

HOUSE OF REPRESENTATIVES

H. No. 10215

BY REPRESENTATIVES ABAYA, GARIN (S.), TIANGCO, SALCEDA, YAP (E.), GATCHALIAN, VERGARA, HARESCO, CUA, NOGRALES (J.J.), SUANSING (E.), BENITEZ, ALBANO (A.), AUMENTADO, DE JESUS, CHATTO, QUIMBO, DEL MAR, ESPINA, SANGCOPAN, GORRICETA, PADIERNOS, TAN (A.S.), BARONDA, GO (M.), SUNTAY, REYES, COLLANTES, BABASA, ZUBIRI, BIRON, SINGSON-MEEHAN, GARCIA (J.E.), CASTRO (F.L.), VILLAR, ALVAREZ (F.), OUANO-DIZON, TY (A.), DUAVIT, CAMPOS, SAGARBARRIA, LOPEZ, CUEVA, REVILLA, KHO (E.), OLIVAREZ, MARTINEZ, MATUGAS, PACQUIAO (R.), PANOTES, CALIXTO, ESPINO, GARBIN, UNABIA, VILLA, BAÑAS-NOGRALES, CANAMA, MERCADO, TAN-TAMBU, BORDADO, TAN (A.), TAMBUNTING, MANGAOANG, RODRIGUEZ, CRISOLOGO, NIETO, VIOLAGO, DAGOOC, DELOSO-MONTALLA, ONG (J.), GERON, FUENTEBELLA, SUANSING (H.), ONG (R.), ESCUDERO, ARENAS, BASCUG AND LEGARDA, PER COMMITTEE REPORT NO. 1222

AN ACT

ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF CAVITE, PROVINCE OF CAVITE, CREATING FOR THE PURPOSE THE SANGLEY POINT SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1

CHAPTER 1

2

GENERAL PROVISIONS

1 and self-sustaining industrial, commercial, trading, agro-industrial, tourist, banking,
2 financial, and investment center with suitable residential areas;

3
4 b) The Sangley Point Ecozone shall be equipped with transportation,
5 telecommunications, and other facilities needed to attract legitimate and productive
6 investments, generate linkage industries and employment opportunities for the
7 people of the Cavite City and those in neighboring towns and cities;

8
9 c) The Sangley Point Ecozone may establish mutually beneficial economic relations
10 with other entities or enterprises within the country or, subject to the administrative
11 guidance of the Department of Foreign Affairs, the Philippine Economic Zone
12 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign
13 entities or enterprises;

14
15 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
16 set up enterprises in the Sangley Point Ecozone, either by themselves or in a joint
17 venture with Filipinos in any sector of industry, international trade and commerce
18 within the Sangley Point Ecozone;

19
20 e) The Sangley Point Ecozone shall be managed and operated as a separate customs
21 territory thereby ensuring the free flow or movement of goods and capital within, into
22 and out of its territory, and shall likewise provide incentives subject to Title XIII of the
23 National Internal Revenue Code, as amended. However, exportation or removal of
24 goods from the territory of the Sangley Point Ecozone to the other parts of the
25 Philippine territory shall be subject to customs duties and taxes under Republic Act
26 No. 10863, otherwise known as the "Customs Modernization and Tariff Act" and
27 other relevant tax laws of the Philippines;

28
29 f) The areas comprising the Sangley Point Ecozone may be expanded or reduced
30 when necessary through a presidential proclamation issued for the said purpose. For
31 this purpose, the SPSEZA, in consultation with the LGUs, shall have the power to
32 acquire either by purchase, negotiation or condemnation proceedings, any private
33 land within or adjacent to the Sangley Point Ecozone for the following purposes: (1)
34 consolidation of lands for zone development; (2) acquisition of right of way to the
35 Sangley Point Ecozone; and (3) the protection of watershed areas and natural assets
36 valuable to the prosperity of the Sangley Point Ecozone;

1 g) Goods manufactured by a Sangley Point Ecozone enterprise shall be made available
2 for immediate retail sale in the domestic market, subject to the payment of
3 corresponding taxes on raw materials and other regulations that may be formulated
4 by the SPSEZA together with the PEZA, the Bureau of Customs, the Bureau of
5 Internal Revenue, and the DTI. However, in order to protect domestic industries, a
6 Negative List of industries shall be drawn up and regularly updated by the PEZA.
7 Enterprises engaged in industries included in such Negative List shall not be allowed
8 to sell their products locally; and

9 h) The defense of the Sangley Point Ecozone and the security of its perimeter fence
10 shall be the responsibility of the national government in coordination with the
11 SPSEZA and the concerned LGUs.
12

