

NBGA TVE LIST

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EXECUTIVE ORDER NO. 584

PROMULGATING THE
SEVENTH REGULAR FOREIGN
INVESTMENT NEGATIVE LIST

WHEREAS, Republic Act (RA) No. 7042, otherwise known as the Foreign Investments Act of 1991, as amended by RA 8179, provides for the formulation of a Regular Foreign Investment Negative List covering investment areas/activities which may be opened to foreign investors and/or reserved to Filipino nationals;

WHEREAS, the Regular Foreign Investment Negative List, consisting of Lists A and B, is effective for two (2) years pursuant to Section 8 of RA 7042 (as amended) and its revised Implementing Rules and Regulations;

WHEREAS, there is a need to formulate a Seventh Regular Foreign Investment Negative List in view of the expiration of the existing list on January 6, 2007;

NOW THEREFORE, I, GLORIA MACAPAGAL ARROYO, President of the Republic of the Philippines, by virtue of the powers vested in me by Law, do hereby order:

SECTION 1. Only the investment areas and/or activities listed in Annex A hereof shall be reserved to Philippine nationals, and hereafter shall be referred to as the Seventh Regular Foreign Investment Negative List. The extent of foreign equity in these areas shall be limited to the percentages indicated in the List.

SECTION 2. Any amendment to List A may be made at any time to reflect changes instituted in specific laws while amendments to List B shall not be made more often than once every two years, pursuant to Section 8 of RA 7042 (as amended) and its revised Implementing Rules and Regulations.

SECTION 3. All orders, issuances, rules and regulations or parts thereof, which are inconsistent with this Order are hereby revoked or modified accordingly.

SECTION 4. This Executive Order shall take effect upon the expiration of the Sixth Foreign Investment Negative List on January 6, 2007 following its publication in a national newspaper of general circulation.

¹ This is limited to Filipino citizens save in cases prescribed by law

DONE in the City of Manila, this 8th day of December in the year of our Lord, Two Thousand and Six.

(Sgd) GLORIA MACAPAGAL ARROYO

By the President:

(Sgd) EDUARDO R. ERMITA
Executive Secretary

"ANNEX A"

LIST A: FOREIGN OWNERSHIP IS LIMITED BY MANDATE OF THE CONSTITUTION AND SPECIFIC LAWS

No Foreign Equity

1. Mass Media except recording (Art. XVI, Sec. 11 of the Constitution; Presidential Memorandum dated 04 May 1994)

2. Practice of all professions:

- a) Engineering
i. Aeronautical
ii. Agricultural
iii. Chemical
iv. Civil
v. Electrical
vi. Electronics and Communication
vii. Geodetic
viii. Mechanical
ix. Metallurgical
x. Mining
xi. Naval Architecture and Marine
xii. Sanitary
b) Medicine and Allied Professions
i. Medicine
ii. Medical Technology
iii. Dentistry
iv. Midwifery
v. Nursing
vi. Nutrition and Diets
vii. Optometry
viii. Pharmacy
ix. Physical and Occupational Therapy
x. Radiologic and X-ray Technology
xi. Veterinary Medicine
c) Architecture
d) Chemistry
e) Customs Brokerage
f) Environmental Planning
g) Forestry
h) Geology

- k) Interior Design
l) Landscape Architecture
m) Law
n) Librarianship
o) Marine Deck Officers
p) Marine Engine Officers
q) Master Plumbing
r) Sugar Technology
s) Social Work
t) Teaching
u) Agriculture
v) Fisheries

(Art. XII, Sec. 14 of the Constitution; Sec. 4 of RA 5181)

3. Retail trade enterprises with paid-up capital of less than US\$2,500,000 (Sec. 5 of RA 8762)

4. Cooperatives (Ch. III, Art. 28 of RA 6938)

5. Private Security Agencies (Sec. 4 of RA 5487)

6. Small-scale Mining (Sec. 3 of RA 7076)

7. Utilization of Marine Resources in archeologic waters, territorial sea, and exclusive economic zone as well as small-scale utilization of natural resources in rivers, lakes, bays, and lagoons (Art. XII, Sec. 2 of the Constitution)

8. Ownership, operation and management of coops (Sec. 5 of PD 448)

9. Manufacture, repair, stockpiling and/or distribution of nuclear weapons (Art. II, Sec. 8 of the Constitution)

10. Manufacture, repair, stockpiling and/or distribution of biological, chemical and radiological weapons and anti-personnel mines (Various treaties to which the Philippines is a signatory and conventions supported by the Philippines)

11. Manufacture of freerackers and other pyrotechnic devices (Sec. 5 of RA 7183)

Up to Twenty Percent (20%) Foreign Equity

12. Private radio communications network (RA 3846)

Up to Twenty-Five Percent (25%) Foreign Equity

13. Private recruitment, whether for local or overseas employment (Art. 27 of PD 442)

² Full foreign participation is allowed for retail trade enterprises: (a) with paid-up capital of US\$2,500,000 or more provided that investments for establishing a store is not less than US\$830,000, or (b) specializing in high end or luxury products, provided that the paid-up capital per store is not less than US\$250,000 (Sec. 5 of RA 8762)

³ Domestic investments are also prohibited (Art. II, Sec. 8 of the Constitution; Conventions/Treaties to which the Philippines is a Signatory)

14. Contracts for the construction and repair of locally-funded public works (Sec. 1 of CA 541, LOI 630) except:

- a) infrastructure/development projects covered in RA 7718; and
b) projects which are foreign funded or assisted and required to undergo international competitive bidding (Sec. 2a of RA 7718)

