

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



'22 DEC -7 P1 :03

SENATE

RECEIVED BY: _____

S.B. No. 1605

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
CONVERTING AND EXPANDING THE LEYTE INDUSTRIAL DEVELOPMENT
ESTATE INTO THE LEYTE ECOLOGICAL INDUSTRIAL ZONE, CREATING FOR
THIS PURPOSE THE LEYTE ECOLOGICAL INDUSTRIAL ZONE AUTHORITY,
AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Section 20, Article II of the 1987 Constitution states 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.

The Leyte Industrial Development Estate is a 425-hectare special economic zone established by then President Ferdinand E. Marcos in 1978 through Letter of Instruction No. 962, series of 1979. The said LOI established an "industrial estate" in Isabel, Leyte, and entrusted to the Leyte Sab-a Basin Development Authority the duty and function of implementing the project. With the abolition of the Leyte Sab-a Basin Development Authority, ownership of Leyte Industrial Development Estate (LIDE) was transferred to and is presently owned by the National Development Corporation (NDC) which is represented by the LIDE Management Corporation, the estate managers of LIDE.

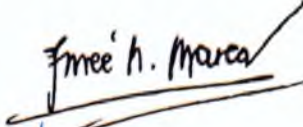
In 2012, the Copper Industry Roadmap was crafted with the aim to promote the integrated development and competitiveness of copper and other related industries in the region. It was later on also made part of the government's continuous rehabilitation efforts in the region after the devastation of typhoon Yolanda.

Hence, this bill seeks the conversion of the Leyte Industrial Development Estate (LIDE) in the municipality of Isabel, Leyte and its expansion to include other municipalities in the province of Leyte adjacent to LIDE and the Eastern Visayas Regional Growth Center (EVRGC) in the City of Tacloban into the Leyte Ecological Industrial Zone (LEIZ).

Further, the establishment of an ecological industrial zone aims to attract more investors and businesses to locate in Leyte and the City of Tacloban, jumpstarting the revival of economic activities in the area and provide more employment opportunities. The establishment of the LEIZ and development of a copper industry cluster in Leyte will serve as our medium to long-term strategic economic objective consistent with the country's industry development goals.

The proposed zone is also expected to initially house potential locators in the field of copper wire rod casting facility, downstream copper industry such as but not limited to copper wire producers, major industrial concerns that need power, and port facilities such as steel, and copper-using industries. However, the long-term objective is to develop LEIZ into a self-sustaining and ecologically sustainable Industrial, commercial and investment zone that will put in place a wide-reaching employment and investment general mechanism as well as incentives to ensure the free flow and movement of goods and commodities within the freeport area and their exportation from therein.

In light of this, the approval of this bill is earnestly sought.

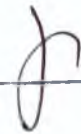

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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I
GENERAL PROVISIONS

SECTION 1. Short Title. – This Act shall be known as the "*Leyte Ecological Industrial 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
CONVERSION AND EXPANSION OF THE ECONOMIC ZONE

SEC. 3. Conversion of the Leyte Industrial Development Estate. – The Leyte Industrial Development Estate (LIDE) located in the municipality of Isabel, Province of Leyte is hereby converted into a special economic zone, consisting of an industrial estate (IE), export processing zone (EPZ) and free trade zone to be known

1 as the Leyte Ecological Industrial Zone, hereafter referred to as LEIZ.
2

3 **SEC. 4. Expansion of the LEIZ.** – Subject to the concurrence of the affected
4 local government units of Leyte, the LEIZ shall be expanded to cover the following
5 areas:

- 6 (a) The land area that comprises the former Leyte Industrial Development Estate,
7 hereinafter referred to as the "LEIZ Core Area";
8 (b) The land areas located within municipalities adjacent to the Municipality of
9 Isabel, Province of Leyte, hereinafter referred to as the "LEIZ Non-Core Areas";
10 and
11 (c) The land area covered by the Eastern Visayas Regional Growth Center,
12 hereinafter referred to as the "LEIZ Tacloban North."
13

