



23 JAN 30 P2:05

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

RECEIVED BY: 

SENATE
S.B. No. 1800

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN ORMOC
CITY, PROVINCE OF LEYTE TO BE KNOWN AS THE "EASTERN VISAYAS
SPECIAL ECONOMIC ZONE AND FREE PORT", AND APPROPRIATING FUNDS
THEREFOR

EXPLANATORY NOTE

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


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

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

This bill seeks to establish a special economic zone in Ormoc City, Province of Leyte to be known as Eastern Visayas Special Economic Zone, which shall be managed

and operated by the Eastern Visayas Special Economic Zone Authority. The creation of the Eastern Visayas Special Economic Zone will alleviate and improve the economic condition of Province of Leyte and nearby provinces. The residents will be assured of local employment opportunities which will accelerate the economic growth not only in the area but in the nearby provinces as well.

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


IMEE R. MARCOS



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

CHAPTER I

GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the "*Eastern Visayas Special Economic Zone and Free Port 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.

1
2
3 **CHAPTER II**
4 **CREATION OF THE ECONOMIC ZONE AND FREEPORT**
5

6 **SEC. 3.** *Creation of the Eastern Visayas Special Economic Zone and Free Port.*

7 – In accordance with the foregoing declared policy and subject to the concurrence of
8 the concerned local government units (LGUs) of the Ormoc City, Province of Leyte,
9 there is hereby established a special economic zone, hereinafter referred to as the
10 Eastern Visayas Special Economic Zone or EVIS Ecozone. The specific metes and
11 bounds of the EVIS Ecozone shall be more particularly defined in a presidential
12 proclamation that shall be issued for this purpose: *Provided*, That the lands embraced
13 therein shall be contiguous to one another.

14 **SEC. 4.** *Creation of the Eastern Visayas Special Ecozone Authority.* – There is

15 created a body corporate to be known as the Eastern Visayas Special Economic Zone
16 Authority, hereinafter referred to as the EVIS Authority, which shall manage and
17 operate the EVIS Ecozone in accordance with the provisions of this Act. The corporate
18 life of the EVIS Authority shall expire in fifty (50) years, counted from the first year
19 after the effectivity of this Act, unless otherwise extended by Congress. It shall be
20 organized within one hundred eighty (180) days after the effectivity of this Act.

21 **SEC. 5.** *Governing Principles.* – The EVIS Authority shall manage and operate

22 the EVIS Ecozone, under the following principles:

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

28 b) The EVIS Ecozone shall be equipped with transportation, telecommunications,
29 and other facilities needed to attract legitimate and productive investments, generate
30 linkage industries and employment opportunities for the people of the Ormoc City,
31 Province of Leyte and those in neighboring towns and cities;

32 c) c) The EVIS Ecozone may establish mutually beneficial economic relations
33 with other entities or enterprises within the country or, subject to the administrative
34 guidance of the Department of Foreign Affairs, the Philippine Economic Zone Authority

1 (PEZA), and the Department of Trade and Industry (DTI), with foreign entities or
2 enterprises;

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

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

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

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

29 h) The defense of the EVIS Ecozone and the security of its perimeter fence shall
30 be the responsibility of the national government in coordination with the EVIS Authority
31 and the concerned LGUs.

32 **SEC. 6. *Development Goals of the EVIS Ecozone.*** – The EVIS Authority shall
33 determine the development goals of the EVIS Ecozone within the framework of national
34 development plans, policies, and goals. The Chairperson-Administrator shall, upon

1 approval by the Board of the EVIS Authority, submit the EVIS Ecozone plans, programs,
2 and projects to the Regional Development Council for inclusion in the regional
3 development plan.

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

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

18 **SEC. 8. Principal Office of the EVIS Authority.** – The EVIS Authority shall
19 maintain its principal office in the Ormoc City, Province of Leyte, but it may establish
20 liaison offices within the Philippines as may be necessary for the proper conduct of its
21 business.

