

EXECUTIVE ORDER NO 11

APPROVING THE THIRD REGULAR
FOREIGN INVESTMENTS NEGATIVE LIST

WHEREAS, Republic Act 8179, which amends RA 7042 also known as the Foreign Investments Act of 1991, provides the formulation of a Regular Foreign Investments Negative List covering the 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 List A and B, has the effectivity of two years pursuant to the Implementing Rules and Regulations of the Foreign Investments Act of 1991;

WHEREAS, there is a need to formulate the third Foreign Investment Negative List in view of the expiration of the effectivity of the existing List on 23 October 1998, as well as to incorporate thereto those provisions of existing laws on foreign investments;

NOW, THEREFORE, I, JOSEPH EJERCITO ESTRADA, President of the Republic of the Philippines, by virtue of the powers vested in me by Law, do hereby order;

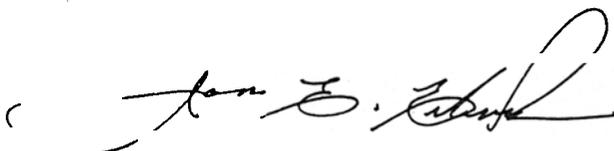
SECTION 1. Only the investment areas and/or activities listed in Annex A herewith shall be reserved to Philippine nationals, and hereafter shall be referred to as the Third Regular Foreign Investments Negative List. The extent of foreign equity participation in these areas shall be limited to the percentages 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 Foreign Investments Act of 1991 as amended, and of its Implementing Rules and Regulations.

SECTION 3. All orders, issuances regulations or part hereof, which are inconsistent with his Order are hereby evoked or modified accordingly.

SECTION 4. This Order shall take effect immediately October 1998

DONE, in the city of Manila, this 11th day of August in the Year of our Lord, Nineteen Hundred and Ninety Eight.



By the President



RONALDO B. ZAMORA
Executive Secretary



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"ANNEX A"

THIRD 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)

2. 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. Medicine
 - ii. Medical Technology
 - iii. Dentistry
 - iv. Midwifery
 - v. Nursing
 - vi. Nutrition and Dietetics
 - vii. Optometry
 - viii. Pharmacy
 - ix. Physical and Occupational Therapy
 - x. Radiologic and X-ray Technology
 - xi. 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)
- 6. 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)
- 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
- Manufacture of firecrackers and other pyrotechnic devices (Section 5 of RA No. 7183)

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

- 12. Private recruitment, whether for local or overseas employment (Article 27 of Presidential Decree No. 442)
- 13. 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 No. 1594; Letter of Instruction No. 630; Section 2a of RA No. 7718)

Up to Thirty Percent (30%) Foreign Equity

- 14. Advertising (Article XVI, Section 11 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)

Up to Forty Percent (40%) Foreign Equity

15. Exploration, development and utilization of natural resources(Article XII, Section 2 of the Constitution)²
16. Ownership of private lands (Article XII, Section 7 of the Constitution; Chapter 5, Section 22 of Commonwealth Act No. 141)
7. Operation and management of public utilities (Article XII, Section 11 of the Constitution; Section 16 of Commonwealth Act No.146)
18. Ownership/establishment and administration of educational institutions (Article XIV, Section 2 of the Constitution)
19. Engaging in the rice and corn industry (Presidential Decree No. 194)
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. 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)
22. Operation of deep sea commercial fishing vessels (Section 27 of RA No. 8550)
23. Adjustment Companies (Section 323 of Presidential Decree No. 612 as amended by Presidential Decree No. 1814)
24. Ownership of condominiums (Section 5 of RA No. 4726)

Up to Sixty Percent (60%) Foreign Equity

- Financing companies regulated by the Securities and Exchange Commission (SEC) (Section 6 of RA No. 5980 as amended by RA No. 8556)³
26. Investment houses regulated by the SEC (Presidential Decree No. 129 as amended by RA No. 8366)³

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

³ No foreign national may be allowed to own stock in financing companies or investment houses unless the country which he is a national accords the same reciprocal rights to Filipinos (Section 6 of RA No. 5980 as amended by RA No. 8556; Presidential Decree No. 129 as amended by RA No. 8366)

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 (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, sniperscope and other similar devices
(RA No. 7042 as amended by RA No. 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, mines, depthcharges, bombs, grenades, Missiles)
- c. Gunnery, bombing and firecontrol systems and components
- d. Guided missiles/misile 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. Others as may be determined by the Secretary of the Department of National Defense (RA No. 7042 as amended by RA No. 8179)

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

Sauna and steam bathhouses, massage clinics and other like activities regulated by law because of risks they impose to public health and morals (RA No. 7042 as amended by RA No. 8179)

Other forms of gambling, e.g., race track operation; (RA No. 7042 as amended by RA No. 8179)

Domestic market enterprises with paid-in equity capital of less than the equivalent of US\$200,000 (RA No. 7042 as amended by RA No. 8179)

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 No. 7042 as amended by RA No. 8179)

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