14 The areas comprising the LEIZ may be expanded or reduced when necessary.
15 For this purpose, the LEIZA, with the concurrence of the appropriate and affected local
16 government units (LGUs) and the agreement of appropriate national government
17 agencies, government-owned and -controlled corporations and instrumentalities, and
18 the approval of the LEIZA Board in accordance and in compliance with existing laws
19 and local ordinances shall have the power to acquire, procure, or expand either by
20 purchase, negotiation, condemnation proceedings, or any other arrangement, any
21 private or alienable and disposable public lands and their respective water territories
22 within the territorial jurisdiction of the Province of Leyte.
23

24 The metes and bounds of the LEIZ Core Area, the LEIZ Non-Core Areas and the
25 LEIZ Tacloban North shall be based on the technical description and coordinates
26 verified and approved by the Land Management Bureau, the National Mapping and
27 Resource Information Authority, and other government agencies as may be provided
28 by law.
29

30 **SEC. 5. Governing Principles.** – The LEIZ shall be managed and operated by
31 the Leyte Ecological Industrial Zone Authority, hereafter referred to as the LEIZA,
32 under the following principles:

- 33 (a) Within the framework and limitations of the Constitution and applicable
34 provisions of the Local Government Code, the LEIZ shall be developed into and
35 operated as a decentralized, self-reliant and self-sustaining industrial,
36 commercial and trading, agro-industrial, tourist, banking, financial and
37 investment center with suitable residential areas;
38 (b) The LEIZ shall be provided with transportation, telecommunications and other
39 facilities needed to attract legitimate and productive investments, generate
40 linkage industries and employment opportunities for the people of Leyte and
41 its neighboring towns and cities;

- 1 (c) The LEIZ may establish mutually beneficial economic relations with other
2 entities or enterprises within the country or, subject to the administrative
3 guidance of the Department of Foreign Affairs (DFA), and Philippine Economic
4 Authority (PEZA), and the Department of Trade and Industry (DTI), with
5 foreign entities or enterprises;
- 6 (d) Foreign citizens and companies owned by non-Filipinos in whatever proportion
7 may set up enterprises in the LEIZ, either by themselves or in a joint venture
8 with Filipinos in any sector of industry, international trade and commerce within
9 the LEIZ;
- 10 (e) The LEIZ shall be managed and operated as a separate customs territory
11 thereby ensuring the free flow or movement of goods and capital within, into,
12 and out of its territory, and shall likewise provide incentives such as tax and
13 duty-free importations of raw materials, capital and equipment to registered
14 enterprises located therein, as provided under Republic Act No. 11534,
15 otherwise known as the "*Corporate Recovery and Tax Incentives for Enterprises*
16 *Act*";
- 17 (f) Goods manufactured by a LEIZ enterprise shall be made available for
18 immediate retail sale in domestic market, subject to the payment of
19 corresponding taxes on raw materials and other regulations that may be
20 formulated by the LEIZA together with the PEZA, the Bureau of Customs (BOC)
21 and the DTI. However, in order to protect domestic industries, a negative list
22 of industries shall be drawn up and regularly updated by PEZA. Enterprises
23 engaged in industries included in such negative list shall not be allowed to sell
24 their products locally;
- 25 (g) The defense of the LEIZ and the security of its perimeter shall be the
26 responsibility of the national government in coordination with the LEIZA and
27 the LGUs.
- 28
29

30 **CHAPTER III**
31 **GOVERNING STRUCTURES**

32
33 **SEC. 6. *Creation of the Leyte Ecological Industrial Zone Authority***
34 **(LEIZA).** – There is hereby created a body corporate to be known as the "Leyte
35 Ecological Industrial Zone Authority", hereinafter referred to as the LEIZA, which shall
36 manage and operate the Leyte Ecological Industrial Zone, in accordance with the
37 provisions of this Act. This corporate franchise shall expire in fifty (50) years counted
38 from the first year after the effectivity of this Act, unless otherwise extended by
39 Congress. It shall be organized within one hundred eighty (180) days after the
40 effectivity of this Act.

