), nongovernmental organizations (NGOs) and local business chambers and enterprises.

“The IIPCC shall coordinate and, when necessary, partner with and assist the Bases Conversion and Development Authority (BCDA), Authority of the Freeport Area of Bataan (AFAB), Clark Development Corporation (CDC), Subic Bay Metropolitan Authority (SBMA), Cagayan Economic Zone Authority (CEZA), John Hay Management Corporation (JHMC), Poro Point Management Corporation (PPMC), Zamboanga City Special Economic Zone Authority (ZCSEZA), PHIVIDEC Industrial Authority (PIA), Aurora Pacific Economic Zone and Freeport Authority (APECO), Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and all other similar existing authorities or that may be created by law, in promoting foreign investments to the country: *Provided*, That this shall not include the administration, design, and grant of fiscal incentives.

“The BOI is designated as the secretariat of the IIPCC, implementing its policies and resolutions.”

SEC. 4. A new section of R.A. No. 7042, as amended, is inserted as Section 4-A to read as follows:

“SEC. 4-A. *Powers and Functions of the IIPCC.* -

“(a) To establish both a medium-and-long-term Foreign Investment Promotion and Marketing Plan (FIPMP), coordinating all existing investment development plans and programs under the BOI, PEZA, and various investment promotion agencies (IPAs), LGUs, and other agencies, as delineated in Section 4-B of this Act;

“(b) To design a comprehensive marketing strategy and campaign, promoting the country as a desirable investment area;

“(c) To support inbound and outbound foreign direct and trade missions for new international markets to explore the country as a possible location to do business;

“(d) To encourage and support research and development in priority areas indicated by the FIPMP;

“(e) To monitor actual performance against measurable and timebound targets in the FIPMP, to include job generation;

“(f) To submit annual evaluation and reports to the President of the Philippines and the Congress regarding the activities of the IIPCC;

“(g) To establish and regularly update an online database including a directory of ready local partners from priority sectors under the FIPMP, as a tool for promoting investments and business matching in local supply chains; and

“(h) To support local government efforts to promote foreign direct investments, expedite compliance with national requirements and address other safeguards and services requested by foreign investors in their different localities involved with said foreign investments.”

SEC. 5. A new section of R.A. No. 7042, as amended, is inserted as Section 4-B to read as follows:

“SEC. 4-B. *Development of the Foreign Investment Promotion and Marketing Plan (FIPMP).*
 – A comprehensive and strategic Foreign Investment Promotion and Marketing Plan (FIPMP) shall be developed by the IIPCC for the medium five-year and the long-term ten-year plan: *Provided*, That it is based on competitive advantages, natural resources, skill and educational development, traditional linkages, and international market potential, and it is fully consistent with the strategic investment priorities plan under Title XIII of the National Internal Revenue Code, as amended: *Provided, further*, That an online portal containing the FIPMP shall thereafter be uploaded, containing further details such as the IIPCC’s procedure, contacts, schedules, among others.

“Said database should also include a directory of local enterprises capable and willing to partner with potential foreign investors. The IIPCC shall consult local chambers of commerce, sectoral, business groups, and other individual partners whenever foreign applicants seek partners, subcontractors, suppliers, and other local business counterparts.

“Similarly, Department of Education (DepEd), CHED, TESDA, Department of Labor and Employment (DOLE), the Professional Regulation Commission (PRC), and other training agencies involved in education and skills development shall likewise direct curriculum and training efforts toward manpower requirements of the FIPMP.

“The IIPCC shall coordinate with the concerned government agencies to ensure their alignment with the FIPMP.

“DTI shall promulgate such rules and regulations necessary to implement this provision.”

