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Partners

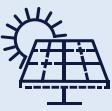
Foreign Ownership in the Philippines

January 2026

Updated Rules and Sector Opportunities



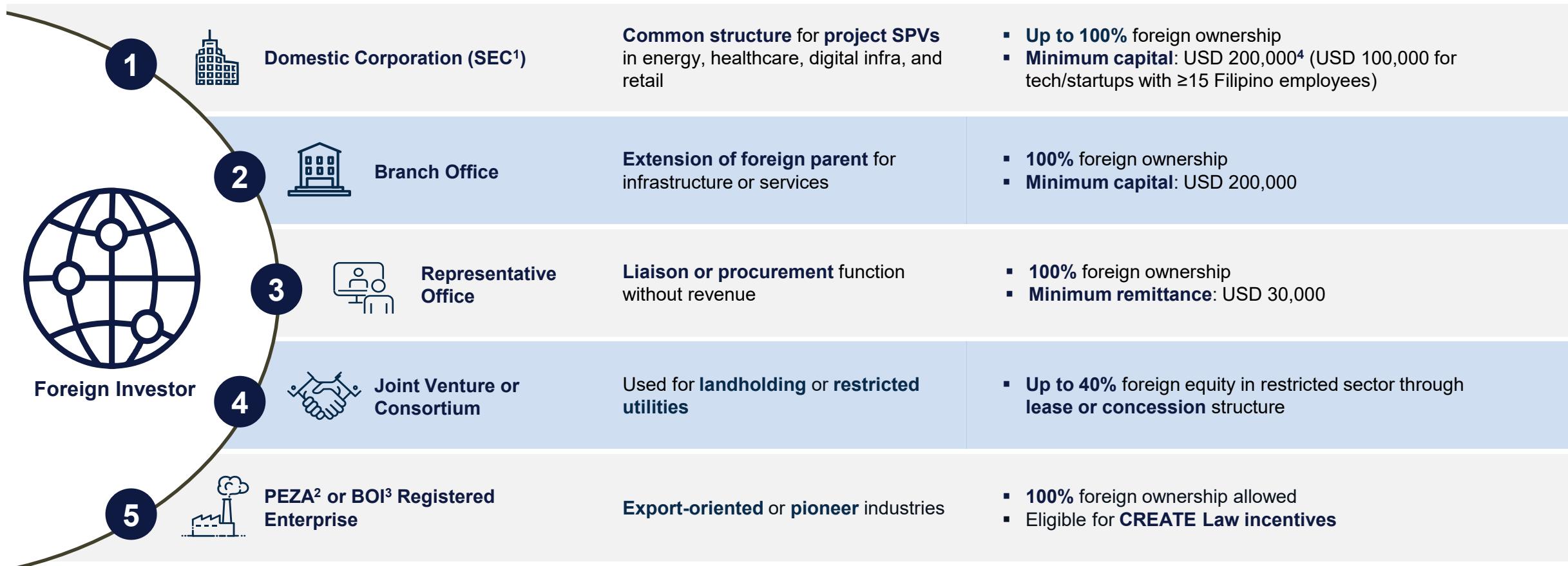
The Evolving Foreign Ownership Landscape: Reforms have expanded foreign access across priority sectors

Reform	Before Reform	After Reform
1  Public Service Act RA 11659 (2022)	<ul style="list-style-type: none"> Foreign ownership in <i>public utilities</i> limited to 40% No legal distinction between <i>public utilities</i> and <i>public services</i> Full foreign control not permitted in most infrastructure sectors 	<ul style="list-style-type: none"> ✓ “Public utilities” now limited to power transmission and distribution, water and sewerage, oil and gas pipelines, seaports, and public transport ✓ Telecommunications, air transport, railways, logistics, and airports reclassified as “public services” ✓ These sectors are now open to up to 100% foreign ownership
2  Retail Trade Liberalization Act RA 11595 (2021)	<ul style="list-style-type: none"> USD 2.5m minimum capital USD 830k per store investment required 5-year track record and multi-store experience required Mandatory 30% public listing within 8 years for certain retailers 	<ul style="list-style-type: none"> ✓ Minimum capital lowered to ~USD 500k (PHP 25m) ✓ USD 830k per store investment; replaced with a simplified ~USD 200k (PHP 10m) per store requirement only for multi-store retailers ✓ Track record and listing rules removed ✓ 100% foreign ownership allowed
3  Foreign Investments Act RA 11647 (2022)	<ul style="list-style-type: none"> 100% foreign ownership allowed only with USD 200k (PHP10m) capital for activities outside the FINL⁴ Lower capital allowed only if employing ≥ 50 Filipinos or using advanced tech No centralized agency coordinating investment support 	<ul style="list-style-type: none"> ✓ Capital threshold lowered to USD 100k (PHP 5m) if hiring ≥ 15 Filipinos or classified as startup²/tech³ ✓ Broader access to 100% foreign ownership for activities outside the FINL⁴ ✓ Created IIPCC⁵ to promote and review foreign investments
4  Renewable Energy Liberalization DOE DC1 2022-11-0034	<ul style="list-style-type: none"> Foreign ownership restricted to 40% for renewable projects under RA 9513 (Renewable Energy Act of 2008) Renewable energy considered part of “natural resources” 	<ul style="list-style-type: none"> ✓ DOE amended RA 9513 IRR following DOJ Opinion No. 21 s. 2022. ✓ Clarified that solar, wind, biomass, ocean, and tidal energy are not “natural resources” ✓ Allows up to 100% foreign ownership in RE generation ✓ Geothermal projects remain subject to 40% foreign ownership cap