41

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

11
12 The amount necessary to subscribe and pay for the shares of the National
13 Government to the capital stock of the LEIZA shall be included in the annual General
14 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
15 allotment and other local funds.

16
17 **SEC. 8. Principal Office of the LEIZA.** – The LEIZA shall maintain its
18 principal office in Tacloban City, but it may establish offices within the Philippines as
19 may be necessary for the proper conduct of its business.

20
21 **SEC. 9. Powers and Functions of the LEIZA.** – The LEIZA shall have the
22 following powers and functions:

- 23 a) To operate, administer, manage and develop the LEIZ according to the
24 principles and provisions set forth in this Act;
- 25 b) To register, regulate and supervise the enterprises in the LEIZ in an efficient
26 and decentralized manner, subject to the National Internal Revenue Code of
27 1997, as amended;
- 28 c) To coordinate with LGUs and exercise general supervision over the
29 development plans, activities and operations of the LEIZ;
- 30 d) To regulate and undertake the establishment, construction, operation and
31 maintenance of public utilities, other services, and infrastructure in LEIZ such
32 as light and power, shipping, barging, stevedoring, cargo handling, hauling,
33 warehousing, storage of cargo, port services or concessions, piers, wharves,
34 bulkheads, bulk terminals, mooring areas, storage areas, roads,
35 telecommunications, transport, bridges, terminals, conveyors, water supply and
36 storage, sewerage, drainage, airport operations in coordination with the Civil
37 Aviation Authority of the Philippines (CAAP), and such other services or
38 concessions or infrastructures necessary or incidental to the accomplishment
39 of the objectives of this Act;
- 40 e) To construct, acquire, own, lease, operate and maintain on its own or through
41 contracts, franchise, licenses, bulk purchase from the private or permits under
42 any of the schemes allowed in Republic Act No. 6957, otherwise known as the

- 1 "Build-Operate-Transfer Law" as amended, or joint venture, adequate facilities
2 and infrastructure required or needed for the operation and development of
3 the LEIZ, in coordination with appropriate national and local government
4 authorities and in conformity with applicable laws thereon;
- 5 f) To approve plans, programs and projects of the LEIZ to be submitted to the
6 Regional Development Council (RDC) for inclusion and inputs to the overall
7 regional development plan;
- 8 g) To raise or borrow, within the limitation provided by law, and subject to the
9 approval or opinion of the Monetary Board of the *Bangko Sentral ng Pilipinas*
10 (BSP), as the case may be, adequate and necessary funds from local or foreign
11 sources, to finance its projects and programs under this Act and for this
12 purpose, to issue bonds, promissory notes and other forms of securities, and
13 to secure the same by a guarantee, pledge, mortgage, deed of trust or an
14 assignment of all or part of its property or assets;
- 15 h) To protect, preserve, maintain and develop the forests, beaches, coral and coral
16 reefs, and maintain ecological balance within the LEIZ. Notwithstanding the
17 power of the LEIZA to create rules for such purpose, the rules and regulations
18 of the Department of Environment and Natural Resources (DENR) and other
19 government agencies involved in the above functions shall be implemented by
20 the LEIZA;
- 21 i) To create, operate or contract to operate such functional units or offices of the
22 LEIZA as it may deem necessary;
- 23 j) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or
24 otherwise dispose of personal and real property of whatever nature, sue and
25 be sued, and otherwise carry out its functions and duties as provided for in this
26 Act;
- 27 k) To issue certificates of origin for products manufactured or processed in the
28 LEIZ in accordance with prevailing rules of origin and the pertinent regulations
29 of the PEZA, the DTI and the Department of Finance (DOF);
- 30 l) To establish one-stop shops for the issuance of all necessary permits,
31 clearances, licenses, and other similar certifications to conduct such activities
32 intended to improve the ease of doing business within the LEIZ, in coordination
33 with government agencies having jurisdiction over activities therein: *Provided,*
34 That all government agencies are directed to provide and extend utmost and
35 full cooperation to the LEIZA in the establishment of such one-stop shops;
- 36 m) To provide internal security to the LEIZ in coordination with the National
37 Government and affected LGU. For this purpose, the LEIZA shall provide and
38 establish its own internal security and firefighting forces or hire others to
39 provide the same. Military forces deployed to the LEIZ by the National
40 Government for the purpose of defense in times of aggression, terrorism,
41 insurgency, rebellion and similar acts shall not interfere in the internal affairs

