

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



23 MAY 24 P5:23

**SENATE**  
S. No. 2246

RECEIVED BY: \_\_\_\_\_

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Introduced by Senator Robinhood Padilla

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**AN ACT**  
**ESTABLISHING THE JOSE PANGANIBAN SPECIAL ECONOMIC ZONE AND**  
**FREEPORT, PROVINCE OF CAMARINES NORTE AND APPROPRIATING**  
**FUNDS THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

This bill seeks to create a special economic zone and freeport in the municipality of Jose Panganiban, 1st District of Camarines Norte. This is consistent with Article II, Section 20 of the 1987 Philippine Constitution which provides that, *"The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."*

Special economic zones are selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial tourist/recreational, commercial banking, investment and financial centers. On the other hand, freeports are areas where imported goods may be unloaded for immediate transshipment or stored, repacked, sorted, mixed, or otherwise manipulated with being subject to import duties.

The special economic zone and freeport operate under special economic regulations and policies to attract investments - both domestic and foreign. These zones are designed to stimulate economic growth, increase and promote trade activities, and achieve regional development.

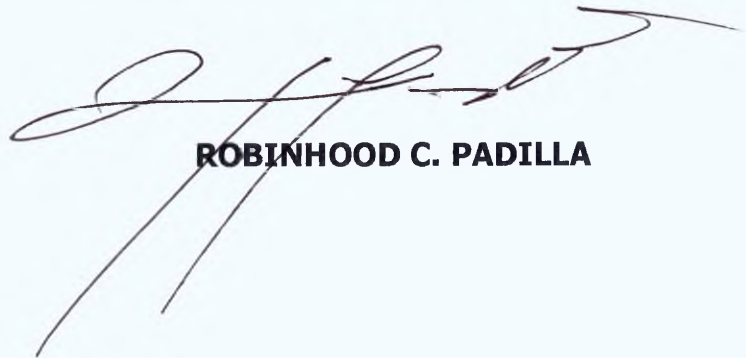
By providing a favorable business environment and offering different types of incentives, the special economic zones and freeport can unlock opportunities especially to more than 600,000 Bicolanos who consider the province of Camarines Norte as their home.

In the 2022 Ranking of Provinces conducted by the Department of Trade and Industry (DTI), all provinces were ranked based on economic dynamism, government efficiency, infrastructure, resiliency and innovation, Camarines Norte ranked 48th out of 81 provinces, garnering a low score of 29.2050.

The proposed measure is expected to bring in needed investments to improve the economic situation of the province. More investments imply many enterprises doing business in the province, which in effect, generate jobs for Bicolanos.

As a proud Bicolano, it is my fervent hope that this proposed measure will bring the much needed development in the province of Camarines Norte.

It is in this regard, that the passage of this bill is earnestly sought.




**ROBINHOOD C. PADILLA**

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

**CHAPTER I**

**GENERAL PROVISIONS**

1  
2  
3 Section 1. *Short Title.* — This Act shall be known as the “Jose Panganiban  
4 Special Economic Zone and Freeport Act.”

5 Sec. 2. *Declaration of Policy.* — It is declared the policy of the State to  
6 encourage, promote, and accelerate the sound and balanced industrial, economic and  
7 social development of the country. The establishment of special economic zones  
8 attract legitimate and productive foreign investments in strategic locations in the  
9 country which will result in general employment, increase productivity, and per capita  
10 income thereby enhancing the quality of life of the Filipino people.

**CHAPTER II**

**CREATION OF THE ECONOMIC ZONE AND FREEPORT**

11  
12  
13 Sec. 3. *Creation of the Jose Panganiban Special Economic Zone and Freeport.*  
14 — Subject to the concurrence of the local government units (LGUs) of Jose  
15 Panganiban, there is hereby established a Special Economic Zone and Freeport which  
16 shall cover a particular land area in the municipality of Jose Panganiban as may be

1 determined hereinafter. Its specific metes and bounds shall be particularly defined in  
2 a presidential proclamation that shall be issued by the President: *Provided*, That the  
3 lands embraced therein shall be contiguous and adjacent.

4       Sec. 4. *Creation of the Jose Panganiban Special Economic Zone and Freeport*  
5 *Authority.* — There is hereby created a body corporate to be known as the "Jose  
6 Panganiban Special Economic Zone and Freeport Authority" (JPSEZFA) which shall  
7 manage and operate the Jose Panganiban Ecozone and shall be organized within one  
8 hundred eighty (180) days after the effectivity of this Act.

