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Partners


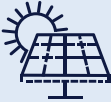
# Foreign Ownership in the Philippines

*January 2026*

## Updated Rules and Sector Opportunities



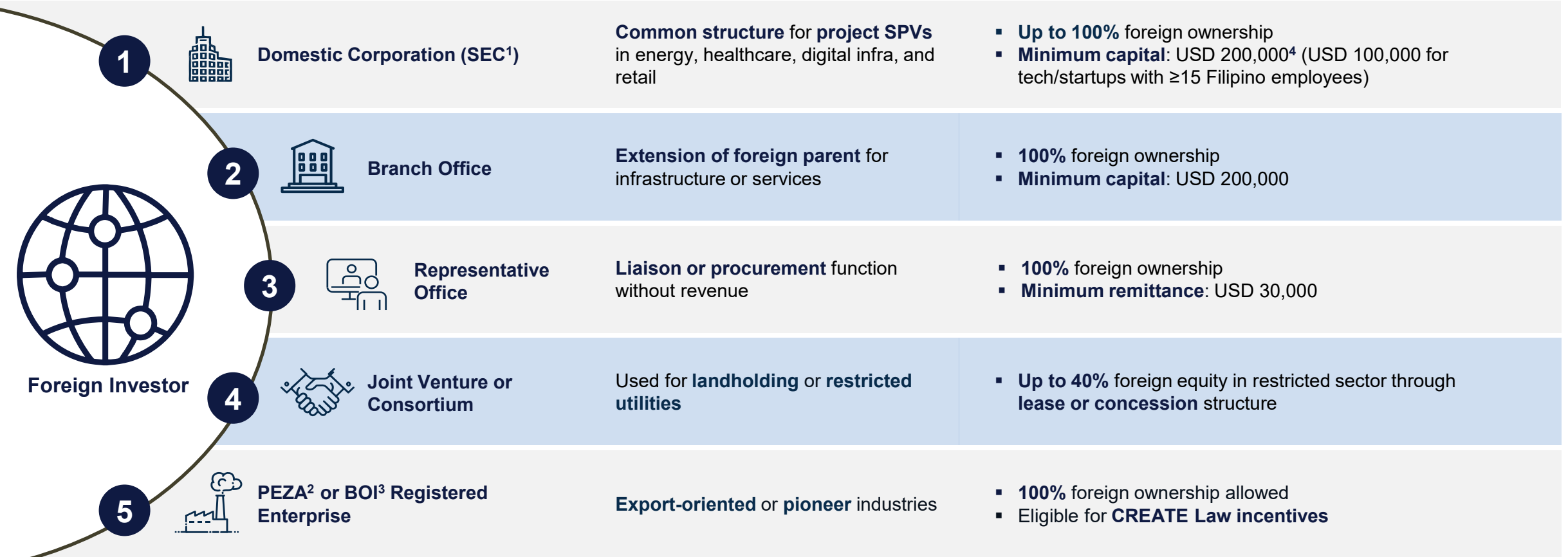
# The Evolving Foreign Ownership Landscape: Reforms have expanded foreign access across priority sectors

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

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 mftg.** 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
 <b>Renewable Energy and Power Generation</b>	100	<ul style="list-style-type: none"> <li>▪ <b>Energy generation</b> (solar, wind, hydro, biomass) is <b>open to foreign investors</b> under EPIRA (RA 9136) and the Renewable Energy Act (RA 9513)</li> <li>▪ <b>Land cannot be owned</b> by foreigners but may now be <b>leased for up to 99 years</b> under the recent land lease reform</li> </ul>
 <b>Transmission and Distribution</b>	40	<ul style="list-style-type: none"> <li>▪ <b>Remain “public utilities”</b> under both the Constitution and RA 11659 (2022)</li> <li>▪ Regulated by <b>Public Service Act</b></li> </ul>
 <b>Digital Infrastructure</b> <i>Towers, Fiber, Data Centers</i>	100	<ul style="list-style-type: none"> <li>▪ <b>Liberalized</b> under Public Service Act (RA 11659)</li> <li>▪ <b>Telecom and ICT infra</b> no longer restricted</li> </ul>
 <b>Healthcare</b> <i>Hospitals, Pharma, Devices</i>	40	<ul style="list-style-type: none"> <li>▪ <b>Healthcare support services</b> and <b>hospitals</b> are capped at <b>40%</b></li> <li>▪ <b>Pharmaceutical manufacturing, medical devices</b> and <b>health tech</b>: <b>100% foreign-owned</b> allowed</li> </ul>
 <b>Consumer and Retail</b>	100	<ul style="list-style-type: none"> <li>▪ Retail Trade Liberalization Act (RA 11595) reduced the capital threshold and allowed <b>100% ownership</b> of <b>retail operations</b> and <b>e-commerce businesses</b><sup>1</sup></li> <li>▪ <b>Min. PHP 25m</b> paid-in capital</li> </ul>
 <b>Transport Infrastructure</b> <i>Airports, Rail, Logistics, Tollways</i>	100	<ul style="list-style-type: none"> <li>▪ Reclassified as <b>public services</b> under RA 11659; public-private partnership contracts still govern tenure and tariff setting</li> </ul>
 <b>Water Utilities and Sewerage</b>	40	<ul style="list-style-type: none"> <li>▪ <b>Retained as public utilities</b> under the Constitution requiring <b>Filipino majority ownership</b></li> </ul>
 <b>Mass Media</b>	Restricted	<ul style="list-style-type: none"> <li>▪ <b>Fully restricted</b> to Filipino citizens</li> <li>▪ <b>Zero foreign equity</b> allowed</li> </ul>
 <b>Land Ownership and Natural Resources</b>	Restricted	<ul style="list-style-type: none"> <li>▪ <b>Land ownership and natural resource</b> exploration are <b>allowed up to 40% foreign equity</b></li> <li>▪ <b>Small-scale mining</b> remains <b>fully restricted</b> at 0% foreign ownership</li> </ul>
		<div> <div>Restricted</div> <div>Partially open</div> <div>Fully open</div> </div>

