

30 May 2021

**SEN. AQUILINO PIMENTEL III**

Chairperson

Committee on Trade, Commerce, and Entrepreneurship

Senate of the Philippines

Pasay City

Dear **Senator Pimentel**:

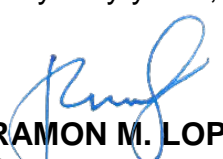
In line with pending discussions at the Bicameral Conference Committee on the disagreeing provisions of Senate Bill No. 1840<sup>1</sup> and House Bill No. 59<sup>2</sup>, we are pleased to submit our additional inputs to support the immediate passage of the amendments to the Republic Act No. 8762 or the Retail Trade Liberalization Act.


The Department expects that its enactment, which effectively lowers the paid-up capital requirement, will result in an estimated additional investment of fifty-six billion pesos (PhP56,000,000.00) and employment generation of one hundred thirty-one thousand nine hundred eighty (131,980), roughly 9.4% of the total current employment in the wholesale and retail trade sector realizable over a five (5) year period (See *Annex A*).

We hope that our inputs merit the Committee's consideration.

With my best regards.

Very truly yours,



**RAMON M. LOPEZ**  
Secretary 

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<sup>1</sup> "An Act Amending Republic Act No. 8762, Otherwise Known as the 'Retail Trade Liberalization Act of 2000', by Lowering the Required Paid-Up Capital for Foreign Retail Enterprises, and for Other Purposes"

<sup>2</sup> "An Act Setting the Minimum Paid-Up Capital and Locally Produced Stock Inventory Requirements for Foreign Retail Business Enterprises, Amending for the Purpose Republic Act No. 8762, Otherwise Known as the "Retail Trade Liberalization Act of 2000"

**OFFICE OF THE SECRETARY**

## ANNEX A

### Computation

#### Assumption A:

- Out of the 33 investment leads engaged in retail (*See Annex B*), 50% or 16 foreign retailers are expected to proceed with their investments with the passage of the amendments to the RTLA.

#### Assumption B:

- The paid-up capital of these foreign retailers is assumed to be 50% of the paid-up capital of actual companies listed under Categories B and D of the current law or PhP3.5 billion (*See Annex C*).

Assumption	Actual Data	Estimated Result
A: 50% of Investment leads	33	16
B: 50% of Actual paid-up capital	PhP7,000,000,000	PhP3,500,000,000
<b>Expected additional investments with amendments to the RTLA (estimated investment leads x estimated paid-up capital)</b>		<b>PhP56,000,000,000</b>

#### Assumption C:

- Using the Census of Philippine Business and Industry (CPBI) 2012 and 2018, the sum of the changes in the gross addition to tangible fixed assets and changes in inventories were used as an indicator for additional investments. The additional employment generated per additional investment is computed as the ratio of the changes in these two variables (*See Annex D*).

Assumption	Actual Data (Changes from 2012 to 2018)			
	Change in Gross Addition to Tangible Fixed Assets	Change in Inventories	Sum of Changes	Change in Employment
C: Additional investments indicated by gross addition to tangible fixed assets and changes in inventory	PhP103,769,797,000	PhP75,062,172,000	PhP178,831,969,000	421,468
<b>Expected employment generated (change in Employment/Sum of Changes)</b>			<b>1 new employee per PhP424,307 additional investment</b>	
<b>Expected employment generated with amendments to the RTLA (expected additional investments with the amendments to the RTLA/expected employment generated)</b>			<b>131,980 or 9.4% of current employment in the retail industry</b>	

## ANNEX B

### Summary of Investment Leads

Year assisted/ generated	Country/ Nationality	Number of Leads
2018	China	1
	UAE	2
	Japan	1
2019	Australia	1
	Philippines	1
	China	5
	Taiwan	2
	Russia	8
	USA	1
	UAE	1
	KSA(Saudi)	1
2020	China	2
	Denmark	1
	Canada	1
	Indonesia	1
	Japan	2
	Singapore	1
	Korea	1
TOTAL		33

