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NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

RECEIVED BY: 

SENATE
S.B. No. 1598

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITIES OF
SAN JOSE AND MAGSAYSAY, PROVINCE OF OCCIDENTAL MINDORO,
CREATING FOR THE PURPOSE THE OCCIDENTAL MINDORO SPECIAL
ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Article II, Section 20 of the 1987 Philippine Constitution provides that, "*The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.*"

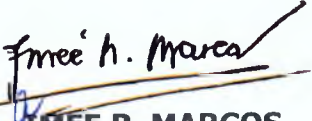
The United Nations Conference on Trade and Development (UNCTAD) defines Special Economic Zones (SEZs) in its World Investment Report 2019 as geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support. Currently, there are over 5,300 SEZs in over 140 economies.

According to the United Nations (UN) Habitat, SEZs have been a popular policy instrument to stimulate economic growth. It has widely been present globally in both developed and developing countries. Moreover, economies benefit from the clustering of industries either as firms in the same sector (localization economies) or as diverse firms in the same location (urbanization economies). Studies also show that a strategic location close to key infrastructure hubs, large markets and labor pools is fundamental to attracting investors into a zone. SEZs that are located in urban centers which are densely populated tend to be successful.

This bill seeks to establish a special economic zone which shall cover a particular area located in the Municipality of San Jose and Magsaysay, Province of Occidental

Mindoro to be known as Occidental Mindoro Special Economic Zone, which shall be managed and operated by the Occidental Mindoro Special Economic Zone Authority (OCCIMINSEZA). The creation of the Occidental Mindoro Special Economic Zone will alleviate and improve the economic condition of Occidental Mindoro and nearby provinces. The residents will be assured of local employment opportunities which will accelerate the economic growth not only in the area but in the nearby provinces as well.

For the foregoing reasons, the passage of this bill is earnestly sought.


~~IMEE R. MARCOS~~

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

**CHAPTER I
GENERAL PROVISIONS**

SECTION 1. Short Title. – This Act shall be known as the "*Occidental Mindoro Special Economic Zone Act.*"

SEC. 2. Declaration of Policy. – It is declared the policy of the State to encourage, promote, and accelerate the sound and balanced industrial, economic and social development of the country. The establishment of special economic zones shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

**CHAPTER II
CREATION OF THE ECONOMIC ZONE AND FREEPORT**

SEC. 3. Creation of the Occidental Mindoro Special Economic Zone. – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of the Province of Occidental Mindoro, there

1 is hereby established a special economic zone, hereinafter referred to as the Occidental
2 Mindoro Special Economic Zone or Occidental Mindoro Ecozone. The Occidental
3 Mindoro Ecozone shall cover a particular area located in the Municipalities of San Jose
4 and Magsaysay, Province of Occidental Mindoro. The specific metes and bounds of the
5 Occidental Mindoro Ecozone shall be more particularly defined in a presidential
6 proclamation that shall be issued for this purpose: *Provided*, That the lands embraced
7 therein shall be contiguous to one another.

8

9 **SEC. 4. Creation of the Occidental Mindoro Special Economic Zone**

10 **Authority.** – There is created a body corporate to be known as the Occidental Mindoro
11 Special Economic Zone Authority, hereinafter referred to as the OCCIMINSEZA, which
12 shall manage and operate the Occidental Mindoro Ecozone in accordance with the
13 provisions of this Act. The corporate life of the OCCIMINSEZA shall expire in fifty (50)
14 years, counted from the first year after the effectivity of this Act, unless otherwise
15 extended by Congress. It shall be organized within one hundred eighty (180) days after
16 the effectivity of this Act.

17 **SEC. 5. Governing Principles.** – The OCCIMINSEZA shall manage and operate
18 the Occidental Mindoro Ecozone, under the following principles:

19 a) Within the framework and limitations of the Constitution and applicable
20 provisions of Republic Act No. 7160, or the Local Government Code, as amended, the
21 Occidental Mindoro Ecozone shall be developed into and operated as a decentralized,
22 self-reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist,
23 banking, financial, and investment center with suitable residential areas;

24 b) The Occidental Mindoro Ecozone shall be equipped with transportation,
25 telecommunications, and other facilities needed to attract legitimate and productive
26 investments, generate linkage industries and employment opportunities for the people
27 of the Municipalities of San Jose and Magsaysay, Province of Occidental Mindoro and
28 those in neighboring towns and cities;

29 c) The Occidental Mindoro Ecozone may establish mutually beneficial
30 economic relations with other entities or enterprises within the country or, subject to
31 the administrative guidance of the Department of Foreign Affairs, the Philippine
32 Economic Zone Authority (PEZA), and the Department of Trade and Industry (DTI),
33 with foreign entities or enterprises;