1 of the LEIZ and expenditures for these military forces shall be borne by the
2 National Government;

- 3 n) To exercise such powers as may be essential, necessary or incidental to the
4 powers granted to it hereunder, as well as those that shall enable it to carry
5 out, implement and accomplish the purposes, objectives and policies of this
6 Act; and
7 o) To issue rules and regulations consistent with the provisions of this as may be
8 necessary to accomplish and implement the purposes, objectives and policies
9 provided herein.

10
11 **SEC. 10. Board of Directors of the LEIZA.** – The powers of the LEIZA shall
12 be vested in and exercised by a Board of Directors, hereinafter referred to as the
13 Board, which shall be composed of the following:

- 14
15 a) The Chairperson, who shall at the same time be the administrator of the LEIZA;
16 b) Four members consisting of:
17 1) The Governor or a duly-authorized representative from the Provincial
18 Government of Leyte;
19 2) The mayor of the municipality covered by the ecozone;
20 3) One (1) representative from the investor's group; and
21 4) One (1) representative from among the workers in the LEIZ.

22
23 The Vice-Chairperson shall be selected from among the members of the Board.

24
25 The Governor or his representative and the Mayor of the municipality covered by
26 the ecozone shall serve as ex-officio Board members, and their respective terms of
27 office in the Board shall correspond to their incumbency as elected officials.

28
29 The Chairperson-Administrator and the members of the Board, except the ex-
30 officio members shall be appointed by the President of the Philippines to serve for a
31 term of six (6) years, unless sooner separated from service due to death, voluntary
32 resignation or removal for cause. In case of death, resignation or removal for cause,
33 their replacements shall serve only the unexpired portion of the respective terms.

34
35 The Chairperson-Administrator must be a Filipino citizen, of good moral character
36 of proven probity and integrity, and a degree holder in any of the following fields:
37 economics, business, public administration, law, management or their equivalent, and
38 with at least ten (10) years relevant working experience in the field of management
39 or public administration.

40
41 The members of the Board, except the ex-officio members, shall each receive per
42 diem at rates to be determined by the Department of Budget and Management (DBM)

1 in accordance with existing rules and regulations: *Provided, however,* That the total
2 per diem collected each month shall not exceed the equivalent per diem for four (4)
3 meetings. Unless and until the President of the Philippines has fixed a higher amount
4 of per diem, the members of the Board shall receive per diem of not be more than
5 Ten thousand pesos (Php10,000.00) for every Board meeting.

6
7 **SEC. 11. *Organization and Personnel.*** – The Board of Directors of the LEIZA
8 shall provide for its organization and staff. The Board shall appoint and fix the
9 remuneration and other emoluments of its officers and employees in accordance with
10 existing laws on compensation and position classification. The Board shall have
11 exclusive and final authority to promote, transfer, assign, reassign, or remove officers
12 of the LEIZA, any provision of existing law to the contrary notwithstanding. The
13 Chairperson-Administrator shall carry out the decisions of the Board.

14
15 The officers and employees of the LEIZA, including all members of the Board,
16 shall not engage directly or indirectly in partisan activities nor take part in any election,
17 except to vote.

18
19 No officer or employee of the LEIZA, subject to civil service laws and regulations,
20 shall be removed or suspended except for cause, as provided by law.

