

Republic of the Philippines  
Congress of the Philippines  
Metro Manila

First Regular Session

Begun and held in metro Manila , on Monday, the twenty- fourth day of July, nineteen hundred and ninety-five

**{ REPUBLIC ACT NO. 8179 }**

**AN ACT TO FURTHER LIBERALIZE FOREIGN INVESTMENT, AMENDING  
FOR THE PURPOSE REPUBLIC ACT NO. 7042, AND FOR OTHER  
PURPOSES**

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

SECTION 1. Section 3, paragraph (a), of Republic Act no. 7042 otherwise Known as the “Foreign Investment Act of 1991” is hereby amended to read as follows:

Sec.3. Definition –as used in this Act:

- a) the term Philippines national shall mean a citizen of the Philippines ; or a domestic partnership or association wholly owned by the citizens of the Philippines ; or a corporation organized under the law of the Philippines of which at least sixty percent ( 60%) of the capital stock outstanding and entitled to vote is owned and held by the citizen of the Philippines ;or a corporation organized abroad and the registered as doing Business in the Philippines under the corporation Code of which one hundred percent (100%) of the Capital stock outstanding and entitled to vote is wholly owned by Filipinos or a trustee of fund for pension or other employee retirement or separation benefits where the trustee is the Philippines national and at least sixty percent (60%) of the fund will accrue to the benefits of Philippines national ; Provided , That where a corporation and its non-Filipino stock in a securities and exchange the commission (SEC) registered enterprises at least (60%) of the Capital stock outstanding and entitled to vote of each of both corporation must be owned and held by the citizen of the Philippines and at least sixty percent (60%) member of the of the director of each both corporation must be citizen of the Philippines, in order that the corporation shall be considered a Philippines national.

SEC. 2. SEC. 7 of Republic Act. No. 7042 is hereby amended to read as follows:

“Sec. 7. Foreign Investments in Domestic Market Enterprises.- Non-Philippine nationals may own up to one hundred percent ( 100% ) of domestic market enterprises unless foreign ownership therein is prohibited or limited by the constitution and existing law or the Foreign Investment Negative List under section 8 hereof.”

SEC. 3. Section 8 of the Foreign Investment Act of 1991 is hereby amended as follows:

“Sec. 8 List of Investment Areas Reserved to Philippine Nationals (Foreign Investment Negative List). – The Foreign Investment Negative List shall have two (2) negative list: A and B:

“a) List a shall enumerate the areas of activities reserved to Philippine nationals by mandate of the constitution and specific laws.

“b) List B shall contain the areas of activities and enterprises regulated pursuant to law:

“1) which are defense-related activities, requiring prior clearance and authorization from Department National Defense (DND) to engage in such activity, such as manufacture, repair, storage and/or distribution of firearms, ammunition, lethal weapons, military ordnance, explosive, pyrotechnics and similar materials; unless such manufacturing or repair activity is specifically authorized, with a substantial export component, to a Non-Philippine national by the secretary of National Defense; or

“2) which have implications on public health and morals, such as manufacture and distribution of dangerous drugs; all forms of gambling; nightclubs. Bars, beer houses, dance halls, sauna and steam bathhouses and messaging clinics.

“Small and medium-sized domestic market enterprises with paid-in equity capital less than the equivalent of two hundred thousand US dollars (US\$200,000.00), are reserve to Philippines Nationals: Provided, That if: (1) they involve advance technology, or (2) they employ the least fifty (50) direct employees, then a minimum paid-in of capital of one hundred thousand US dollars (US\$100,000.00) shall be allowed to non-Philippine nationals.

“Amendments to list B may be read upon recommendation to the Secretary of National Defense, or the Secretary of Health, or the Secretary of Education, Culture and Sports, indorsed by the NEDA, or upon by the recommendation motu proprio, of NEDA, approved by the President, and promulgated by a Presidential Proclamation.