1 d) Foreign citizens and companies owned by non-Filipinos in whatever
2 proportion may set up enterprises in the Occidental Mindoro Ecozone, either by
3 themselves or in a joint venture with Filipinos in any sector of industry, international
4 trade and commerce within the Occidental Mindoro Ecozone;

5 e) The Occidental Mindoro Ecozone shall be managed and operated as a
6 separate customs territory thereby ensuring the free flow or movement of goods and
7 capital within, into, and out of its territory, and shall likewise provide incentives such
8 as tax and duty-free importations of raw materials, capital and equipment to registered
9 enterprises located therein, as provided under Republic Act No. 11534, otherwise
10 known as the "*Corporate Recovery and Tax Incentives for Enterprises Act*";

11 f) The areas comprising the Occidental Mindoro Ecozone may be expanded or
12 reduced when necessary through a presidential proclamation issued for the said
13 purpose. For this purpose, the OCCIMINSEZA, in consultation with the LGUs, shall have
14 the power to acquire either by purchase, negotiation or condemnation proceedings,
15 any private land within or adjacent to the Occidental Mindoro Ecozone for the following
16 purposes: (1) consolidation of lands for zone development; (2) acquisition of right of
17 way to the Occidental Mindoro Ecozone; and (3) the protection of watershed areas and
18 natural assets valuable to the prosperity of the Occidental Mindoro Ecozone;

19 g) Goods manufactured by Occidental Mindoro Ecozone enterprise shall be made
20 available for immediate retail sale in the domestic market, subject to the payment of
21 corresponding taxes on raw materials and other regulations that may be formulated by
22 the OCCIMINSEZA together with the PEZA, the Bureau of Customs, the Bureau of
23 Internal Revenue, and the DTI. However, in order to protect domestic industries, a
24 Negative List of industries shall be drawn up and regularly updated by the PEZA.
25 Enterprises engaged in industries included in such Negative List shall not be allowed to
26 sell their products locally; and

27 h) The defense of the Occidental Mindoro Ecozone and the security of its
28 perimeter fence shall be the responsibility of the national government in coordination
29 with the OCCIMINSEZA and the concerned LGUs.

30 **SEC. 6. *Development Goals of the Occidental Mindoro Ecozone.*** – The
31 OCCIMINSEZA shall determine the development goals of the Occidental Mindoro
32 Ecozone within the framework of national development plans, policies, and goals. The
33 Chairperson-Administrator shall, upon approval by the Board of the OCCIMINSEZA,

1 submit the Occidental Mindoro Ecozone plans, programs, and projects to the Regional
2 Development Council for inclusion in the regional development plan.

3 **SEC. 7. Capitalization.** – The OCCIMINSEZA shall have an authorized capital
4 stock of two billion pesos (Php2,000,000,000) no par shares with a minimum issue of
5 Ten pesos (Php10.00) each, the majority shares of which shall be subscribed and paid
6 for by the national government and the LGUs embracing the Occidental Mindoro
7 Ecozone. The Board of Directors of the OCCIMINSEZA may, with the written
8 concurrence of the Secretary of Finance, sell shares representing not more than forty
9 *per centum* (40%) of the capital stock of the OCCIMINSEZA to the general public under
10 such policy as the Board and the Secretary of Finance may determine. The national
11 government and the LGUs shall in no case own less than sixty *per centum* (60%) of
12 the total issued and outstanding capital of the OCCIMINSEZA.

13 The amount necessary to subscribe and pay for the shares of the National
14 Government to the capital stock of the OCCIMINSEZA shall be included in the annual
15 General Appropriations Act. For the LGUs concerned, the funds shall be taken from their
16 internal revenue allotment and other local funds.

17
18 **SEC. 8. Principal Office of the OCCIMINSEZA.** – The OCCIMINSEZA shall
19 maintain its principal office in the Municipality of San Jose, Province of Occidental
20 Mindoro, but it may establish liaison offices within the Philippines as may be necessary
21 for the proper conduct of its business.

22
23 **SEC. 9. Powers and Functions of the OCCIMINSEZA.** – The OCCIMINSEZA
24 shall have the following powers and functions:

25 a) To operate, administer, manage and develop the Occidental Mindoro
26 Ecozone according to the principles and provisions set forth in this Act,

27 b) To register, regulate and supervise the enterprises in the Occidental Mindoro
28 Ecozone in an efficient and decentralized manner, subject to existing laws;

29 c) To coordinate with LGUs and exercise general supervision over the
30 development plans, activities and operations of the Occidental Mindoro Ecozone;

31 d) To regulate and undertake the establishment, construction, operation, and
32 maintenance of public utilities, other services, and infrastructure in the Occidental
33 Mindoro Ecozone such as light and power, shipping, barging, stevedoring, cargo
34 handling, hauling, warehousing, storage of cargo, port services or concessions, piers,