13 **SEC. 6. Development Goals of the Sangley Point Ecozone.** – The SPSEZA shall
14 determine the development goals of the Sangley Point Ecozone within the framework of
15 national development plans, policies, and goals. The Chairperson-Administrator shall,
16 upon approval by the Board of the SPSEZA, submit the Sangley Point Ecozone plans,
17 programs, and projects to the Regional Development Council for inclusion in the regional
18 development plan.
19

20 **SEC. 7. Capitalization.** – The SPSEZA shall have an authorized capital stock of
21 two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (Php10.00)
22 each, the majority shares of which shall be subscribed and paid for by the national
23 government and the LGUs embracing the Sangley Point Ecozone. The Board of Directors
24 of the SPSEZA may, with the written concurrence of the Secretary of Finance, sell shares
25 representing not more than forty *per centum* (40%) of the capital stock of the SPSEZA to
26 the general public under such policy as the Board and the Secretary of Finance may
27 determine. The national government and the LGUs shall in no case own less than sixty
28 *per centum* (60%) of the total issued and outstanding capital of the SPSEZA.
29

30 The amount necessary to subscribe and pay for the shares of the national
31 government to the capital stock of the SPSEZA shall be included in the General
32 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal
33 revenue allotment and other local funds.
34

35 **SEC. 8. Principal Office of the SPSEZA.** – The SPSEZA shall maintain its
36 principal office in the City of Cavite, Province of Cavite, but it may establish liaison offices

1 within the Philippines as may be necessary for the proper conduct of its business.

2
3 **SEC. 9. Powers and Functions of the SPSEZA.** – The SPSEZA shall have the
4 following powers and functions:

5
6 a) To operate, administer, manage, and develop the Sangley Point Ecozone according
7 to the principles and provisions set forth in this Act;

8
9 b) To register, regulate, and supervise the enterprises in the Sangley Point Ecozone in
10 an efficient and decentralized manner, subject to existing laws;

11
12 c) To coordinate with LGUs and exercise general supervision over the development
13 plans, activities, and operations of the Sangley Point Ecozone;

14
15 d) To regulate and undertake the establishment, construction, operation, and
16 maintenance of public utilities, other services, and infrastructure in the Sangley Point
17 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,
18 hauling, warehousing, storage of cargo, port services or concessions, piers,
19 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
20 telecommunications, transport, bridges, terminals, conveyors, water supply and
21 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation
22 Authority of the Philippines, and such other services or concessions or infrastructure
23 necessary or incidental to the accomplishment of the objectives of this Act;

24
25 e) To construct, acquire, own, lease, operate, and maintain on its own or through
26 contracts, franchise, licenses, bulk purchase from the private sector or permits under
27 any of the schemes allowed in Republic Act No. 6957, otherwise known as the "Build-
28 Operate-Transfer Law", as amended, or joint venture, adequate facilities and
29 infrastructure required or needed for the operation and development of the Sangley
30 Point Ecozone, in coordination with appropriate national and local government
31 authorities and in conformity with applicable laws thereon;

32
33 f) To approve plans, programs, and projects of the Sangley Point Ecozone to be
34 submitted to the Regional Development Council for inclusion in the regional
35 development plan;

36
37 g) To operate on its own, either directly or through licenses to others, tourism-related

- 1 activities, including games, amusements, recreational and sports facilities, subject
2 to the approval and supervision of the Philippine Amusement and Gaming
3 Corporation;
- 4
- 5 h) To raise or borrow, within the limitation provided by law, and subject to the approval
6 of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the case may
7 be, adequate and necessary funds from local or foreign sources, to finance its
8 projects and programs under this Act and for this purpose, to issue bonds,
9 promissory notes, and other forms of securities, and to secure the same by a
10 guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its
11 property or assets;
- 12
- 13 i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral
14 reefs, and maintain ecological balance within the Sangley Point Ecozone.
15 Notwithstanding the power of the SPSEZA to create rules for such purpose, the rules
16 and regulations of the Department of Environment and Natural Resources and other
17 government agencies involved in the above functions shall be implemented by the
18 SPSEZA;
- 19
- 20 j) To create, operate or contract to operate such functional units or offices of the
21 SPSEZA as it may deem necessary;
- 22
- 23 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or
24 otherwise dispose of personal or real property of whatever nature; sue and be sued;
25 and otherwise carry out its functions and duties as provided for in this Act;
- 26
- 27 l) To issue certificates of origin for products manufactured or processed in the Sangley
28 Point Ecozone in accordance with prevailing rules of origin and the pertinent
29 regulations of the PEZA, the DTI, and the Department of Finance (DOF);
- 30
- 31 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
32 licenses, and other similar certifications to conduct such activities intended to
33 improve the ease of doing business within the Sangley Point Ecozone, in
34 coordination with government agencies having jurisdiction over activities therein:
35 *Provided, That all government agencies are directed to provide and extend utmost*
36 *and full cooperation to the SPSEZA in the establishment of such one-stop shops;*

