

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



23 JUL 18 A11 :05

SENATE
S. No. 2322

RECEIVED BY: _____

Introduced by Senator Loren B. Legarda

**AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREEPORT IN THE
PROVINCE OF ANTIQUE, PROVIDING FUNDS THEREFOR, AND
FOR OTHER PURPOSES**

EXPLANATORY NOTE

As defined in a 2022 Asian Development Bank report, a Special Economic Zone (SEZ) is a distinct variety of economic zone with a specialized legal regime and institutional environment different from the rest of the economy. Generally, an SEZ is set up for export-oriented enterprises, particularly those with foreign investments, to offer them a special regulatory regime for exporting activity with a separate customs area, duty-free benefits, streamlined procedures, and its own management authority. As mentioned in the Report, SEZs have become a critical tool for developing countries to plug them into global value chains.

Antique, a paradise where the mountains meet the sea, is an attractive investment destination considering its strategic geographic location coupled with its abundant human and natural resources.

In order to tap the province's strong potential, the Antique Special Economic Zone and Freeport, spanning an estimated 2,729.17 sqm of urban, suburban and agricultural lands, rivers, islands, and mountain ranges, is sought to be established.

This bill seeks to:

1. Establish, develop, and operate a self-sustaining industrial, commercial, financial, investment, and tourism center in the province of Antique;
2. Encourage and attract legitimate and productive foreign investors and business locators by providing fiscal incentives;
3. Expand and deepen Antique's growth and productivity, and raise the quality of life and the living conditions of its people through the creation of jobs and income opportunities; and
4. Preserve its indigenous heritage, and to sustainably develop, manage and protect its rich marine and coastal resources.

In view of the foregoing, the approval of this measure is earnestly sought.



LOREN LEGARDA

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

**CHAPTER I
GENERAL PROVISIONS**

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4 Section 1. *Short Title.* - This Act shall be known as the "Antique Special
5 Economic Zone Act of 2023."

6 Sec. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to
7 actively encourage, promote, induce and accelerate a sound and balanced industrial,
8 economic and social development of the country in order to provide jobs to the people
9 especially those in the rural areas, increase their productivity and their individual and
10 family income, and thereby improve the level and quality of their living conditions
11 through the establishment, among others, of special economic zones and freeports in
12 suitable and strategic locations in the country and through measures that shall
13 effectively attract legitimate and productive foreign investments.

14 Sec. 3. *The Antique Special Economic Zone and Freeport.* - There is hereby
15 established a special economic zone and freeport, to be known as the Antique Special
16 Economic Zone, hereinafter known as the Ecozone, which shall cover the entire
17 Province of Antique.

1 Sec. 4. *Governing Principles.* – The Ecozone shall be managed and operated by
2 the Antique Special Economic Zone and Freeport Authority, created under Section 10
3 of this Act, under the following principles:

4 (a) Within the framework and limitations of the Constitution and the
5 applicable provisions of the Local Government Code, the Ecozone shall be
6 developed into and operated as a self-sustaining industrial, commercial,
7 financial, aqua/agri-industrial, investment, and tourism/recreational
8 center and freeport with suitable opportunities in and around the Ecozone,
9 and to effectively encourage and attract legitimate and productive foreign
10 investments therein;

11 (b) The Ecozone shall be provided with transportation, telecommunications,
12 wastewater facilities, solid waste and hazardous waste treatment and other
13 facilities needed to attract legitimate and productive investments, generate
14 linkage industries and employment opportunities for the people of the
15 Province of Antique and its neighboring towns and cities;

16 (c) The Ecozone may establish mutually beneficial economic relations with
17 other entities or enterprises within the country or, subject to the
18 administrative guidance of the Department of Foreign Affairs (DFA), the
19 Philippine Economic Zone Authority (PEZA) and/or the Department of
20 Trade and Industry (DTI), with foreign entities or enterprises;