SEC. 6. Section 5 of R. A. No. 7042, as amended, is hereby amended to read as follows:

“SEC. 5. *Registration of Investments of Non-Philippine Nationals.* – Without need of prior approval, a non-Philippine national, as that term is defined in Section 3(a), and not otherwise disqualified by law may, upon registration with the Securities and Exchange Commission (SEC), or the DTI in the case of single proprietorships, do business as defined in Section 3(d) of this Act or invest in a domestic enterprise up to one hundred percent (100%) of its capital, unless participation of non-Philippine nationals in the enterprise is prohibited or limited to a smaller percentage by existing law and/or under the provisions of this Act. The SEC or the DTI, as the case may be, shall not impose any limitations on the extent of foreign ownership in an enterprise additional to those provided in this Act: *Provided, however,* That any enterprise seeking to avail of incentives under the Omnibus Investment Code of 1987 must apply for registration with the BOI, which shall process such application for registration in accordance with the criteria for evaluation prescribed in said Code: *Provided, finally,* That a non-Philippine national intending to engage in the same line of business as an existing joint venture, in which he or his majority shareholder is a substantial partner, must disclose the fact and the names and addresses of the partners in the existing joint venture in his application for registration with SEC. During the transitory period as provided in Section 15 hereof, SEC shall disallow registration of the applying non-Philippine national if the existing joint venture enterprise, particularly the Filipino partners therein, can reasonably prove they are capable to make the investment needed for the domestic market activities to be undertaken by the competing applicant. Upon effectivity of this Act, SEC shall effect registration of any enterprise applying under this Act within fifteen (15) days upon submission of completed requirements.”

SEC. 7. Section 6 of R. A. No. 7042, as amended, is hereby amended to read as follows:

“SEC. 6. *Foreign Investments in Export Enterprises.* – Foreign investment in export enterprises whose products and services do not fall within Lists A and B of the Foreign Investment Negative List provided under Section 8 hereof is allowed up to one hundred percent (100%) ownership.

“Export enterprises which are non-Philippine nationals shall register with BOI and submit the reports that may be required to ensure continuing compliance of the export enterprise with its export requirement. BOI shall advise SEC or DTI, as the case may be, of any export enterprise that fails to meet the export ratio requirement. The SEC or DTI shall thereupon order the non-complying export enterprise to reduce its sales to the domestic market to not more than forty percent (40%) of its total production; failure to comply with such SEC or DTI order, without justifiable reason, shall subject the enterprise to cancellation of SEC or DTI registration, and/or the penalties provided in Section 14 hereof.

“Export enterprises shall register and comply with the export requirements in accordance with Title XIII of the National Internal Revenue Code (NIRC), as amended, for purposes of availing any tax incentive or benefit.”

SEC. 8. Section 8 of R.A. No. 7042, as amended, is hereby further amended to read as follows:

“SEC. 8. *List of Investment Areas Reserved to Philippine Nationals (Foreign Investment Negative List).* – x x x

“(a) x x x

“(b) x x x

“(1) which are defense-related activities, requiring prior clearance and authorization from 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 by the Secretary of National Defense; or

“(2) x x x

“Except as otherwise provided under Republic Act No. 8762, otherwise known as the Retail Trade Liberalization Act of 2000 and other relevant laws, micro and small 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 are endorsed as startup or startup enablers by the lead host agencies pursuant to Republic Act No. 11337, otherwise known as the Innovative Startup Act; or (3) a majority of their direct employees are Filipinos, but in no case shall the number of Filipino employees be less than fifteen (15), then a minimum paid-in capital of One hundred thousand US dollars (US\$100,000.00) shall be allowed to non-Philippine nationals: *Provided, further*, That registered foreign enterprises employing foreign nationals and enjoying fiscal incentives shall implement an understudy or skills development program to ensure the transfer of technology or skills to Filipinos. Compliance with this requirement shall be regularly monitored by the DOLE.

“Nothing in this Act shall operate as a cause for termination of employees hired prior to the effectivity of this Act. In all cases, the provisions of Presidential Decree No. 442, otherwise known as the

“Labor Code of the Philippines” and other applicable laws, rules and regulations issued by DOLE shall prevail.

“Amendments to List B may be made upon recommendation of the Secretary of National Defense, or the Secretary of Health, endorsed by the NEDA, or upon recommendation *motu proprio*, of NEDA, approved by the President, and promulgated through the issuance of the Foreign Investment Negative List by Executive Order.