*Source: Board of Investments*

## ANNEX C

### List of Pre-Qualified Foreign Retailers Pursuant to RA No. 8762

RETAILER	DATE PRE-QUALIFIED	CATEGORY	PAID-UP CAPITAL (Php)
Adidas Salomon AG (Adidas Philippines, Inc.)	November 27, 2001	D	313,467,000.00
Golden Arches Dev. Corp. (Mc Donald's)	November 27, 2001	B	99,444,000.00
Watsons Personal Care Stores Holdings B.V. (Watsons Personal Care Stores (Phils.) Ltd.)	January 10, 2002	B	665,000,000.00
Louis Vuitton Malletier S.A. (Louis Vuitton Philippines, Inc.)	December 29, 2003	B	41,662,500.00
Tan Chong Int'l. Ltd. (Motor Image Pilipinas, Inc.)	November 30, 2004	D	137,625,000.00
Mitsui & Co., Ltd. (Lexus Manila)	July 5, 2005	B	231,000,000,000.00
L' Oreal S.A. (L' Oreal Philippines, Inc.)	February 28, 2006	B	691,549,999.72
Marionnaud Philippines, Inc.	October 12, 2006	D	40,000,000.00
Samsonite Corporation (Samsonite Phils., Inc.)	March 19, 2008	D	61,600,000.00
Forever Agape & Glory, Inc. (Forever 21)	June 13, 2010	B	120,000,000.00
Fast Retailing Company Pte, Ltd. (Fast Retailing Phils., Inc)	January 31, 2012	B	400,000,000.00
Mulgrave Corporation B.V. (Rustan Supercenters, Inc.)	March 6, 2012	B	3,496,843,700.00
A CJO Shopping Company, Ltd (CJO Shopping Corporation)	July 16, 2013	B	214,900,000.00
H&M Hennes and Mauritz, International A.B.	October 14, 2013	B	894,085,400.00
Osim International Pte. Ltd. (Diverse Retailz ) (Oni Global Distribution Corp.)	November 12, 2013	B	10,962,500.00
Family Mart CVS, Inc. (Philippine Family Mart CVS, Inc.)	November 13, 2013	B	1,699,000.00

Cementhai Ceramics Company Ltd. (Mariwasa-Siam Ceramics, Inc.)	December 2, 2015	B	600,000,000.00
Johnson Health Tech Co., Ltd. (Johnson Health Tech Phils., Inc.)	January 6, 2016	D	63,483,800.00
Estee Lauder International, Inc. (ELC Beauty, Inc.)	May 11, 2016	D	10,300,000.00
Decathlon S.A (Sports Store)	December 5, 2016	B	410,000,000.00
Ikano Pte. Ltd Inc. (Ikano Philippines, Inc.)	December 5, 2016	B	123,400,847.50
Oak Lawn Marketing, Inc	December 14, 2016	B	No Data Available
Ryohin Keikaku Co., Ltd. (Muji Philippines Corp)	March 6, 2017	B	175,000,000.00
Global Fashion Group (BF Jade E-Services Phils., Inc.)	August 7, 2017	B	150,000,000.00
Zensho Holdings Co. Ltd	September 4, 2017	B	150,000,000.00
Destination Resorts Co. Ltd	October 18, 2017	B	No Data Available
Mulgrave Corporation B.V. (Rose Pharmacy, Inc.)	December 15, 2017	B	2,434,419,600.00
SSP Financing Ltd. (Selective Service Partner Philippines Corporation)	May 7, 2018	B	US\$ 3,850,000.00
Lawson, Inc. (PG Lawson Company, Inc.)	May 12, 2018	B	Php 800,000,000.00
Osim International Pte. Ltd. (Diverse Retailz ) (Oni Global Distribution Corp.)	June 25, 2018	B	13,092,471.00
Carissa Balsam Sdn. Bhd (Mr. DIY)	August 13, 2018	B	Php 50,000,000.00*
Destination Resorts Co. Ltd	November 12, 2018	B	US\$ 2,500,000.00*
Toyota Corolla Sapporo Corporation	November 19, 2018	B	US\$ 1,400,000,000.00*
Bulgari S.p.A.	December 19, 2018	D	US\$ 500,000.00*
Stefano Ricci- S.p.A.	February 26, 2019	D	EUROS 4,000,000.00*
Christian Dior Far East Limited	March 4, 2019	D	US\$ 14,700,000.00*
Panda Restaurant Group, Inc.	March 11, 2019	B	US\$ 40,000,000.00*
Melaleuca of the Philippines	March 25, 2019	B	US\$ 2,500,000.00*