1 n) To ensure that the area covered by the Sangley Point Ecozone is secure at all times:
2 *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine National
3 Police (PNP) shall not interfere in the internal affairs of the SPSEZA except to
4 provide the necessary security and defense, or law enforcement assistance, as the
5 case may be: *Provided, finally*, That expenses of the AFP or the PNP in the Sangley
6 Point Ecozone shall be borne by the national government;

7
8 o) To exercise such powers as may be essential, necessary or incidental to the powers
9 granted to it by this Act, as well as those that shall enable it to carry out, implement
10 and accomplish the purposes, objectives, and policies set forth in this Act; and

11
12 p) To issue rules and regulations consistent with the provisions of this Act as may be
13 necessary to accomplish and implement the purposes, objectives, and policies
14 provided herein.

15
16 **SEC. 10. Board of Directors of the SPSEZA.** – The powers of the SPSEZA shall
17 be vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
18 which shall be composed of the following:

- 19
20 a) A Chairperson, who shall at the same time be the administrator of the SPSEZA;
21 b) A Vice-Chairperson who shall be elected from among the members of the Board of
22 Directors;
23 c) Members consisting of:
24 1) The Governor of the Province of Cavite or a duly-authorized representative from
25 the Provincial Government of Cavite;
26 2) One (1) of the mayors of the municipalities covered by the ecozone;
27 3) One (1) representative from the investors' group; and
28 4) One (1) representative from among the workers in the Sangley Point Ecozone.

29
30 The Governor or the Governor's duly authorized representative and the mayors of
31 the municipalities within the ecozone shall serve as *ex officio* members of the Board,
32 whose terms in the Board shall correspond to their terms as elected officials.

33
34 The Chairperson-Administrator and the members of the Board, except for the
35 representatives of the investors and workers groups and the *ex officio* members, shall be
36 appointed by the President of the Philippines to serve for a term of six (6) years, unless
37 sooner separated from service due to death, voluntary resignation or removal for cause.

1 In case of death, resignation or removal for cause, their replacements shall serve only the
2 unexpired portion of the respective terms. No person shall be appointed as a member of
3 the Board unless the person is a Filipino citizen, of good moral character, of proven probity
4 and integrity, and a degree holder in any of the following fields: economics, business,
5 public administration, law, management or their equivalent, and with at least ten (10) years
6 relevant working experience, preferably in the field of management or public
7 administration.

8
9 The members of the Board, except the *ex officio* members, shall each receive *per*
10 *diem* allowance at rates to be determined by the Department of Budget and Management
11 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
12 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings.
13 unless and until the President of the Philippines has fixed a higher rate for the *per diem*
14 allowance for the members of the Board, such allowance shall not be more than Ten
15 thousand pesos (Php10,000.00) for every Board meeting.

16
17 **SEC. 11. Organization and Personnel.** – The Board of Directors of the SPSEZA
18 shall provide for its organization and staff. The Board shall appoint and fix the
19 remuneration and other emoluments of its officers and employees in accordance with
20 existing laws on compensation and position classification. The Board shall have exclusive
21 and final authority to promote, transfer, assign, reassign, or remove officers of the
22 SPSEZA, any provision of existing law to the contrary notwithstanding. The Chairperson-
23 Administrator shall execute the decisions of the Board.

24
25 The officers and employees of the SPSEZA, including all members of the Board,
26 shall not engage directly or indirectly in partisan activities nor take part in any election,
27 except to vote.

28
29 No officer or employee of the SPSEZA, shall be removed or suspended except for
30 cause, as provided by civil service rules and regulations.

31 **SEC. 12. Powers and Duties of the Chairperson-Administrator.** – The
32 Chairperson-Administrator shall have the following powers and duties:

- 33
34 a) To direct and manage the affairs of the SPSEZA in accordance with the policies of
35 the Board;

- 1 b) To establish the internal organization of the SPSEZA under such conditions that
2 the Board may prescribe;
3
- 4 c) To submit an annual budget and necessary supplemental budget to the Board for
5 its approval;
6
- 7 d) To submit within thirty (30) days after the close of each fiscal year an annual report
8 to the Board and such other reports as may be required;
9
- 10 e) To submit to the Board for its approval, policies, systems, procedures, rules, and
11 regulations that are essential to the operation of the Sangley Point Ecozone;
12
- 13 f) To recommend to the Board the remuneration and other emoluments of its officers
14 and employees in accordance with existing laws on compensation and position
15 classification;
16
- 17 g) To create a mechanism in coordination with relevant agencies for the promotion of
18 industrial peace, the protection of the environment, and the advancement of the
19 quality of life in the Sangley Point Ecozone; and
20
- 21 h) To perform such other duties as may be assigned by the Board or which are
22 necessary or incidental to the office.
23