1 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
2 telecommunications, transport, bridges, terminals, conveyors, water supply and
3 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation
4 Authority of the Philippines, and such other services or concessions or infrastructure
5 necessary or incidental to the accomplishment of the objectives of this Act;

6 e) To construct, acquire, own, lease, operate, and maintain on its own or
7 through contracts, franchise, licenses, bulk purchase from the private sector or permits
8 under any of the schemes allowed in Republic Act No. 6957, otherwise known as the
9 "Build-Operate-Transfer Law", as amended, or joint venture, adequate facilities and
10 infrastructure required or needed for the operation and development of the Occidental
11 Mindoro Ecozone, in coordination with appropriate national and local government
12 authorities and in conformity with applicable laws thereon;

13 f) To approve plans, programs and projects of the Occidental Mindoro Ecozone,
14 to be submitted to the Regional Development Council for inclusion and inputs to the
15 overall Regional Development Plan;

16 g) To operate on its own, either directly or through licenses to others, tourism-
17 related activities, including games, amusements, recreational and sports facilities,
18 subject to the approval and supervision of the Philippine Amusement and Gaming
19 Corporation;

20 h) To raise or borrow, within the limitation provided by law, and subject to the
21 approval of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the case
22 may be, adequate and necessary funds from local or foreign sources, to finance its
23 projects and programs under this Act and for this purpose, to issue bonds, promissory
24 notes, and other forms of securities, and to secure the same by a guarantee, pledge,
25 mortgage, deed of trust or an assignment of all or part of its property or assets;

26 i) To protect, preserve, maintain, and develop the forests, beaches, corals and
27 coral reefs, and maintain ecological balance within the Occidental Mindoro Ecozone.
28 Notwithstanding the power of the OCCIMINSEZA to create rules for such purpose, the
29 rules and regulations of the Department of Environment and Natural Resources and
30 other government agencies involved in the above functions shall be implemented by
31 the OCCIMINSEZA;

32 j) To create, operate or contract to operate such functional units or offices of
33 the OCCIMINSEZA as it may deem necessary;

1 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own
2 or otherwise dispose of personal or real property of whatever nature; sue and be sued;
3 and otherwise carry out its functions and duties as provided for in this Act;

4 l) To issue certificates of origin for products manufactured or processed in the
5 Occidental Mindoro Ecozone in accordance with prevailing rules of origin and the
6 pertinent regulations of the PEZA, the DTI, and the Department of Finance (DOF);

7 m) To establish one-stop shops for the issuance of all necessary permits,
8 clearances, licenses, and other similar certifications to conduct such activities intended
9 to improve the ease of doing business within the Occidental Mindoro Ecozone, in
10 coordination with government agencies having jurisdiction over activities therein:
11 *Provided*, That all government agencies are directed to provide and extend utmost and
12 full cooperation to the OCCIMINSEZA in the establishment of such one-stop shops;

13 n) To ensure that the area covered by the Occidental Mindoro Ecozone is secure
14 at all times: *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine
15 National Police (PNP) shall not interfere in the internal affairs of the OCCIMINSEZA
16 except to provide the necessary security and defense, or law enforcement assistance,
17 as the case may be: *Provided, finally*, That expenses of the AFP or the PNP in the
18 Occidental Mindoro Ecozone shall be borne by the national government;

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

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

26 **SEC. 10. Board of Directors of the OCCIMINSEZA.** – The powers of the
27 OCCIMINSEZA shall be vested in and exercised by a Board of Directors, hereinafter
28 referred to as the Board, which shall be composed of the following:

29 a) A Chairperson, who shall at the same time be the administrator of the
30 OCCIMINSEZA;

31 b) A Vice-Chairperson who shall be elected from among the members of the
32 Board of Directors;

33 c) Members consisting of:

- 1 1) The Governor of the Province of Occidental Mindoro or a duly-
2 authorized representative from the Provincial Government of Occidental
3 Mindoro;
- 4 2) One (1) of the mayors of the municipalities covered by the ecozone;
- 5 3) One (1) representative from the investors' group; and
- 6 4) One (1) representative from among the workers in the Occidental
7 Mindoro Ecozone.

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

11 The Chairperson-Administrator and the members of the Board, except for the
12 representatives of the investors and workers groups and the *ex officio* members, shall
13 be appointed by the President of the Philippines to serve for a term of six (6) years,
14 unless sooner separated from service due to death, voluntary resignation or removal
15 for cause. In case of death, resignation or removal for cause, their replacements shall
16 serve only the unexpired portion of the respective terms. No person shall be appointed
17 as a member of the Board unless the person is a Filipino citizen, of good moral
18 character, of proven probity and integrity, and a degree holder in any of the following
19 fields: economics, business, public administration, law, management or their
20 equivalent, and with at least ten (10) years relevant working experience, preferably in
21 the field of management or public administration.