These reforms position the **Philippines as one of ASEAN's most open investment destinations**, expanding access in energy, infrastructure, healthcare, digital, and consumer sectors.

Notes: (1) For foreign retailers operating more than one physical store, RA 11595 requires a minimum investment of PHP 10m per store. This does not apply to foreign retailers already operating prior to the amendment; (2) Startup classification based on Rule I, Section 1, IRR of RA 11647: “Startup” refers to any person, natural or juridical, registered in the Philippines which aims to develop an innovative product, process, or business model; (3) Refers to enterprises that (i) use advanced technology as certified by the DOST, (ii) are registered as startups or startup enablers under the Innovative Startup Act; (4) Foreign Investment Negative List (FINL); (5) Inter-Agency Investment Promotion Coordination Committee (IIPCC) is a DTI-led body that coordinates investment promotion efforts and reviews foreign investments in strategic sectors

Entry Pathways and Structuring Options: Foreign investors can enter the Philippines through tailored structures based on sector, control, and incentives



Example applications:



Renewable project **SPV** with 100% foreign equity and 99-year land lease



Data center platform **fully foreign-owned** under Public Service Act reform, with **PEZA registration** for incentives



Healthcare JV 60/40 for hospital operations and 100% for pharma mfg. or health technology



Retail brand entry through **100% foreign-owned company** with PHP 25m capital

Notes: (1) Securities and Exchange Commission; (2) Philippine Economic Zone Authority (PEZA); (3) Board of Investments; (4) The minimum capital is only required for companies that have at least 40% foreign-owned equity

Sectoral Ownership Matrix: Ownership caps and restrictions vary, hence, understanding sector-specific limits is key to structuring the right vehicle

Sector	Ownership Cap (%)	Key Notes/Regulatory Basis
 Renewable Energy and Power Generation	100	<ul style="list-style-type: none"> ▪ Energy generation (solar, wind, hydro, biomass) is open to foreign investors under EPIRA (RA 9136) and the Renewable Energy Act (RA 9513) ▪ Land cannot be owned by foreigners but may now be leased for up to 99 years under the recent land lease reform
 Transmission and Distribution	40	<ul style="list-style-type: none"> ▪ Remain “public utilities” under both the Constitution and RA 11659 (2022) ▪ Regulated by Public Service Act
 Digital Infrastructure <i>Towers, Fiber, Data Centers</i>	100	<ul style="list-style-type: none"> ▪ Liberalized under Public Service Act (RA 11659) ▪ Telecom and ICT infra no longer restricted
 Healthcare <i>Hospitals, Pharma, Devices</i>	40	<ul style="list-style-type: none"> ▪ Healthcare support services and hospitals are capped at 40% ▪ Pharmaceutical manufacturing, medical devices and health tech: 100% foreign-owned allowed
 Consumer and Retail	100	<ul style="list-style-type: none"> ▪ Retail Trade Liberalization Act (RA 11595) reduced the capital threshold and allowed 100% ownership of retail operations and e-commerce businesses¹ ▪ Min. PHP 25m paid-in capital
 Transport Infrastructure <i>Airports, Rail, Logistics, Tollways</i>	100	<ul style="list-style-type: none"> ▪ Reclassified as public services under RA 11659; public-private partnership contracts still govern tenure and tariff setting
 Water Utilities and Sewerage	40	<ul style="list-style-type: none"> ▪ Retained as public utilities under the Constitution requiring Filipino majority ownership
 Mass Media	Restricted	<ul style="list-style-type: none"> ▪ Fully restricted to Filipino citizens ▪ Zero foreign equity allowed
 Land Ownership and Natural Resources	Restricted	<ul style="list-style-type: none"> ▪ Land ownership and natural resource exploration are allowed up to 40% foreign equity ▪ Small-scale mining remains fully restricted at 0% foreign ownership

Restricted Partially open Fully open

Sources: Foreign Investment Negative List

Notes: (1) Foreign e-commerce companies do not need to pay Philippine Corporate Income Tax (CIT) if they maintain no permanent establishment. For physical goods, the 12% VAT is handled by the Bureau of Customs upon import, while for digital services, sellers are now legally required to register and directly remit the 12% VAT.

