



HOUSE OF REPRESENTATIVES

H. No. 10108

BY REPRESENTATIVES BARONDA, 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.), 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. 1180

**AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF ILOILO, PROVINCE
OF ILOILO, CREATING FOR THE PURPOSE THE METRO ILOILO SPECIAL
ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR**

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

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2

**CHAPTER 1
GENERAL PROVISIONS**

1 banking, financial, and investment center with suitable residential areas;

2

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

7

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

13

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

18

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

27

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

36

37 g) Goods manufactured by a MILOECOZONE enterprise shall be made available for

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

- 8 h) The defense of the MILOECOZONE and the security of its perimeter fence shall be
9 the responsibility of the national government in coordination with the MISEZA and
10 the concerned LGUs.

11
12 **SEC. 6. *Development Goals of the MILOECOZONE.*** – The MISEZA shall
13 determine the development goals of the MILOECOZONE within the framework of national
14 development plans, policies, and goals. The Chairperson-Administrator shall, upon
15 approval by the Board of the MISEZA submit the MILOECOZONE plans, programs, and
16 projects to the Regional Development Council for inclusion in the regional development
17 plan.

18
19 **SEC. 7. *Capitalization.*** – The MISEZA shall have an authorized capital stock of
20 two billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos
21 (Php10.00) each, the majority shares of which shall be subscribed and paid for by the
22 national government and the LGUs embracing the MILOECOZONE. The Board of
23 Directors of the MISEZA may, with the written concurrence of the Secretary of Finance,
24 sell shares representing not more than forty *per centum* (40%) of the capital stock of the
25 MISEZA to the general public under such policy as the Board and the Secretary of Finance
26 may determine. The national government and the LGUs shall in no case own less than
27 sixty *per centum* (60%) of the total issued and outstanding capital of the MISEZA.

28
29 The amount necessary to subscribe and pay for the shares of the national
30 government to the capital stock of the MISEZA shall be included in the General
31 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal
32 revenue allotment and other local funds.

33
34 **SEC. 8. *Principal Office of the MISEZA.*** – The MISEZA shall maintain its principal
35 office in the City of Iloilo but it may establish liaison offices within the Philippines as may
36 be necessary for the proper conduct of its business.

1 **SEC. 9. Powers and Functions of the MISEZA.** – The MISEZA shall have the
2 following powers and functions:

3
4 a) To operate, administer, manage, and develop the MILOECOZONE according to the
5 principles and provisions set forth in this Act;

6
7 b) To register, regulate, and supervise the enterprises in the MILOECOZONE in an
8 efficient and decentralized manner, subject to existing laws;

9
10 c) To coordinate with LGUs and exercise general supervision over the development
11 plans, activities, and operations of the MILOECOZONE;

12
13 d) To regulate and undertake the establishment, construction, operation, and
14 maintenance of public utilities, other services, and infrastructure in the
15 MILOECOZONE such as light and power, shipping, barging, stevedoring, cargo
16 handling, hauling, warehousing, storage of cargo, port services or concessions,
17 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
18 telecommunications, transport, bridges, terminals, conveyors, water supply and
19 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation
20 Authority of the Philippines, and such other services or concessions or infrastructure
21 necessary or incidental to the accomplishment of the objectives of this Act;

22
23 e) To construct, acquire, own, lease, operate, and maintain on its own or through
24 contracts, franchise, licenses, bulk purchase from the private sector or permits under
25 any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build-
26 Operate-Transfer Law”, as amended, or joint venture, adequate facilities and
27 infrastructure required or needed for the operation and development of the
28 MILOECOZONE, in coordination with appropriate national and local government
29 authorities and in conformity with applicable laws thereon;

30
31 f) To approve plans, programs, and projects of the MILOECOZONE to be submitted to
32 the Regional Development Council for inclusion in the regional development plan;

33
34 g) To operate on its own, either directly or through licenses to others, tourism-related
35 activities, including games, amusements, recreational and sports facilities, subject
36 to the approval and supervision of the Philippine Amusement and Gaming

1 Corporation;

2
3 h) To raise or borrow, within the limitation provided by law, and subject to the approval
4 of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the case may
5 be, adequate and necessary funds from local or foreign sources, to finance its
6 projects and programs under this Act and for this purpose, to issue bonds,
7 promissory notes, and other forms of securities, and to secure the same by a
8 guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its
9 property or assets;

10
11 i) To protect, preserve, maintain, and develop the forests, beaches, corals, and coral
12 reefs, and maintain ecological balance within the MILOECOZONE. Notwithstanding
13 the power of the MISEZA to create rules for such purpose, the rules and regulations
14 of the Department of Environment and Natural Resources and other government
15 agencies involved in the above functions shall be implemented by the MISEZA;

16
17 j) To create, operate or contract to operate such functional units or offices of the
18 MISEZA as it may deem necessary;

19
20 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or
21 otherwise dispose of personal or real property of whatever nature; sue and be sued;
22 and otherwise carry out its functions and duties as provided for in this Act;

23
24 l) To issue certificates of origin for products manufactured or processed in
25 MILOECOZONE in accordance with prevailing rules of origin and the pertinent
26 regulations of the PEZA, the DTI, and the Department of Finance (DOF);

27
28 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
29 licenses, and other similar certifications to conduct such activities intended to
30 improve the ease of doing business within the MILOECOZONE, in coordination with
31 government agencies having jurisdiction over activities therein: *Provided*, That all
32 government agencies are directed to provide and extend utmost and full cooperation
33 to the MISEZA in the establishment of such one-stop shops;

34
35 n) To ensure that the area covered by the MILOECOZONE is secure at all times:
36 *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine National
37 Police (PNP) shall not interfere in the internal affairs of the MISEZA except to provide

1 the necessary security and defense, or law enforcement assistance, as the case
2 may be: *Provided, finally*, That expenses of the AFP or the PNP in the
3 MILOECOZONE shall be borne by the national government;

4
5 o) To exercise such powers as may be essential, necessary or incidental to the powers
6 granted to it by this Act, as well as those that shall enable it to carry out, implement
7 and accomplish the purposes, objectives, and policies of set forth in this Act; and

8
9 p) To issue rules and regulations consistent with the provisions of this Act as may be
10 necessary to accomplish and implement the purposes, objectives, and policies
11 provided herein.

