



**HOUSE OF REPRESENTATIVES**

**H. No. 10108**

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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

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**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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**CHAPTER 1  
GENERAL PROVISIONS**

1           **SECTION 1. *Short Title.*** – This Act shall be known as the “Metro Iloilo Special  
2 Economic Zone Act.”

3  
4           **SEC. 2. *Declaration of Policy.*** – It is declared the policy of the State to encourage,  
5 promote, and accelerate the sound and balanced industrial, economic, and social  
6 development of the country. The establishment of special economic zones shall attract  
7 legitimate and productive foreign investments in strategic locations in the country. It shall  
8 generate employment, enhance productivity, and increase individual and family incomes,  
9 thereby enhancing the quality of life of the Filipino people.

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11                                   **CHAPTER II**  
12                                   **CREATION OF THE ECONOMIC ZONE**  
13

14           **SEC. 3. *Creation of the Metro Iloilo Special Economic Zone.*** – In accordance  
15 with the foregoing declared policy and subject to the concurrence of the concerned local  
16 government units (LGUs) of Iloilo, there is hereby established a special economic zone,  
17 hereinafter referred to as the Metro Iloilo Special Economic Zone or MILOECOZONE. The  
18 MILOECOZONE shall cover a particular area located in the City of Iloilo, the specific metes  
19 and bounds of which shall be more particularly defined in a presidential proclamation that  
20 shall be issued for this purpose: *Provided, That* the lands embraced therein shall be  
21 contiguous to one another.

22  
23           **SEC. 4. *Creation of the Metro Iloilo Special Economic Zone Authority.*** – There  
24 is hereby created a body corporate to be known as the Metro Iloilo Special Economic Zone  
25 Authority, hereinafter referred to as the MISEZA which shall manage and operate the  
26 MILOECOZONE, in accordance with the provisions of this Act. The corporate life of the  
27 MISEZA shall expire in fifty (50) years, counted from the first year after the effectivity of  
28 this Act, unless otherwise extended by Congress. It shall be organized within one hundred  
29 eighty (180) days after the effectivity of this Act.  
30

31           **SEC. 5. *Governing Principles.*** – The MISEZA shall manage and operate the  
32 MILOECOZONE, under the following principles:  
33

- 34 a) Within the framework and limitations of the Constitution and applicable provisions of  
35 Republic Act No. 7160, or the Local Government Code, as amended, the  
36 MILOECOZONE shall be developed into and operated as a decentralized, self-  
37 reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist,

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

28

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. 19. *Relationship with Local Government Units.*** – Except as herein  
2 provided, the LGUs comprising the MILOECOZONE shall retain their basic autonomy and  
3 identity. The City of Iloilo, Province of Iloilo, shall operate and function in accordance with  
4 the framework of the Constitution, the Local Government Code of 1991, as amended, and  
5 this Act.

6  
7           In case of any conflict among the MISEZA, the LGUs and the national government  
8 on matters affecting the MILOECOZONE, other than national defense and security  
9 matters, the decision of the MISEZA shall prevail.

10  
11           **SEC. 20. *Audit.*** – The Commission on Audit shall appoint a full-time auditor for the  
12 MISEZA and may assign such number of personnel as may be necessary to assist the  
13 auditor in the performance of the auditor's functions.

14  
15                                                                   **CHAPTER V**  
16                                                                   **MISCELLANEOUS**

17  
18           **SEC. 21. *Interpretation and Construction.*** – The powers, authorities and  
19 functions that are vested in the MISEZA are intended to establish national self-sufficiency  
20 and self-reliance in the advancement of and protection of the national integrity,  
21 enhancement of national security, decentralization of governmental functions and  
22 authority, and promotion of an efficient and effective working relationship among the  
23 MISEZA, the national government and the LGUs. Any interpretation of this Act shall  
24 consider such intentions. In the event of conflict of interpretation and provided the  
25 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of  
26 an interpretation that shall protect national security.

27  
28           **SEC. 22. *Applicability Clause.*** – Insofar as they are consistent with the provisions  
29 of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known  
30 as "The Special Economic Zone Act of 1995", as amended, shall likewise apply to the  
31 MILOECOZONE.

32  
33           **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from  
34 effectivity of this Act, the DTI shall, in coordination with the DOF and the National  
35 Economic and Development Authority, formulate rules and regulations for the effective  
36 implementation of the provisions of this Act.

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,