21 (d) Foreign citizens and companies owned by non-Filipinos in whatever
22 proportion may set up enterprises in the Ecozone either by themselves or in
23 joint venture with Filipinos in any sector of industry, international trade
24 and commerce within the Ecozone;

25 (e) The Ecozone shall be managed and operated as a separate customs territory
26 ensuring free flow or movement of goods and capital within, into and out
27 of its territory;

28 (f) The areas comprising the Ecozone may be expanded or reduced when
29 necessary. For this purpose, the Antique Special Economic Zone Authority,
30 in consultation with the LGUs, shall have the power to acquire either by
31 purchase, negotiation or condemnation proceedings, any private land
32 within or adjacent to the Ecozone for the following purposes: (1)

1 consolidation of lands for Ecozone development; (2) acquisition of right of
2 way to the Ecozone; and (3) the protection of watershed areas and natural
3 assets valuable to the prosperity of the Ecozone as well as appropriate sites
4 for water treatment facilities;

5 (g) Goods manufactured by an Ecozone enterprise shall be made available for
6 immediate retail sale in the domestic market, subject to the payment of
7 corresponding taxes on raw materials and other regulations that may be
8 formulated by the Antique Special Economic Zone Authority, in
9 consultation with the PEZA, the Department of Finance (DOF), and the DTI.
10 However, in order to protect domestic industries, a negative list of
11 industries shall be drawn up and regularly updated by the PEZA and the
12 Board of Investments (BOI). Enterprises engaged in industries included in
13 such negative list shall not be allowed to sell their products locally;

14 (h) Except as otherwise provided herein, the local government units totally or
15 partially embraced within the Ecozone shall retain and maintain their basic
16 autonomy and identity. The Province of Antique shall operate and function
17 in accordance with Republic Act No. 7160, otherwise known as the Local
18 Government Code of 1991, insofar as the areas within its respective
19 jurisdiction covered in this Act are concerned; and

20 (i) The defense of the Ecozone and the security of its perimeter fence shall be
21 the responsibility of the national government in coordination with the
22 Antique Special Economic Zone Authority and the LGUs concerned.

23 *Sec. 5. Fiscal Incentives.* - Registered enterprises operating within the Ecozone
24 may be entitled to the existing fiscal incentives provided and granted under Title XIII
25 (Tax Incentives) of the National Internal Revenue Code of 1997, as amended by
26 Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax
27 Incentives for Enterprises Act" as well as favored treatment in government
28 procurement.

29 *Sec. 6. Administration, Implementation and Monitoring of Incentives.* - In the
30 interest of enhancing transparency in the management and accounting of tax
31 incentives in the Ecozone, and ensuring the proper administration, management,
32 enforcement, implementation and monitoring of tax incentives, the AEZA shall

1 comply with the provisions of Republic Act No. 11534, otherwise known as the
2 "Corporate Recovery and Tax Incentives for Enterprises Act".

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

8 *Sec. 7. Banking Rules and Regulations.* - Banks and financial institutions to be
9 established in the Ecozone shall be under the supervision of the BSP and subject to
10 existing banking laws, rules and regulations.

11 *Sec. 8. Remittances.* - In the case of foreign investments, a duly registered entity
12 or enterprise within the Ecozone shall have the right to remit earnings to its investors
13 in the currency in which the investment was originally made and at the exchange rate
14 prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653,
15 otherwise known as the "New Central Bank Act" as amended.

16 *Sec. 9. Permanent Resident Status of Foreign National Investors.* - Any foreign
17 national who invests an amount of not less than One hundred fifty thousand United
18 States dollars (US\$150,000.00) in a registered enterprise, either in cash or equipment,
19 shall be entitled, along with his or her spouse, dependents, and unmarried children
20 below twenty-one (21) years of age, a permanent resident status within the Ecozone.
21 The responsibility and authority to grant such permanent resident status is hereby
22 delegated to the Antique Economic Zone Authority referred to in Section 10 of this
23 Act.