“The transitory Foreign investment Negative List established in Section 15 hereof shall be replaced at the end of the transitory period by the first Regular Negative List to be formulated and recommended by NEDA. Following the process of criteria, provided in section 8 and 9 of this Act. The first Regular Negative List shall be published not later than sixty (60) days before the end of the transitory period provided in said section. And shall become immediately effective at the end of the transitory period. Subsequent Foreign Investment Negative List shall become effective fifteen (15) days after publication in the newspaper of general circulation in the Philippines: Provided, however, prospective in operation and shall in no way effect again foreign investment existing on the date of its publication.

“ Amendments to list B after promulgation publication of the first Regular Foreign Investment Negative List at the end of transitory period shall be not made more often than once every two (2) years.”

SEC. 4. The Foreign Investment Act is further amended by inserting a new section designated as Section 9 to read as follows:

“SEC. 9. Investment Rights of Former Natural-born Filipinos.- For purposes of this Act, former natural born citizens of the Philippines shall have the same investment rights of the Philippines citizen in the cooperatives under Republic Act. No. 6938, Rural Banks Under Republic Act. No. 7353, Thrift Banks and Private Development Banks under Republic Act. No. 7906, and Financing Companies under Republic Act. No. 5908. These rights shall not extends to activities reserved by the Constitution, including (1) the exercise of profession: (2) in defense related activities under section 8 (b) hereof, unless specifically authorized by the Secretary of National Defense: and, (3) activities covered by the Republic Act. No. 1180 (Retail Trade Act), Republic Act. No 5487 (Security Agency Act), Republic Act No. 7076 (Small Scale Mining Act). Republic Act. No. 3018, as amended (rice and Corn Industry Act), and P.D. 449 (Cockpits Operation and Management).

SEC. 5. The Foreign Investment Act is further amended by inserting a new section designated as section 10 to read as follows:

“SEC.10. *Other Rights of natural born Citizen pursuant ~, Section 8 of the Constitution.-* Any natural born citizen who has lost his Philippine citizenship and who has the legal capacity to enter into a contract under Philippine laws may be a transferee of a private land up to a maximum area of five thousand (5,000) square meters in the case of urban land or three(3) hectares in the case of rural land to be used by him for business or other purpose. In the case of married couples. One of them may avail of the privilege herein granted: *Provided*, That if both shall avail of the same, the total area acquired shall not exceed the maximum herein fixed.

“In case the transferee already owns urban or rural land for business or other purposes which when added to those already owned by him shall exceed the maximum areas herein authorize.

“A transferee under this Act may acquire not more than two (2) lots which should be situated in different municipalities or cities anywhere in the Philippine: *provided*, That the total land area thereof shall not exceed five thousand (5,000) square meters in the case of urban land or three (3) hectares in the case of rural land for use by him for business or other purposes. A transferee who has already acquire urban land shall be disqualified from acquiring rural land and vice versa.”

SEC. 6. The National Economic and Development Authority in consultation with the board of investment. The Department of trade and industry and Securities and Exchange Commission. Shall prepare and issue the necessary primer and other information campaign materials regarding the foreign Investment act and the amendments introduced thereto, consulates and other diplomatic offices abroad and disseminated to Filipino nationals, former natural-born Filipino citizens. And foreign investors, within sixty (60) day after the effectivity hereof.

SEC. 7. The NEDA is hereby directed to make the necessary amendment to the implementing rules and regulation of republic Act No. 7042 in order to reflect the changes embodied in this Act.

SEC. 8. Section 9 and 10 of republic Act No. 7042 and all references thereto in said law are hereby repealed or modified accordingly. All other law, rules and regulations and/or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 9. If any part or section of this Act is declared unconstitutional for any reason whatsoever, such declaration shall not in way affect the other parts or sections of this Act.

SEC. 10. This Act shall take effect fifteen (15) days after publication in two (20) newspapers of general circulation in the Philippines.

Approved,

JOSE DE VENECIA, JR  
*Speaker of the  
House of representatives*

NEPTALI A. GONZALES  
*Senate President*

This Act, which is a consolidation of senate Bill No. 1399 and House Bill No. 5029 was finally passed by the Senate and the House of Representatives on March 25, 1996.

CAMILO L. SABIO  
*Secretary general*  
*House of Representatives*

HEZEL P. GACUTAN  
*Secretary of the Senate*

Approved:  
MARCH 28 1996

FIDEL V. RAMOS  
President of the Philippines