Sojitz Corporation	June 3, 2019	B	199,999,500.00
MOS Food Services, Inc.	August 5, 2019	B	Php 200,000,000.00*
Asia Yoshinoya International Sdn. Bhd.	September 9, 2019	B	US\$ 2,500,000.00*
PARIS MIKI HOLDINGS, INC.	September 30, 2019	B	137,000,000.00
HLA GARMENT CO., LIMITEDAS	November 25, 2019	B	Php 135,000,000.00*
ISETAN MITSUKOSHI HOLDINGS LTD.	January 27, 2020	B	Php 523,000,000.00*
FENDI SRL	May 27, 2020	B	no data available
HEINEKEN INTERNATIONAL B.V.	June 22, 2020	B	3,678,280,000.00
CELINE SA	December 9, 2020	D	US\$ 5,809,000.00*
Hai Di Lao	December 9, 2020	B	US\$ 2,500,000.00*
LENOVO INTERNAIONAL COOPERATIEF U.A.	December 28, 2020	B	US\$ 2,500,000.00*

\*based on firms' representation during application

# ANNEX D

## CPBI 2012 and 2018

**TABLE A. Comparative Statistics for Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles Establishments by Industry Group: Philippines, 2018 and 2012 CPBI**

*(Values are in thousand pesos, except for number of establishments and employment. Details may not add up to total due to rounding and/or statistical disclosure control.)*

2009 PSIC Code	Industry Description	Number of Establishments			Total Employment as of 15 November 2018		
		2018	2012	Growth Rate (%)	2018	2012	Growth Rate (%)
<b>G</b>	<b>Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles</b>	<b>137,674</b>	<b>95,850</b>	<b>43.6</b>	<b>1,410,967</b>	<b>989,499</b>	<b>42.6</b>
G451	Sale of motor vehicles	1,595	1,087	46.7	44,122	24,767	78.1
G452	Maintenance and repair of motor vehicles	2,991	2,235	33.8	24,376	18,337	32.9
G453	Sale of motor vehicle parts and accessories	4,837	3,112	55.4	39,223	25,718	52.5
G454	Sale, maintenance and repair of motorcycles and related parts and accessories	8,501	5,257	61.7	67,193	37,006	81.6
G461	Wholesale on a fee or contract basis	518	469	10.4	9,559	5,588	71.1
G462	Wholesale of agricultural raw materials and live animals	2,430	2,007	21.1	26,335	21,707	21.3
G463	Wholesale of food, beverages and tobacco	3,508	2,699	30.0	73,269	62,516	17.2
G464	Wholesale of household goods	6,370	3,798	67.7	110,544	78,288	41.2
G465	Wholesale of machinery, equipment and supplies	2,810	1,711	64.2	53,532	31,549	69.7
G466	Other specialized wholesale	4,173	3,179	31.3	63,758	44,076	44.7
G469	Non-specialized wholesale trade	93	62	50.0	1,539	1,016	51.5
G471	Retail sale in non-specialized stores	13,478	7,695	75.2	245,299	182,350	34.5
G472	Retail sale of food, beverages and tobacco in specialized stores	11,793	8,755	34.7	60,375	45,088	33.9
G473	Retail sale of automotive fuel in specialized stores	7,074	3,777	87.3	69,633	43,314	60.8
G474	Retail sale of information and communications equipment in specialized stores	6,782	4,843	40.0	41,077	33,578	22.3
G475	Retail sale of other household equipment in specialized stores	17,389	12,786	36.0	174,848	124,644	40.3
G476	Retail sale of cultural and recreation goods in specialized stores	3,374	2,889	16.8	25,393	23,523	7.9
G477	Retail sale of other goods in specialized stores	39,585	29,008	36.5	276,442	183,786	50.4
G479	Retail trade not in stores, stalls or markets	373	481	-22.5	4,449	2,646	68.1