24 Such foreign investor and his or her spouse, dependents, and unmarried
25 children below the age of twenty-one (21) years, shall have the freedom of ingress and
26 egress to and from the Ecozone without need of any special authorization from the
27 Bureau of Immigration.

28 Likewise, the Antique Economic Zone Authority shall issue working visas
29 renewable every two (2) years to foreign executives and foreign technicians with
30 highly specialized skills which no Filipino possesses, as certified by the Department
31 of Labor and Employment.

1 The names of foreigners granted permanent resident status and working visas
2 by the Antique Economic Zone Authority shall be reported to the Bureau of
3 Immigration within thirty (30) days from such grant.

4 The foregoing is without prejudice to a foreigner acquiring permanent resident
5 status in the Philippines in accordance with applicable immigration, retirement, and
6 other related laws

7 Sec. 10. *Creation of the Antique Economic Zone and Freeport Authority.* - A body
8 corporate to be known as the Antique Economic Zone Authority, hereinafter referred
9 to as the AEZA, is hereby created to manage and operate, in accordance with the
10 provisions of this Act, the Ecozone. This corporate franchise shall expire in fifty (50)
11 years counted from the first day of the fifth (5th) calendar year after the effectivity of
12 this Act, unless otherwise extended by Congress.

13 Sec. 11. *Powers and Functions of the Antique Economic Zone Authority.* - The AEZA
14 shall have the following powers and functions:

- 15 (a) To operate, administer, manage and develop the Ecozone according to the
16 principles and provisions set forth in this Act;
- 17 (b) To register, regulate and supervise the enterprises in the Ecozone in an
18 efficient and decentralized manner, subject to existing laws;
- 19 (c) To coordinate with LGUs and exercise general supervision over the
20 development plans, activities and operations of the Ecozone;
- 21 (d) To adopt, alter, use a corporate seal; to contract, lease, buy, sell, acquire,
22 own and dispose of personal or real property of whatever nature; sue and
23 be sued; and otherwise carry out its functions and duties as provided for in
24 this Act;
- 25 (e) To raise or borrow, within the limitation provided by law, and subject to
26 the approval of the Monetary Board of the *Bangko Sentral ng Pilipinas (BSP)*,
27 as the case may be, adequate and necessary funds from local or foreign
28 sources, to finance its projects and programs under this Act, and for this
29 purpose, to issue bonds, promissory notes, and other form of securities, and
30 to secure the same by a guarantee, pledge, mortgage, deed of trust, or an
31 assignment of all or part of its property or assets;

- 1 (f) To regulate and undertake the establishment, construction, operation and
2 maintenance of public utilities, other services, and infrastructure in the
3 Ecozone such as light and power, shipping, barging, stevedoring, cargo
4 handling, hauling, warehousing, storage of cargo, port services or
5 concessions, piers, wharves, bulkheads, bulk terminals, mooring areas,
6 storage areas, roads, telecommunications, transport, bridges, terminals,
7 conveyors, water supply and storage, sewerage, drainage, airport
8 operations in coordination with the Civil Aviation Authority of the
9 Philippines, and such other services or concessions or infrastructure
10 necessary or incidental to the accomplishment of the objectives of this Act;
- 11 (g) To construct, acquire, own, lease, operate and maintain on its own or
12 through contracts, franchises, licenses, bulk purchases from the private
13 sector or permits under any of the schemes allowed in Republic Act No.
14 6957, otherwise known as the "Build-Operate-Transfer Law", as amended,
15 or joint venture, adequate facilities and infrastructure required or needed
16 for the operation and development of Ecozone, in coordination with
17 appropriate national and local government authorities and in conformity
18 with applicable laws thereon;
- 19 (h) To approve plans, programs and projects of the Ecozone, to be submitted
20 to the Regional Development Council for inclusion and inputs to the overall
21 Regional Development Plan;
- 22 (i) To operate on its own, either directly or through licenses to others, tourism-
23 related activities, including games, amusements, recreational and sports
24 facilities, subject to the approval and supervision of the Philippine
25 Amusement and Gaming Corporation;
- 26 (j) To protect, preserve, maintain and develop the forests, beaches, corals and
27 coral reefs, and maintain the ecological balance within the Ecozone.
28 Notwithstanding the power of the AEZA to create rules for such purpose,
29 the rules and regulations of the Department of Environment and Natural
30 Resources and other government agencies involved in the above functions
31 shall be implemented by the AEZA;