15. Contracts for the construction of defense-related structures (Sec. 1 of CA 541)

Up to Thirty Percent (30%) Foreign Equity

16. Advertising (Art. XVI, Sec. 11 of the Constitution)

Up to Forty Percent (40%) Foreign Equity

17. Exploration, development and utilization of natural resources (Art. XII, Sec. 2 of the Constitution)

18. Ownership of private lands (Art. XII, Sec. 7 of the Constitution; Ch. 5, Sec. 22 of CA 141; Sec. 4 of RA 9182)

19. Operation and management of public utilities (Art. XII, Sec. 11 of the Constitution; Sec. 16 of CA 146)

20. Ownership, operation and management of administration of educational institutions (Art. XIV, Sec. 4 of the Constitution)

21. Culture, production, milling, processing, trading excepting retailing, of rice and corn and acquiring, by barter, purchase or otherwise, rice and corn and the by-products thereof (Sec. 5 of PD 194; Sec. 15 of RA 8762)

22. Contracts for the supply of materials, goods and commodities to government-owned or controlled corporation, company, agency or municipal corporation (Sec. 1 of RA 5183)

23. Project Proponent and Facility Operator of a BOT project requiring a public utilities franchise (Art. XII, Sec. 11 of the Constitution; Sec. 2a of RA 7718)

24. Operation of deep sea commercial fishing vessels (Sec. 27 of RA 8550)

25. Adjustment Companies (Sec. 323 of PD 612 as amended by PD 1814)

26. Ownership of condominium units where the common areas in the condominium project are co-owned by the owners of the separate units or owned by a corporation (Sec. 5 of RA 4726)

⁴ Full foreign participation is allowed through financial or technical assistance agreement with the President (Art. XII, Sec. 2 of the Constitution)

⁵ Full foreign participation is allowed provided that within the 30-year period from start of operation, the foreign investor shall divest a minimum of 60 percent of their equity to Filipino citizens (Sec. 5 of PD 194; NFA Council Resolution No. 183 s. 1998)

27. Financing companies regulated by the Securities and Exchange Commission (Sec. 5 of RA 5990 as amended by RA 8556)

28. Investment houses regulated by the SEC (Sec. 5 of PD 129 as amended by RA 8385)

LIST B: FOREIGN OWNERSHIP IS LIMITED FOR REASONS OF SECURITY, DEFENSE, RISK TO HEALTH AND MORALS AND PROTECTION OF SMALL- AND MEDIUM-SCALE ENTERPRISES

Up to Forty Percent (40 %) Foreign Equity

1. Manufacture, repair, storage, and/or distribution of products and/or ingredients requiring Philippine National Police (PNP) clearance:

- a) Firearms (handguns to shotguns), parts of firearms and ammunition thereof, instruments or implements used or intended to be used in the manufacture of firearms
b) Gunpowder
c) Dynamite
d) Blasting supplies
e) Explosives:

i. Chlorates of potassium and sodium

ii. Nitrates of ammonium, potassium, sodium, barium, copper (11), lead (11), calcium and cuprite

iii. Nitric acid

iv. Nitrocellulose

v. Perchlorates of ammonium, potassium and sodium

vi. Dinitrocellulose

vii. Glycerol

viii. Amorphous phosphorus

ix. Hydrogen peroxide

x. Strontium nitrate powder

xi. Toluene

f) Telescopic sights, sniper scope and other similar devices

However, the manufacture or repair of these items may be authorized by the Chief of the PNP to non-Philippine nationals; Provided that a substantial percentage of output, as determined by the

⁶ No foreign national may be allowed to own stock in financing companies or investment houses unless the country of which he is a national accords the same reciprocal rights to Filipinos (Sec. 5 of RA 5990 as amended by RA 8556; PD 129 as amended by RA 8386)

said agency, is exported. Provided further that the extent of foreign equity ownership allowed shall be specified in the said authority/clearance (RA 7042 as amended by RA 8179)

2. Manufacture, repair, storage and/or distribution of products requiring Department of National Defense (DND) clearance:

- a) Guns and ammunition for warfare
b) Military ordnance and parts thereof (e.g., torpedoes, depth charges, bombs, grenades, missiles)
c) Gunnery, bombing and fire control systems and components
d) Guided missiles/missile systems and components
e) Tactical aircraft (fixed and rotary-winged), parts and components thereof
f) Space vehicles and component systems
g) Combat vessels (air, land and naval) and auxiliaries
h) Weapons repair and maintenance equipment
i) Military communications equipment
j) Night vision equipment
k) Stimulated coherent radiation devices, components and accessories
l) Armament training devices
m) Other as may be determined by the Secretary of the DND

However, the manufacture or repair of these items may be authorized by the Secretary of the DND to non-Philippine nationals; Provided that a substantial percentage of output, as determined by the said agency, is exported. Provided further that the extent of foreign equity ownership allowed shall be specified in the said authority/clearance (RA 7042 as amended by RA 8179)

3. Manufacture and distribution of dangerous drugs

4. Sauna and steam bathhouses, massage clinics and other like activities regulated by law because of risks posed to public health and morals

5. All forms of gambling, e.g. race track operation

6. Domestic market enterprises with paid-in equity capital of less than the equivalent of US\$200,000

7. Domestic market enterprises which involve advanced technology or employ at least fifty (50) direct employees with paid-in equity capital of less than the equivalent of US\$100,000

(RA 7042 as amended by RA 8179)