9       It shall have a corporate life of fifty (50) years counted from the effectivity of  
10 this Act, unless otherwise extended by Congress.

11       SEC. 5. *Governing Principles.* — The JPSEZFA shall manage and operate the  
12 Jose Panganiban Ecozone under the following principles:

- 13       a) Within the framework and limitations of the Constitution and applicable  
14       provisions of the Local Government Code;
- 15       b) 1The Jose Panganiban Ecozone shall have a domestic and international airport  
16       and be developed into and operated as a decentralized, self-reliant and self-  
17       sustaining industrial, commercial, trading, agro-industrial, tourist, banking,  
18       financial, and investment center. It shall also provide suitable residential areas  
19       within Jose Panganiban Ecozone;
- 20       c) The Jose Panganiban Ecozone shall be equipped with transportation,  
21       telecommunications, and other facilities needed to attract legitimate and  
22       productive investments, generate linkage Industries and employment  
23       opportunities for the people of the Municipality of Jose Panganiban and its  
24       neighboring towns and cities;
- 25       d) The Jose Panganiban Ecozone may establish mutually beneficial economic  
26       relations with other entities or enterprise within the country and, with respect  
27       to foreign entities or enterprise, it shall be subject to the administrative  
28       guidance of the Department of Foreign Affairs (DFA), the Philippine Economic  
29       Zone Authority (PEZA), and/or the Department of trade and Industry (DTI);
- 30       e) Foreign citizens and companies owned by non-Filipinos in whatever proportion  
31       may set up enterprises in the Jose Panganiban Ecozone, either by themselves

1 or in a joint venture with Filipinos in any sector of industry, international trade,  
2 and commerce within the Jose Panganiban Ecozone;

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

10 g) The areas comprising the Jose Panganiban Ecozone may be expanded or  
11 reduced, when necessary, through a Presidential Proclamation issued for the  
12 purpose.

13 h) Goods manufactured by a Jose Panganiban Ecozone entities or enterprises shall  
14 be made available for immediate retail sale in the domestic market, subject to  
15 the payment of corresponding taxes on raw materials and other regulations  
16 that may be formulated by the JPSEZFA together with the PEZA, the Bureau of  
17 Customs (BOC), and the DTI. However, in order to protect domestic industries,  
18 a Negative List of industries shall be drawn up and regularly updated by PEZA.  
19 Entities or enterprises engaged in industries included in the Negative List shall  
20 not be allowed to sell their products locally; and

21 i) The defense of the Jose Panganiban Ecozone and the security of its perimeter  
22 fence shall be the responsibility of the National Government, in coordination  
23 with the JPSEZFA and the LGUs.

24 *Sec. 6. Development Goals of the Jose Panganiban Ecozone.* — The JPSEZFA  
25 shall include in its development goals for the Jose Panganiban Ecozone the  
26 construction and operation of a domestic and international airport and allied  
27 businesses within the framework of national development plans, policies, and goals.  
28 The Chairperson-Administrator shall, upon approval by the Board, submit the Jose  
29 Panganiban Ecozone plans, programs, and projects to the Regional Development  
30 Council for inclusion and inputs to the overall regional development plan.

31 *Sec. 7. Capitalization.* — The JPSEZFA shall have an authorized capital stock of  
32 two billion (2,000,000,000) no-par shares at a minimum issue of Ten pesos (P10.00)

1 each, the majority shares of which shall be subscribed and paid for by the National  
2 Government and the LGUs embracing the JFSEZFA. The Board of Directors of the  
3 JPSEZFA may, with the written concurrence of the Secretary of Finance, sell shares,  
4 representing not more than forty per centum (40%) of the capital stock of the JPSEZFA  
5 to the general public under such policy as the Board and the Secretary of Finance may  
6 determine. The National Government and the LGUs shall in no case own less than  
7 sixty per centum (60%) of the total issued and outstanding capital of the JPSEZFA.

8 The amount necessary to subscribe and pay for the shares of the National  
9 Government to the capital stock of the JPSEZFA shall be included in the annual General  
10 Appropriations Act. For the LGUs concerned, the funds shall be taken from their  
11 National Tax Allocation (NTA) and other local funds.

12 *Sec. 8. Principal Office of the JPSEZFA.* — The JPSEZFA shall maintain Its  
13 principal office at the Jose Panganiban, but It may establish liaison offices within the  
14 Philippines, as may be necessary, for the proper conduct of its business.