- 1 (k) To adopt, implement and enforce reasonable measures and standards to
2 control pollution within the Ecozone;
- 3 (l) To create, operate or contract to operate such functional units or offices of
4 the AEZA as it may deem necessary;
- 5 (m) To issue certificates of origin for products manufactured or processed in
6 the Ecozone in accordance with prevailing rules of origin and the pertinent
7 regulations of the PEZA, the DTI, and the DOF;
- 8 (n) To establish one-stop shops for the issuance of all necessary permits,
9 clearances, licenses, and other similar certifications to conduct such
10 activities intended to improve the ease of doing business within the
11 Ecozone, in coordination with government agencies having jurisdiction
12 over activities therein: Provided, That all government agencies are directed
13 to provide and extend utmost and full cooperation to the AEZA in the
14 establishment of such one-stop shops;
- 15 (o) To ensure that the area covered by the Ecozone is secure at all times:
16 Provided, That the Armed Forces of the Philippines (AFP) or the Philippine
17 National Police (PNP) shall not interfere in the internal affairs of the AEZA
18 except to provide the necessary security and defense, or law enforcement
19 assistance, as the case may be: *Provided, finally*, That expenses of the AFP or
20 the PNP in the Ecozone shall be borne by the national government;
- 21 (p) To issue rules and regulations consistent with the provisions of this Act as
22 may be necessary to implement and accomplish the purposes, objectives
23 and policies herein provided; and
- 24 (q) To exercise such powers as may be essential, necessary or incidental to the
25 powers granted to it by this Act, as well as those that shall enable it to carry
26 out, implement, and accomplish the purposes, objective and policies set
27 forth in this Act.

28 Sec. 12. *Board of Directors of AEZA.* - The powers of the AEZA shall be vested in
29 and exercised by a Board of Directors hereinafter referred to as the Board, which shall
30 be composed of fifteen (15) members, to wit:

- 31 (a) The Chairperson who shall, at the same time, be the Administrator of the
32 AEZA;

- 1 (b) Four (4) representatives of the national government;
- 2 (c) Municipal Mayors of municipalities included in the area of the Ecozone, as *ex*
3 *officio* voting members, which, however, in no case shall exceed a total number
4 of five (5) members;
- 5 (d) Two (2) representatives of labor from among the workers in the Ecozone;
- 6 (e) Two (2) representatives from the business and investment sectors in the
7 Ecozone, one (1) of whom must come from the local investors of the Province
8 of Antique, while the other one (1) must come from the non-resident investors
9 within the Ecozone; and
- 10 (f) One (1) representative of the private sector preferably a resident of the
11 Province of Antique.

12 The Chairperson and the members of the Board, except the *ex officio* members,
13 shall be appointed by the President of the Philippines to serve for a term of three (3)
14 years, unless sooner removed for cause or dies or resigns voluntarily. In case of death,
15 resignation or removal for cause, the replacement shall serve only the unexpired
16 portion of the term.

17 No person shall be appointed by the President of the Philippines as a member
18 of the Board unless he is a Filipino citizen, of good moral character and of recognized
19 competence in some relevant fields in business, banking, shipping, business or labor
20 management, port operations, engineering, or law.

21 Members of the Board shall receive a reasonable *per diem* which shall not be less
22 than the amount equivalent to the representation and transportation allowances of the
23 members of the Board and/or as may be determined by the Department of Budget
24 and Management; *Provided, however,* That the total *per diem* collected each month shall
25 not exceed the equivalent *per diems* of four (4) meetings. Unless and until the President
26 of the Philippines has fixed a higher *per diem* for the members of the Board, such *per*
27 *diem* shall not be more than Ten thousand pesos (Php 10,000.00) for every Board
28 meeting.