“x x x

“Amendments to the Foreign Investment Negative List shall not be made more often than once every two (2) years: *Provided*, That the NEDA, in consultation and cooperation with the BOL, DTI, SEC, DICT, IPAs and other pertinent government agencies, shall, every two (2) years, (i) review the Foreign Investment Negative List, and (ii) submit to Congress an analysis of foreign investment performance economic activities of the industries under the Foreign Investment Negative List and the reasons for the recommended amendments, if any: *Provided, further*, That NEDA shall recommend to Congress investment-related matters requiring necessary legislation.”

SEC. 9. A new section of R.A. No. 7042, as amended, is inserted as Section 16 to read as follows:

“SEC. 16. *Review of Strategic Industries.* – Upon the order of the President, the IIPCC, in coordination with the National Security Council (NSC), and the NEDA, shall review foreign investments involving military-related industries, cyber infrastructure, pipeline transportation, or such other activities which may threaten territorial integrity and the safety, security and well-being of Filipino citizens, when:

“(a) Made by a foreign government-controlled entity or state-owned enterprises except independent pension funds, sovereign wealth funds and multinational banks; or

“(b) Located in geographical areas critical to national security.

“Any recommendation to suspend, prohibit, or otherwise limit a reviewed foreign investment under this section shall be transmitted to the Office of the President for appropriate action.”

SEC. 10. A new section of R.A. No. 7042, as amended, is inserted as Section 17 to read as follows:

“SEC. 17. *Anti-Graft Practices in Foreign Investment Promotions.* – Public officials and employees involved in foreign investment promotions shall uphold the highest standards of public service, accountability, and integrity. Accordingly, any public official or employee involved in foreign investment promotions who shall commit any of the acts under Section 3 of Republic Act No. 3019, as amended, otherwise known as the Anti-Graft and Corrupt Practices Act, shall, in addition to the penalties provided under Section 9(a) of the said Act, be punished by a fine of not less than Two million pesos (P2,000,000.00) but not more than Five million pesos (P5,000,000.00).”

SEC. 11. A new section of R.A. No. 7042, as amended, is inserted as Section 18 to read as follows:

“SEC. 18. *Non-Applicability.* – This Act shall not apply to banking and other financial institutions which are governed and regulated by Republic Act No. 8791, otherwise known as “The General Banking Law of 2000” and other laws under the supervision of the Bangko Sentral ng Pilipinas. Moreover, this Act

shall not apply to the practice of professions that are covered by specific laws and fall under the jurisdiction of various Professional Regulatory Boards (PRBs) or any other equivalent regulating body, or those subject to reciprocity agreements with other countries.

“To the extent applicable, and provided that the necessary licenses, work permits and visas are properly secured from the relevant government agencies, any occupation, employment or practice of profession not covered by any special law or reciprocity agreement as provided in the previous paragraph shall be subject to the provisions of this Act.”

SEC. 12. The remaining sections in R.A. No. 7042, as amended, are hereby renumbered accordingly.

SEC. 13. *Appropriations.* – For purposes of implementing this Act, the amount of Fifty million pesos (P50,000,000.00) from the Contingent Fund of the General Appropriations Act for the current fiscal year is hereby appropriated and shall be released to the IIPCC. Thereafter, the amounts necessary to carry out this Act shall be included in the General Appropriations Act (GAA).

SEC. 14. *Implementing Rules and Regulations.* – The NEDA, in consultation with the DTI and the DOF, is hereby directed to amend the existing rules and regulations necessary for the efficient implementation of this Act.

SEC. 15. *Repealing Clause.* – Republic Act No. 7042, as amended, is hereby amended. All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 16. *Separability Clause.* – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SEC. 17. *Effectivity.* – This Act shall take effect after fifteen (15) days following its publication in the *Official Gazette* or in a newspaper of general circulation in the Philippines.

Approved,

VICENTE C. SOTTO III
President of the Senate

LORD ALLAN JAY Q. VELASCO
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 300 and Senate Bill No. 1156 was passed by the House of Representatives and the Senate of the Philippines on December 7, 2021.

MYRA MARIE D. VILLARICA
Secretary of the Senate

MARK LEANDER L. MENDOZA
Secretary General House of Representatives

Approved: **MAR 02 2022**

RODRIGO ROA DUTERTE
President of the Philippines



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