22 The members of the Board, except the *ex officio* members, shall each receive
23 *per diem* allowance at rates to be determined by the Department of Budget and
24 Management in accordance with existing rules and regulations: *Provided, however,*
25 *That the total per diem allowance collected each month shall not exceed the equivalent*
26 *of four (4) meetings unless and until the President of the Philippines has fixed a higher*
27 *rate for the per diem allowance for the members of the Board, such allowance shall*
28 *not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.*
29

30 **SEC. 11. Organization and Personnel.** – The Board of Directors of the
31 OCCIMINSEZA shall provide for its organization and staff. The Board shall appoint and
32 fix the remuneration and other emoluments of its officers and employees in accordance
33 with existing laws on compensation and position classification. The Board shall have
34 exclusive and final authority to promote, transfer, assign, reassign, or remove officers
35 of the OCCIMINSEZA, any provision of existing law to the contrary notwithstanding.
36 The Chairperson- Administrator shall execute the decisions of the Board.

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

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

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

17 The authority to issue visas and work permits shall remain with the Bureau of
18 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
19 *Provided*, That the BI and the DOLE shall implement measures to expedite the
20 processing of such visas and permits for workers in the Occidental Mindoro Ecozone
21 and coordinate closely with the OCCIMINSEZA to facilitate the conduct of business
22 operations.

23
24 **SEC. 15. Fiscal Incentives.** – Registered enterprises operating within the
25 Occidental Mindoro Economic Zone may be entitled to the existing fiscal incentives
26 provided and granted under Title XIII (Tax Incentives) of the National Internal Revenue
27 Code of 1997, as amended by Republic Act No. 11534, otherwise known as the
28 "*Corporate Recovery and Tax Incentives for Enterprises Act*".

29
30 **SEC. 16. Administration, Implementation and Monitoring of**
31 ***Incentives.*** – In the interest of enhancing transparency in the management and
32 accounting of tax incentives in the Occidental Mindoro Ecozone, and ensuring the
33 proper administration, management, enforcement, implementation and monitoring of
34 tax incentives, the OCCIMINSEZA shall comply with the provisions of Republic Act No.
35 11534, otherwise known as the "*Corporate Recovery and Tax Incentives for Enterprises*
36 *Act*".

1 The BOC shall set up and establish a customs-controlled area outside the
2 premises of the Occidental Mindoro Ecozone to facilitate payment of duties and taxes
3 on goods entering the Philippine customs territory: *Provided*, That notwithstanding the
4 limitations on this Act, the OCCIMINSEZA and BOC may coordinate and jointly
5 implement measures on border protection.

6
7 **SEC. 17. *Banking Rules and Regulations.*** – Banks and financial institutions
8 to be established in the Occidental Mindoro Ecozone shall be under the supervision of
9 the BSP and subject to existing banking laws, rules and regulations.

10
11 **SEC. 18. *Remittances.*** – In the case of foreign investments, a duly registered
12 entity or enterprise within the Occidental Mindoro Ecozone shall have the right to remit
13 earnings to its investors in the currency in which the investment was originally made
14 and at the exchange rate prevailing at the time of remittance, subject to the provisions
15 of Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

16
17 **CHAPTER IV**
18 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

19
20 **SEC. 19. *Supervision and Control.*** – For purposes of policy direction and
21 coordination, the OCCIMINSEZA shall be under the direct control and supervision of
22 the Office of the President of the Philippines.

23
24 **SEC. 20. *Relationship with Local Government Units.*** – Except as herein
25 provided, the LGUs comprising the Occidental Mindoro Ecozone shall retain their basic
26 autonomy and identity. The Municipalities of San Jose and Magsaysay, Province of
27 Occidental Mindoro, shall operate and function in accordance with the framework of
28 the Constitution, the Local Government Code of 1991, as amended, and this Act.

29
30 In case of any conflict among the OCCIMINSEZA, the LGUs and the national
31 government on matters affecting the Occidental Mindoro Ecozone, other than national
32 defense and security matters, the decision of the OCCIMINSEZA shall prevail.

33
34 **SEC. 21. *Audit.*** – The Commission on Audit shall appoint a full-time auditor for
35 the OCCIMINSEZA and may assign such number of personnel as may be necessary to
36 assist the auditor in the performance of the auditor’s functions.

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CHAPTER V
MISCELLANEOUS

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

SEC. 23. Applicability Clause. – Insofar as they are consistent with the provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise apply to the Occidental Mindoro Ecozone.

SEC. 24. Implementing Rules and Regulations. – Within sixty (60) days from effectivity of this Act, the DTI shall, in coordination with the DOF and the National Economic and Development Authority, formulate rules and regulations for the effective implementation of the provisions of this Act.

SEC. 25. Separability Clause. – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 26. Repealing Clause. – All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 27. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,