Source: PSA

**TABLE A. Comparative Statistics for Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles Establishments by Industry Group: Philippines, 2018 and 2012 CPBI *continued***

*(Values are in thousand pesos, except for number of establishments and employment. Details may not add up to total due to rounding and/or statistical disclosure control.)*

2009 PSIC Code	Industry Description	Gross Addition to Tangible Fixed Assets			Change in Inventories		
		2018	2012	Growth Rate	2018	2012	Growth Rate
<b>G</b>	<b>Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles</b>	<b>124,481,844</b>	<b>20,712,047</b>	<b>501.0</b>	<b>145,684,992</b>	<b>70,622,820</b>	<b>106.3</b>
G451	Sale of motor vehicles	3,544,604	689,957	413.7	20,379,104	5,979,035	240.8
G452	Maintenance and repair of motor vehicles	810,223	42,072	1,825.8	852,263	72,359	1,077.8
G453	Sale of motor vehicle parts and accessories	3,671,557	372,199	886.4	7,955,856	1,284,400	519.4
G454	Sale, maintenance and repair of motorcycles and related parts and accessories	466,403	216,496	115.4	7,271,481	2,750,996	164.3
G461	Wholesale on a fee or contract basis	182,913	20,614	787.3	1,710,512	92,425	1,750.7
G462	Wholesale of agricultural raw materials and live animals	2,457,730	173,867	1,313.6	1,584,492	732,589	116.3
G463	Wholesale of food, beverages and tobacco	5,917,223	1,536,036	285.2	6,957,784	17,848,911	-61.0
G464	Wholesale of household goods	4,452,026	1,318,940	237.5	11,269,548	5,158,779	118.5
G465	Wholesale of machinery, equipment and supplies	4,621,530	308,175	1,399.6	6,749,683	3,986,121	69.3
G466	Other specialized wholesale	7,289,516	1,858,037	292.3	23,422,080	2,908,198	705.4
G469	Non-specialized wholesale trade	94,093	18,828	399.8	-1,291,117	71,811	-1,897.9
G471	Retail sale in non-specialized stores	10,653,203	5,051,641	110.9	11,442,482	8,660,793	32.1
G472	Retail sale of food, beverages and tobacco in specialized stores	32,940,548	952,115	3,359.7	9,395,602	535,456	1,654.7
G473	Retail sale of automotive fuel in specialized stores	4,441,750	233,586	1,801.5	1,996,242	2,466,243	-19.1
G474	Retail sale of information and communications equipment in specialized stores	1,062,280	3,473,564	-69.4	4,954,460	620,260	698.8
G475	Retail sale of other household equipment in specialized stores	9,937,117	1,425,260	597.2	13,348,834	7,578,577	76.1
G476	Retail sale of cultural and recreation goods in specialized stores	430,879	470,856	-8.5	-1,481,702	1,372,487	-208.0
G477	Retail sale of other goods in specialized stores	31,459,398	2,542,256	1,137.5	19,041,072	8,221,431	131.6
G479	Retail trade not in stores, stalls or markets	48,850	7,548	547.2	126,317	281,947	-55.2

Source: PSA