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

- 16
17 a) A Chairperson, who shall at the same time be the administrator of the MISEZA;
18 b) A Vice-Chairperson who shall be elected from among the members of the Board of
19 Directors;
20 c) Members consisting of:
21 1) The Governor of the Province of Iloilo or a duly-authorized representative from
22 the Provincial Government of Iloilo;
23 2) One (1) of the mayors of the municipalities covered by the ecozone;
24 3) One (1) representative from the investors' group; and
25 4) One (1) representative from among the workers in the MILOECOZONE.

26
27 The Governor or the Governor's duly authorized representative and the mayors of
28 the municipalities within the ecozone shall serve as *ex officio* members of the Board,
29 whose terms in the Board shall correspond to their terms as elected officials.

30
31 The Chairperson-Administrator and the members of the Board, except for the
32 representatives of the investors and workers groups and the *ex officio* members, shall be
33 appointed by the President of the Philippines to serve for a term of six (6) years, unless
34 sooner separated from service due to death, voluntary resignation or removal for cause.
35 In case of death, resignation or removal for cause, their replacements shall serve only the
36 unexpired portion of the respective terms. No person shall be appointed as a member of
37 the Board unless the person is a Filipino citizen, of good moral character, of proven probity

1 and integrity, and a degree holder in any of the following fields: economics, business,
2 public administration, law, management or their equivalent, and with at least ten (10) years
3 relevant working experience, preferably in the field of management or public
4 administration.

5
6 The members of the Board, except the *ex officio* members, shall each receive *per*
7 *diem* allowance at rates to be determined by the Department of Budget and Management
8 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
9 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings
10 unless and until the President of the Philippines has fixed a higher rate for the *per diem*
11 allowance for the members of the Board, such allowance shall not be more than Ten
12 thousand pesos (Php10,000.00) for every Board meeting.

13
14 **SEC. 11. Organization and Personnel.** – The Board of Directors of the MISEZA
15 shall provide for its organization and staff. The Board shall appoint and fix the
16 remuneration and other emoluments of its officers and employees in accordance with
17 existing laws on compensation and position classification. The Board shall have exclusive
18 and final authority to promote, transfer, assign, reassign, or remove officers of the
19 MISEZA, any provision of existing law to the contrary notwithstanding. The Chairperson-
20 Administrator shall execute the decisions of the Board.

21
22 The officers and employees of the MISEZA, including all members of the Board,
23 shall not engage directly or indirectly in partisan activities nor take part in any election,
24 except to vote.

25
26 No officer or employee of the MISEZA, shall be removed or suspended except for
27 cause, as provided by civil service rules and regulations.

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

- 30
31 a) To direct and manage the affairs of MISEZA in accordance with the policies of the
32 Board;
33
34 b) To establish the internal organization of the MISEZA under such conditions that
35 the Board may prescribe;

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

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

26 CHAPTER III

27 INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS

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

- 34 a) Must be at least eighteen (18) years of age;
35 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
36 c) Must not be afflicted with any dangerous or contagious disease;

- 1 d) Must not have been confined in an institution for any mental disorder or disability;
2 and
3 e) Must be financially capable as borne out by credible and verifiable evidence.

4
5 With an investor's visa, an alien shall be entitled to reside in the Philippines while
6 the investment subsists. The alien investor shall submit an annual report, in the form duly
7 prescribed for the purpose, to prove that the investment in the country subsists. Should
8 said alien investor withdraw the investments from the Philippines, then the investor's visa
9 issued to said alien shall automatically expire and be withdrawn.

10
11 The authority to issue visas and work permits shall remain with the Bureau of
12 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
13 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
14 of such visas and permits for workers in the MILOECOZONE and coordinate closely with
15 the MISEZA to facilitate the conduct of business operations.

16
17 **SEC. 15. Fiscal Incentives.** – Registered enterprises of the MILOECOZONE may
18 be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the
19 National Internal Revenue Code, as amended.

20
21 **SEC. 16. Rules and Regulations Rules and Regulations Governing Banks**
22 **and Other Financial Institutions.** – Banks and other BSP-supervised financial
23 institutions to be established in the MILOECOZONE shall be under the supervision of the
24 BSP and subject to existing banking laws, rules and regulations.

25
26 **SEC. 17. Remittances.** – In the case of foreign investments, a duly registered
27 entity or enterprise within the MILOECOZONE shall have the right to remit earnings to its
28 investors in the currency in which the investment was originally made and at the exchange
29 rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653,
30 otherwise known as the “New Central Bank Act” as amended.

31
32 **CHAPTER IV**
33 **NATIONAL GOVERNMENT AND OTHER ENTITIES**
34

35 **SEC. 18. Supervision and Control.** – For purposes of policy direction and
36 coordination, the MISEZA shall be under the direct control and supervision of the Office of
37 the President of the Philippines.

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

4

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

7

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

Approved,