29 Sec. 13. *Chairperson and Administrator* - The President of the Philippines shall
30 appoint a professional manager as administrator of the AEZA whose compensation
31 shall be determined by its Board of Directors and shall be in accordance with the
32 revised compensation and position classification system, who shall be the *ex officio*

1 chairperson of the Board of Directors. The Chairperson and Administrator of AEZA
2 shall be responsible to the Board and the President of the Philippines for the efficient
3 management and operation of the Ecozone.

4 Sec. 14. *Capitalization.* - The AEZA shall have an authorized capital stock of two
5 billion (2,000,000,000) no par shares with a minimum issue value of Ten pesos
6 (Php10.00) each. The national government shall initially subscribe and fully pay three
7 hundred million (300,000,000) shares of such capital stock. The initial amount
8 necessary to subscribe and pay for the shares of stock shall be included in the General
9 Appropriations Act of the year following its enactment into law and thereafter. The
10 Board of Directors of AEZA may, from time to time and with the written concurrence
11 of the Secretary of Finance, increase the issue value of the shares representing the
12 capital stock of the AEZA. The Board of Directors of AEZA, with the written
13 concurrence of the Secretary of Finance, may sell shares representing not more than
14 forty per centum (40%) of the capital stock of the AEZA to the general public with
15 such annual dividend policy as the Board and the Secretary of Finance may determine.
16 The national government shall in no case own less than sixty per centum (60%) of the
17 total issued and outstanding capital stock of the AEZA.

18 Sec. 15. *Supervision.* - The Ecozone shall be under the direct control and
19 supervision of the Office of the President of the Philippines for purposes of policy
20 direction and coordination, in the meantime that the agency tasked with the
21 coordination of special economic zones is not yet in place.

22 Sec. 16. *Relationship with the Local Government Units of Antique.* - In case of any
23 conflict between the AEZA and the local government units of Antique on matters
24 affecting the Ecozone other than in defense and security matters, the decision of AEZA
25 shall prevail.

26 Sec. 17. *Legal Counsel.* - The AEZA and the corporations in which AEZA owns
27 a majority of the issued capital stock shall have its own internal legal counsel under
28 the supervision of the government corporate counsel. When the exigencies of its
29 businesses and operations demand it, the AEZA may engage the services of an outside
30 counsel either on a case to case basis or on a fixed retainer.

31 Sec. 18. *Auditor.* - The Commission on Audit shall appoint a representative who
32 shall be a full-time auditor of the AEZA and its subsidiaries, and assign such number

1 of personnel as may be necessary to assist said representative in the performance of
2 his or her duties. The salaries and emoluments of the assigned auditor and personnel
3 of the commission on Audit shall be in accordance with the revised compensation and
4 position classification system. The Commission on Audit shall render an annual
5 report to the President of the Philippines and to Congress on the business activities,
6 transactions and operations of the AEZA.

7 Sec. 19. *Implementing Rules and Regulations.* - The DTI, the DOF, the LGU and
8 the Department of the Interior and Local Government shall formulate the
9 implementing rules and regulations of this Act within ninety (90) days after its
10 approval. Such rules and regulations shall take effect fifteen (15) days after their
11 publication in a newspaper of general circulation in the Philippines

12 Sec. 20. *Separability Clause.* - If any provision of this Act shall be held
13 unconstitutional or invalid, the other provisions not otherwise affected shall remain
14 in full force and effect.

15 Sec. 21. *Repealing Clause.* - All laws, executive orders or issuances, or any parts
16 thereof which are inconsistent herewith are hereby repealed or amended accordingly.

17 Sec. 22. *Effectivity Clause.* - This Act Shall take effect upon its publication in at
18 least one (1) newspaper of general circulation.

Approved,