21
22 **SEC. 12. *Powers and Duties of the Chairperson-Administrator.*** – The
23 Chairperson-Administrator shall have the following powers and duties:

24
25 a) To direct and manage the affairs of the LEIZA in accordance with the policies
26 of the Board;

27 b) To establish the internal organization of the LEIZA under such conditions that
28 the Board may prescribe;

29 c) To submit an annual budget and necessary supplemental budget to
30 the Board for its approval;

31 d) To submit within thirty (30) days after the close of each fiscal year an annual
32 report to the Board and such other reports as may be required;

33 e) To submit to the Board for its approval, policies, systems, procedures, rules
34 and regulations that are essential to the operation of the LEIZ;

35 f) To recommend to the Board the remuneration and other emoluments of its
36 officers and employees in accordance with existing laws on compensation and position
37 classification;

38 g) To create a mechanism in coordination with relevant agencies for the
39 promotion of industrial peace, the protection of the environment, and the
40 advancement of the quality of life in the LEIZ; and

41 h) To perform such other duties as may be assigned by the Board or which are
42 necessary or incidental to the office.

1 decision of the LEIZA shall prevail.

2
3 **SEC. 22. *Audit.*** – The Commission on Audit (COA) shall appoint a full-time
4 auditor in the LEIZA or may assign such number of personnel as may be necessary in
5 the performance of their functions.

6
7 **CHAPTER VI**
8 **MISCELLANEOUS**

9
10 **SEC. 23. *Interpretation/Construction.*** – The powers, authorities and
11 functions that are vested in the LEIZA are intended to establish national self-
12 sufficiency and self-reliance in the advancement and protection of the national
13 integrity, enhancement of national security, decentralization of governmental
14 functions and authority, and promotion of an efficient and effective working
15 relationship among the LEIZA, the National Government and the LGUs. Any
16 interpretation of this Act shall consider such intentions. In the event of conflict of
17 interpretation and provided the intentions cannot be harmonized, the provisions of
18 this shall be construed in favor of an interpretation that would tend to protect national
19 security.

20
21 **SEC. 24. *Applicability Clause.*** – Insofar as they are consistent with the
22 provisions of this Act, the provisions of Section 30 to 41 of Republic Act No. 7916,
23 otherwise known as "*The Special Economic Zone Act of 1995*", as amended, shall
24 likewise apply to the LEIZ.

25
26 **SEC. 25. *Transitory Provisions.*** – All properties, assets, funds, rights,
27 obligations, and liabilities of LIDE are hereby transferred to the LEIZA except for the
28 liabilities that are not properly accounted for as per the reports coming from the
29 Commission on Audit, which shall be retained by the National Development Company.

30
31 The LEIZA shall carry out the transfer herein provided in a manner that will
32 ensure the least disruption of ongoing operations of the LIDE. The qualified and
33 necessary personnel of the LIDE shall be transferred to and absorbed by the LEIZA:
34 *Provided*, That the tenure, rank, salaries and privileges of such personnel are not
35 reduced or adversely affected. The personnel whose services are not retained by the
36 LEIZA shall be granted separation pay and retirement and other benefits they are
37 entitled to under existing laws, rules and regulations.

38
39 In the period prior to the actual assumption of duties by the LEIZA, all officers
40 and employees of the LIDE shall continue to exercise their functions and discharge
41 their duties and responsibilities. The LIDE shall be deemed abolished upon the
42 organization of LEU.

1
2 **SEC. 26. *Implementing Rules and Regulations.*** – The National Economic
3 and Development Authority (NEDA), in coordination with the DTI and DOF, shall
4 formulate the implementing rules and regulations of this Act within ninety (90) days
5 after its approval.

6
7 **SEC. 27. *Separability Clause.*** – If any provision of this Act shall be held
8 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
9 full force and effects

10
11 **SEC. 28. *Repealing Clause.*** – All laws, executive orders or issuances or any
12 part thereof, which are inconsistent herewith, are hereby repealed or amended
13 accordingly.

14
15 **SEC. 28. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or in a newspaper of general circulation.

Approved,