

MALACAÑANG

Manila

EXECUTIVE ORDER NO. 362

SECOND REGULAR FOREIGN INVESTMENT NEGATIVE LIST

WHEREAS, Republic Act (RA) 8179, which amends RA 7042 also known as the Foreign Investments Act (FIA) of 1991, provides that the Regular Foreign Investment Negative List (RFINL) shall consist only of Lists A and B;

WHEREAS, Section 5, Rule VIII of the amended Implementing Rules and Regulations (IRR) of the FIA as amended, provides that each RFINL shall remain in force only for two years;

WHEREAS, the first RFINL which took effect on 24 October 1994 shall expire on 23 October 1996;

WHEREAS, there is a need to formulate a second RFINL to reflect amendments made by RA 8179 and changes to Lists A and B as recommended by concerned government agencies;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by the FIA of 1991 as amended, do hereby order:

SECTION 1. Only investment areas/activities listed in "Annex A" hereof, also known as the second Regular Foreign Investment Negative List, shall be reserved to Philippine Nationals. The extent of foreign equity participation 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 the FIA as amended and Rule VIII of its amended IRR.

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

SECTION 4. This Executive Order shall take effect immediately after the end of the effectivity of the first RFINL on 24 October 1996.



DONE in the City of Manila, this 20th day of August in the year of our Lord, Nineteen Hundred and Ninety Six.



By the President:



RUBEN D. TORRES
Executive Secretary



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Date 

"ANNEX A"

SECOND REGULAR FOREIGN INVESTMENT NEGATIVE LIST

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

No Foreign Equity

Mass Media except recording (Article XVI, Section 11 of the Constitution; Presidential Memorandum dated 04 May 1994)

Services involving the practice of licensed professions save in cases prescribed by law

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

(Article XIV, Section 14 of the Constitution; Section 1 of RA No. 5181)

- 3. Retail Trade (Section 1 of RA No. 1180)
- 4. Cooperatives (Chapter III, Article 26 of RA No. 6938)
- 5. Private Security Agencies (Section 4 of RA No. 5487)
- 5. Small-scale Mining (Section 3 of RA No. 7076)
- 7. Utilization of Marine Resources in archipelagic waters, territorial sea, and exclusive economic zone (Article XII, Section 2 of the Constitution)
- 8. Ownership, operation and management of cockpits (Section 5 of Presidential Decree No. 449)
- 9. Manufacture, repair, stockpiling and/or distribution of nuclear weapons (Article II, Section 8 of the Constitution) ¹
- 10. Manufacture, repair, stockpiling and/or distribution of biological, chemical and radiological weapons (Various treaties to which the Philippines is a signatory and conventions supported by the Philippines) ¹

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

- 11. Private recruitment, whether for local or overseas employment (Article 27 of Presidential Decree No. 442)
- 12. Contracts for the construction and repair of locally-funded public works except:
 - a) infrastructure/development projects covered in RA No. 7718; and
 - b) projects which are foreign funded or assisted and required to undergo international competitive bidding (Commonwealth Act No. 541; Presidential Decree 1594; Letter of Instruction 630; Section 2a of RA No. 7718)

Up to Thirty Percent (30%) Foreign Equity

- 13. Advertising (Article XVI, Section of the Constitution)

Up to Forty Percent (40%) Foreign Equity

- 14. Exploration, development and utilization of natural resources (Article XII, Section 2 of the Constitution) ²
- 15. Ownership of private lands (Article XII, Section 7 of the Constitution; Chapter 5, Section 22 of Commonwealth Act No. 141)
- 16. Operation and management of public utilities (Article XII, Section 11 of the Constitution; Section 16 of Commonwealth Act No. 146)
- 17. Ownership/establishment and administration of educational institutions (Article XIV, Section 2 of the Constitution)
- 18. Engaging in the rice and corn industry (Presidential Decree No. 194)

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19. Financing companies regulated by the Securities and Exchange Commission (SEC) (Section 6 of RA No. 5980)
20. Contracts for the supply of materials, goods and commodities to government-owned or controlled corporation, company, agency or municipal corporation (Section 1 of RA No. 5183)
21. Contracts for the construction of defense-related structures (e.g., land, air, sea and coastal defenses, arsenals, barracks, depots, hangars, landing fields, quarters and hospitals) (Commonwealth Act No. 541)
22. Project proponent and facility operator of a BOT project requiring a public utilities franchise (Article XII, Section 11 of the Constitution; Section 2a of RA No. 7718)
23. Private domestic construction contracts (Republic Act 4566; Article XIV, Section 14 of the Constitution)



1 Domestic investments are also prohibited (Article II, Section 8 of the Constitution; Conventions/Treaties to which the Philippines is a signatory)

2 Full foreign participation is allowed through financial or technical assistance agreement with the President (Article XII, Section 11 of the Constitution)

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

Manufacture, repair, storage, and/or distribution used in the manufacture thereof requiring Philippine National Police (PNP) clearance:

- a) Firearms (handguns to shotguns), parts of firearms and ammunition therefor, instruments or implements used or intended to be used in the manufacture of firearms
- b) Gunpowder
- c) Dynamite
- d) Blasting supplies
- e) Ingredients used in making explosives:
 - i. Chlorates of potassium and sodium
 - ii. Nitrates of ammonium, potassium, sodium barrium, copper (II), lead (II), 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
(RA No. 7042 as amended by RA No. 8179)

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, mines, depthcharges, bombs, grenades, missiles)
- c) Gunnery, bombing and firecontrol 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

(RA No. 7042 as amended by RA No. 8179)

Manufacture and distribution of dangerous drugs (RA No. 7042 as amended by RA No.8179)