24 **SEC. 13. *Legal Counsel.*** – The SPSEZA shall have its own internal legal counsel
25 who shall be under the supervision of the Government Corporate Counsel. When the
26 exigencies of business and operations demand it, the SPSEZA may engage the services
27 of an outside counsel either on a case to case or on a fixed retainer basis.
28

29 **CHAPTER III**

30 **INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS**

31

32 **SEC. 14. *Investors Visa.*** – Any foreign national who invests an amount of Two
33 hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash
34 or equipment, shall be entitled to an investor's visa: *Provided*, That the foreign national
35 has the following qualifications:

- 1 a) Must be at least eighteen (18) years of age;
- 2 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
- 3 c) Must not be afflicted with any dangerous or contagious disease;
- 4 d) Must not have been confined in an institution for any mental disorder or disability;
- 5 and
- 6 e) Must be financially capable as borne out by credible and verifiable evidence.

7
8 With an investor's visa, an alien shall be entitled to reside in the Philippines while
9 the investment subsists. The alien investor shall submit an annual report, in the form duly
10 prescribed for the purpose, to prove that the investment in the country subsists. Should
11 said alien investor withdraw the investments from the Philippines, then the investor's visa
12 issued to said alien shall automatically expire and be withdrawn.

13
14 The authority to issue visas and work permits shall remain with the Bureau of
15 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
16 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
17 of such visas and permits for workers in the Sangley Point Ecozone and coordinate closely
18 with the SPSEZA to facilitate the conduct of business operations.

19
20 **SEC. 15. *Fiscal Incentives.*** – Registered enterprises of the Sangley Point
21 Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax
22 Incentives) of the National Internal Revenue Code, as amended.

23
24 **SEC. 16. *Banking Rules and Regulations Governing Banks and Other***
25 ***Financial Institutions.*** – Banks and other BSP-supervised financial institutions to be
26 established in the Sangley Point Ecozone shall be under the supervision of the BSP and
27 subject to existing banking laws, rules and regulations.

28
29 **SEC. 17. *Remittances.*** – In the case of foreign investments, a duly registered
30 entity or enterprise within the Sangley Point Ecozone shall have the right to remit earnings
31 to its investors in the currency in which the investment was originally made and at the
32 exchange rate prevailing at the time of remittance, subject to the provisions of Republic
33 Act No. 7653, otherwise known as the "New Central Bank Act" as amended.

34
35
36

CHAPTER IV
NATIONAL GOVERNMENT AND OTHER ENTITIES

1 **SEC. 18. *Supervision and Control.*** – For purposes of policy direction and
2 coordination, the SPSEZA shall be under the direct control and supervision of the Office
3 of the President of the Philippines.
4

5 **SEC. 19. *Relationship with Local Government Units.*** – Except as herein
6 provided, the LGUs comprising the Sangley Point Ecozone shall retain their basic
7 autonomy and identity. The City of Cavite, Province of Cavite, shall operate and function
8 in accordance with the framework of the Constitution, the Local Government Code of 1991,
9 as amended, and this Act.
10

11 In case of any conflict among the SPSEZA, the LGUs and the national government
12 on matters affecting the Sangley Point Ecozone, other than national defense and security
13 matters, the decision of the SPSEZA shall prevail.
14

15 **SEC. 20. *Audit.*** – The Commission on Audit shall appoint a full-time auditor for the
16 SPSEZA and may assign such number of personnel as may be necessary to assist the
17 auditor in the performance of the auditor's functions.
18

19 **CHAPTER V**
20 **MISCELLANEOUS**
21

22 **SEC. 21. *Interpretation and Construction.*** – The powers, authorities and
23 functions that are vested in the SPSEZA are intended to establish national self-sufficiency
24 and self-reliance in the advancement of and protection of the national integrity,
25 enhancement of national security, decentralization of governmental functions and
26 authority, and promotion of an efficient and effective working relationship among the
27 SPSEZA, the national government and the LGUs. Any interpretation of this Act shall
28 consider such intentions. In the event of conflict of interpretation and provided the
29 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of
30 an interpretation that shall protect national security.
31

32 **SEC. 22. *Applicability Clause.*** – Insofar as they are consistent with the
33 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
34 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise
35 apply to the Sangley Point Ecozone.
36

37 **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from

1 effectivity of this Act, the DTI shall, in coordination with the DOF and the National
2 Economic and Development Authority, formulate rules and regulations for the effective
3 implementation of the provisions of this Act.

4

5 **SEC. 24. Separability Clause.** – If any provision of this Act shall be held
6 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
7 force and effect.

8

9 **SEC. 25. Repealing Clause.** – All laws, executive orders or issuances or any part
10 thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

11

12 **SEC. 26. Effectivity.** – This Act shall take effect fifteen (15) days after its
13 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,