Sector Implications for Investors: Clear ownership rules and sector opportunities make investment pathways easy to navigate



Renewable Energy and Infrastructure

100% foreign ownership, with long-term land leases and multiple participation routes driving opportunities in utility-scale and hybrid projects



Ownership

100% ownership permitted for generation¹
Land leases allowed up to 99 years



Setup

Participation via government auctions, bilateral PPAs, or merchant projects



Key opportunities

Strong interest in utility-scale and hybrid renewable projects



Digital Infrastructure

Fully liberalized with simple licensing requirements and clear investment pathways in data centers, towers, and fiber expansion



Ownership

Fully liberalized under the Public Service Act
No foreign ownership limits



Setup

Licenses required from NTC and DICT but no equity restrictions



Key opportunities

Investment potential in data centers, tower portfolios, and fiber expansion



Consumer and Retail

100% ownership permitted with straightforward setup, enabling entry and growth opportunities



Ownership

100% foreign ownership permitted with at least PHP 25m paid-in capital



Setup

Simplified setup for single-brand, multi-brand, and e-commerce



Key opportunities

Opportunities in market entry, expansion, and omnichannel growth



Healthcare

Full foreign ownership allowed in pharma, medtech, and digital health, offering strong opportunities alongside JV options for hospitals



Ownership

40% cap on hospitals
100% allowed for pharma and health technology



Setup

JV structures usually used for hospital entry



Key opportunities

High potential in diagnostics, medtech, and digital health system

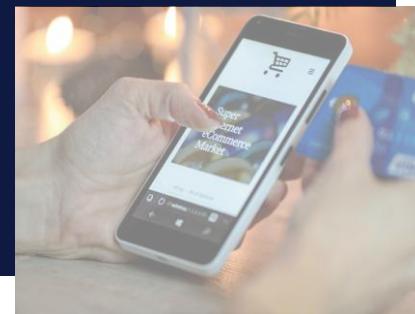
The Philippines now offers **one of the most liberal investment frameworks in Southeast Asia** with clear pathways for foreign ownership across renewable energy, digital infrastructure, healthcare, and consumer and retail

Notes: (1) 100% foreign ownership permitted for solar, wind, biomass, and ocean energy projects, but geothermal projects remain subject to a 40% foreign ownership cap

Index Partners specializes in consumer & retail, healthcare, TMT, and renewable energy

Consumer and retail

- E-commerce
- Cosmetics
- Fashion
- FMCG
- Manufacturing



Healthcare

- General/Specialty Clinics
- General/Specialty Hospitals
- Pharmaceuticals (Manufacturing/Distrib.)
- Medical devices (Manufacturing/Distrib.)
- Beauty
- HealthTech



Technology, Media, and Telecom

- Digital infrastructure (Towers, Fiber, Data Centers)
- BPO & IT Services
- Telco Operation
- Technology
- Media



Renewable Energy

- Solar¹
- Wind (Onshore, Offshore)
- Hydropower²
- Biomass
- Energy Storage³
- EsCo Models (Energy-as-a-Service)



Note: 1. Residential, C&I, Rooftop, Ground-mounted, Floating; 2. Run-of-River, Impounding; 3. BESS, Pumped Storage Hydro, Hydrogen

End-to-end transaction support: from strategy to deal execution

Our core services...  ... alongside the full value chain of transaction execution

1 Fundraising (debt & equity)

Corporate, portfolio & deal strategy

Transaction strategy

Materials preparation

Due diligence

Structuring

Documentation negotiations & Closing

2 Mergers, acquisitions & divestment

Growth advisory

- Define and implement tailored growth strategies aligned with key market trends
- Identify and unlock primary value drivers to maximize client outcomes

Market research and analysis

- Deliver granular, data-driven market insights
- Leverage deep local expertise to identify high-value opportunities
- Provide investors with a clear view of market trends and potential risks

Transaction strategy and structuring

- Devise optimal transaction structure and instrument for our clients
- Minimize risk in transactions through proactive and critical analysis and negotiation

Project management

- Build and manage investor/buyer relationships to ensure strong deal buy-in
- Accelerate complex transactions by minimizing delays, optimizing efficiencies, and coordinating stakeholders

Valuation

- Conduct company and asset valuation
- Prepare best-in-class financial models for complex businesses and projects

3 Project finance

Deal negotiation

- Advise clients on maximizing deal value while ensuring mutually beneficial outcomes

Due diligence

- Manage and oversee the entire due diligence process, coordinating all stakeholders

Documentation management

- Collaborate closely with third-party service providers for seamless process execution and finalization
- Facilitate deal closing by providing project management and fulfillment support for Condition Precedent and Condition Subsequent requirements

4 Strategic advisory

Index Partners provides sector-specific guidance and opportunities to support your market entry, structuring, M&A, and capital raising needs in the Philippines



Contact Index Partners at
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more about sector-specific details

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