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	Digital Infrastructure	Consumer and Retail	Healthcare
<p><i>100% foreign ownership, with long-term land leases and multiple participation routes driving opportunities in utility-scale and hybrid projects</i></p>	<p><i>Fully liberalized with simple licensing requirements and clear investment pathways in data centers, towers, and fiber expansion</i></p>	<p><i>100% ownership permitted with straightforward setup, enabling entry and growth opportunities</i></p>	<p><i>Full foreign ownership allowed in pharma, medtech, and digital health, offering strong opportunities alongside JV options for hospitals</i></p>
<div><p><b>Ownership</b> 100% ownership permitted for generation<sup>1</sup> Land leases allowed up to 99 years</p></div>	<div><p><b>Ownership</b> Fully liberalized under the Public Service Act No foreign ownership limits</p></div>	<div><p><b>Ownership</b> 100% foreign ownership permitted with at least PHP 25m paid-in capital</p></div>	<div><p><b>Ownership</b> 40% cap on hospitals 100% allowed for pharma and health technology</p></div>
<div><p><b>Setup</b> Participation via government auctions, bilateral PPAs, or merchant projects</p></div>	<div><p><b>Setup</b> Licenses required from NTC and DICT but no equity restrictions</p></div>	<div><p><b>Setup</b> Simplified setup for single-brand, multi-brand, and e-commerce</p></div>	<div><p><b>Setup</b> JV structures usually used for hospital entry</p></div>
<div><p><b>Key opportunities</b> Strong interest in utility-scale and hybrid renewable projects</p></div>	<div><p><b>Key opportunities</b> Investment potential in data centers, tower portfolios, and fiber expansion</p></div>	<div><p><b>Key opportunities</b> Opportunities in market entry, expansion, and omnichannel growth</p></div>	<div><p><b>Key opportunities</b> High potential in diagnostics, medtech, and digital health system</p></div>

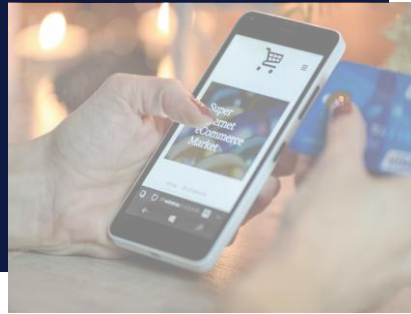
The Philippines now offers **one of the most liberal investment frameworks in Southeast Asia** with clear pathways for foreign ownership across renewable energy, digital infrastructure, healthcare, and consumer and retail

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

- Solar<sup>1</sup>
- Wind (Onshore, Offshore)
- Hydropower<sup>2</sup>
- Biomass
- Energy Storage<sup>3</sup>
- 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)

2 Mergers, acquisitions & divestment

3 Project finance

4 Strategic advisory



<p><b>Growth advisory</b></p> <ul style="list-style-type: none"><li>▪ Define and implement tailored growth strategies aligned with key market trends</li><li>▪ Identify and unlock primary value drivers to maximize client outcomes</li></ul> <p><b>Market research and analysis</b></p> <ul style="list-style-type: none"><li>▪ Deliver granular, data-driven market insights</li><li>▪ Leverage deep local expertise to identify high-value opportunities</li><li>▪ Provide investors with a clear view of market trends and potential risks</li></ul>	<p><b>Transaction strategy and structuring</b></p> <ul style="list-style-type: none"><li>▪ Devise optimal transaction structure and instrument for our clients</li><li>▪ Minimize risk in transactions through proactive and critical analysis and negotiation</li></ul> <p><b>Project management</b></p> <ul style="list-style-type: none"><li>▪ Build and manage investor/buyer relationships to ensure strong deal buy-in</li><li>▪ Accelerate complex transactions by minimizing delays, optimizing efficiencies, and coordinating stakeholders</li></ul> <p><b>Valuation</b></p> <ul style="list-style-type: none"><li>▪ Conduct company and asset valuation</li><li>▪ Prepare best-in-class financial models for complex businesses and projects</li></ul>	<p><b>Deal negotiation</b></p> <ul style="list-style-type: none"><li>▪ Advise clients on maximizing deal value while ensuring mutually beneficial outcomes</li></ul> <p><b>Due diligence</b></p> <ul style="list-style-type: none"><li>▪ Manage and oversee the entire due diligence process, coordinating all stakeholders</li></ul> <p><b>Documentation management</b></p> <ul style="list-style-type: none"><li>▪ Collaborate closely with third-party service providers for seamless process execution and finalization</li><li>▪ Facilitate deal closing by providing project management and fulfillment support for Condition Precedent and Condition Subsequent requirements</li></ul>
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**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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