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

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

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

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

30 d) To regulate and undertake the establishment, construction, operation, and
31 maintenance of public utilities, other services, and infrastructure in the EVIS Ecozone
32 such as light and power, shipping, barging, stevedoring, cargo handling, hauling,

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1 Board of Directors;

2 c) Members consisting of:

3 1) The Governor of the Province of Leyte or a duly-authorized
4 representative from the Provincial Government of Leyte;

5 2) One (1) of the mayors of the cities covered by the ecozone;

6 3) One (1) representative from the investors' group; and

7 4) One (1) representative from among the workers in the EVIS Ecozone.

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

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

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

1 not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.

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

9 The officers and employees of the EVIS Authority, including all members of the
10 Board, shall not engage directly or indirectly in partisan activities nor take part in any
11 election, except to vote.

12 No officer or employee of the EVIS Authority, shall be removed or suspended
13 except for cause, as provided by civil service rules and regulations.

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

16 a) To direct and manage the affairs of the EVIS Authority in accordance with
17 the policies of the Board;

18 b) To establish the internal organization of the EVIS Authority under such
19 conditions that the Board may prescribe;

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

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

24 e) To submit to the Board for its approval, policies, systems, procedures, rules,
25 and regulations that are essential to the operation of the EVIS Authority Ecozone;

26 f) To recommend to the Board the remuneration and other emoluments of its
27 officers and employees in accordance with existing laws on compensation and position

1 classification;

2 g) To create a mechanism in coordination with relevant agencies for the
3 promotion of industrial peace, the protection of the environment, and the advancement
4 of the quality of life in the EVIS Authority Ecozone; and

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

7 **SEC. 13. *Legal Counsel.*** – The EVIS Authority shall have its own internal legal
8 counsel who shall be under the supervision of the Government Corporate Counsel.
9 When the exigencies of business and operations demand it, the EVIS Authority may
10 engage the services of an outside counsel either on a case to case or on a fixed retainer
11 basis.

12 **CHAPTER III**

13 **INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS**

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

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

25 With an investor's visa, an alien shall be entitled to reside in the Philippines while
26 the investment subsists. The alien investor shall submit an annual report, in the form

1 duly prescribed for the purpose, to prove that the investment in the country subsists.
2 Should said alien investor withdraw the investments from the Philippines, then the
3 investor's visa issued to said alien shall automatically expire and be withdrawn.

4 The authority to issue visas and work permits shall remain with the Bureau of
5 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
6 *Provided, That* the BI and the DOLE shall implement measures to expedite the
7 processing of such visas and permits for workers in the EVIS Ecozone and coordinate
8 closely with the EVIS Authority to facilitate the conduct of business operations.

9 **SEC. 15. Fiscal Incentives.** – Registered enterprises operating within the
10 Eastern Visayas Special Economic Zone may be entitled to the existing fiscal incentives
11 provided and granted under Title XIII (Tax Incentives) of the National Internal Revenue
12 Code of 1997, as amended by Republic Act No. 11534, otherwise known as the
13 "*Corporate Recovery and Tax Incentives for Enterprises Act*".

14 **SEC. 16. Administration, Implementation and Monitoring of Incentives.** – In the
15 interest of enhancing transparency in the management and accounting of tax incentives
16 in the EVIS Ecozone, and ensuring the proper administration, management,
17 enforcement, implementation and monitoring of tax incentives, the EVIS Authority shall
18 comply with the provisions of Republic Act No. 11534, otherwise known as the
19 "*Corporate Recovery and Tax Incentives for Enterprises Act*".

20 The BOC shall set up and establish a customs-controlled area outside the
21 premises of the EVIS Ecozone to facilitate payment of duties and taxes on goods
22 entering the Philippine customs territory: *Provided, That* notwithstanding the
23 limitations on this Act, the EVIS Authority and BOC may coordinate and jointly
24 implement measures on border protection.

25 **SEC. 17. Banking Rules and Regulations.** – Banks and financial institutions to
26 be established in the EVIS Ecozone shall be under the supervision of the BSP and
27 subject to existing banking laws, rules and regulations.

1 and authority, and promotion of an efficient and effective working relationship among
2 the EVIS Authority, the national government and the LGUs. Any interpretation of this
3 Act shall consider such intentions. In the event of conflict of interpretation and provided
4 the intentions cannot be harmonized, the provisions of this Act shall be construed in
5 favor of an interpretation that shall protect national security.

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

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

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

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

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

Approved,