



AMCHAM PHILIPPINES
The American Chamber of Commerce of the Philippines, Inc.



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SPECIAL REFORM LEGISLATION DISCUSSION SERIES:

RETAIL TRADE ACT AMENDMENTS

SEPTEMBER 11, 2020 | 9:00 AM - 11:00 AM | ZOOM VIDEO CONFERENCING





SPECIAL REFORM LEGISLATION DISCUSSION SERIES:

RETAIL TRADE ACT AMENDMENTS

Co-hosted by the AmCham Legislative and Trade and Industry Committees

PROGRAM

9:00AM

Opening remarks

Mr. Ebb Hinchliffe
Executive Director, AmCham

Ms. Jenna Diallo
Acting Chief, Office of Economic Development and Governance, USAID Philippines

Event overview and brief history of the reform measure

Mr. John D. Forbes
Co-chair, Amcham Legislative Committee

9:30AM

First speaker: Impact of the amendments to the RTA on the domestic retail trade sector

Atty. Elyjean Portoza,
Director, Legal and Investment Compliance Service, Board of Investments

9:45AM

Second speaker: Perspective from the House

Rep. Stella Luz Quimbo
Assistant Minority Leader
Representative, 2nd District of Marikina



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PROGRAM

- 10:00AM **Third speaker: Liberalization of the retail trade sector as a needed reform to attract foreign investment**
Asec. Carlos Abad Santos
Assistant Secretary for Policy and Planning, NEDA
- 10:15AM **Fourth speaker: Impact of the amendments to the RTA on competition**
Atty. Johannes Bernabe.
Commissioner, Philippine Competition Commission
- 10:30AM **Open Forum/Discussion**
- 10:55AM **Closing remarks**
Mr. John D. Forbes



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TIMELINE

1935 to 1953 Early efforts to nationalize retail trade (1935 Constitutional Commission and in Congress) failed or were vetoed

- According to 1948 data, there were 12,274 non-Filipino retail trade establishments. 12,087 run by Chinese, and 187 by non-Chinese

1954 Republic Act No. 1180 (Act to Regulate the Retail Business) restricted the retail trade sector to Filipino nationals

- Non-Filipinos in retail may continue until 10 years, death, or voluntary retirement
- Associations, partnerships, or corporations in retail not wholly owned by Filipinos may continue for 10 years
- In case of death of person not a citizen of the Philippines entitled to engage in retail, heir is entitled to continue up to 6 months Does not apply to Americans.
- Violation punished by 3 to 5 years in jail and fine of 3,000 to 5,000 pesos. Penalty imposed upon officers responsible. If offender is alien, deported immediately after serving sentence.



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1955 **Laurel-Langley Agreement Amended Bell Act for parity rights of Americans to expire in 1974**

1955 **RA 1180 sustained as constitutional by the Supreme Court**

1975 **Presidential Decree No. 714 amending RA 1180 issued**

- PD No. 714 amended RA 1180 to exclude the following from the term “retail business”:
 - A manufacturer selling to industrial and commercial users who use the products bought to render serve general public or to manufacture goods sold to them
 - A hotel restaurant.

1974
to
2000 **Foreign nationals become naturalized citizens**



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2000 Republic Act No. 8762 (Retail Trade Liberalization Act)

- Only very rich foreigners with \$2.5 million are welcome
- With a high minimum capital requirement of \$2.5 million and various other restrictive conditions the 2000 law was designed to protect the retail sector status quo (which arguably today comprises much more of a multi-ethnic mix of entrepreneurs than in 1954.) These conditions were designed so that only heavily-capitalized foreign retail investors could enter the Philippine market.
- As our speakers will explain further R.A. 8762 is actually more illiberal than R.A. 1180 and has protected the Philippine retail sector from greater competition and consumer choice, to the detriment of the Filipino consumer.

2010 RA 8762 sustained as constitutional by the Supreme Court



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**2000
to
present**

Expected benefits of RA 8762 did not materialize

- Only a small number of foreign retailers have invested in the country. Giant foreign retailers did not invest in the Philippines. The expected job generation did not materialize, and Philippine goods and services did not become globally competitive as a result of the law.

2016

10-Point Socioeconomic Agenda of the Duterte Administration

- The President’s 10-point socioeconomic agenda includes the relaxation of restrictions on foreign ownership in order to attract foreign direct investment

2017

Memorandum Order No. 16, s. 2017

- Directed the National Economic Development Authority to “exert utmost efforts to lift or ease restrictions on certain investments areas or activities with limited foreign participation.”

2019

RTA amendments bill certified as urgent by the President

- The pending Retail Trade Act amendments bills were among bill certified as urgent by the President days before the adjournment of the 17th Congress in June of 2019. The measure was not passed due to a lack of time.



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RTA amendments bill identified by NEDA, DTI, and 14 business groups as a priority bill in the 18th Congress

The House of Representatives approved House Bill No. 59 on 3rd Reading on March 11, 1920

2020

- Minimum capital of \$200,000 (same as Foreign investment Act)
- 10% of goods stocked locally made.

The Committee Report of the Senate version being circulated for signature of Senate Trade Committee members

- Minimum paid-in capital requirement of \$300,000
- \$150,000 per store requirement for retailers with more than 1 store
- Even purely online retailers required to register
- Increased penalties

FOR CLOSING REMARKS



ARANGKADA
PHILIPPINES

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COUNTRY INVESTMENT CLIMATE SERIES

Moving the Philippines Forward

SEPTEMBER 17, 2020 | 3:30 PM - 5:00 PM

GUEST SPEAKERS



HON. ARTHUR P. TUGADE

Secretary, Department of Transportation

REGISTRATION FEE: JFC MEMBERS - PHP 500 | NON-MEMBERS - PHP 1,000

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COUNTRY INVESTMENT CLIMATE SERIES

Responsible Supply Chains and Ensuring Workplace Compliance

SEPTEMBER 23, 2020 | 10:00 AM - 11:30 AM

GUEST SPEAKERS



FREDY GUAYACÁN

*Program Manager of Responsible Supply Chains in Asia
ILO Regional Office for Asia and the Pacific*



DR. MA. TERESITA S. CUCUECO

*Assistant Secretary
Department of Labor and Employment*

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The American Chamber of Commerce of the Philippines, Inc.

Digital Legislation for the New Decade



30th September 2020

From 9:30 to 11:30 am via ZOOM Webinar



Contact Us

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