15 *Sec 9. Powers and Functions of the JPSEZFA.* — The JPSEZFA shall have the  
16 following powers and functions:

- 17 a) To operate, administer, manage, and develop the Jose Panganiban Ecozone  
18 according to the principles and provisions set forth in this Act,
- 19 b) To register, regulate, and supervise the entities and enterprises in the Jose  
20 Panganiban Ecozone in an efficient and decentralized manner, subject to  
21 existing laws;
- 22 c) To coordinate with LGUs and exercise control and supervision over the  
23 development plans, activities, and operations of the Jose Panganiban Ecozone;
- 24 d) To undertake the establishment, construction, operation, and maintenance of  
25 public utilities, other services, and infrastructure in the Jose Panganiban  
26 Ecozone including, but not limited to, light and power, shipping, barging,  
27 stevedoring, cargo handling, hauling, warehousing, storage of cargo, port  
28 services or concessions, piers, wharves, bulkheads, bulk terminals, mooring  
29 areas, storage areas, roads, telecommunications, transport, bridges, terminals,  
30 conveyors, water supply and storage, sewerage, and drainage: *Provided*, That  
31 such shall be in compliance and coordination with the rules and regulations of  
32 the concerned departments and agencies;

- 1 e) To construct, acquire, own, lease, operate, and maintain on its own or through  
2 contracts, franchise, licenses, bulk purchase from the private sector or permits  
3 under any of the schemes allowed in Republic Act No. 6957, otherwise known  
4 as the "*Build-Operate-Transfer Law*" as amended, or joint venture, adequate  
5 facilities and infrastructure required or needed for the operation and  
6 development of the Jose Panganiban Ecozone, in coordination with appropriate  
7 national and local government authorities and in conformity with applicable  
8 laws thereof;
- 9 f) To approve plans, programs, and projects of the Jose Panganiban Ecozone, to  
10 be submitted to the Regional Development Council for Inclusion and inputs to  
11 the overall Regional Development Plan;
- 12 g) To raise or borrow, within the limitation provided by law, and subject to the  
13 approval of the President of the Philippines and the Monetary Board of the  
14 Bangko Sentral Ng Pilipinas (BSP), upon recommendation of the Department of  
15 Finance, as the case may be, adequate and necessary funds from local or  
16 foreign sources, to finance its projects and programs under this Act and for this  
17 purpose, to issue bonds, promissory notes and other forms of securities, and  
18 to secure the same by a guarantee, pledge, mortgage, deed of trust or an  
19 assignment of all or part of its property or assets;
- 20 h) To create, operate, or contract to operate such functional units or offices of the  
21 JPSEZFA, as it may deem necessary;
- 22 i) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or  
23 otherwise dispose of personal and/or real property of whatever nature; sue and  
24 be sued; and otherwise carry out its functions and duties, as provided for in  
25 this Act;
- 26 j) To issue certificates of origin for products manufactured or processed in the  
27 Jose Panganiban Ecozone, in accordance with prevailing rules of origin and the  
28 pertinent regulations of the PEZA, the DTI and/or, the Department of Finance  
29 (DOF);
- 30 k) To establish one-stop shops for the issuance of all necessary permits,  
31 clearances, licenses, and other similar certifications to conduct such activities  
32 intended to improve the ease of doing business within the Jose Panganiban

1 Ecozone, in coordination with government agencies having jurisdiction over  
2 activities therein: *Provided*, That all government agencies are directed to  
3 provide and extend utmost and full cooperation to the Jose Panganiban  
4 Ecozone in the establishment of such one-stop shops;

5 l) To provide internal security to the Jose Panganiban Ecozone, in coordination  
6 with the Philippine National Police and other agencies and the affected LGU.  
7 For this purpose, the JPSEZFA shall provide and establish its own internal  
8 security and firefighting forces or hire others to provide the same;

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

12 n) To exercise such powers as may be essential, necessary, or incidental to the  
13 powers granted to it hereunder, as well as those that shall enable it to carry  
14 out, implement and accomplish the purposes, objectives, and policies of this  
15 Act.

16 Sec. 10. *Board of Directors of the JPSEZFA.* — The powers of the JPSEZFA shall  
17 be vested in and exercised by a Board of Directors (Board) which shall be composed  
18 of the following:

19 a) The Chairperson, who shall at the same time be the Administrator of the  
20 JPSEZFA;

21 b) A Vice-Chairperson who shall be elected from among the Members of the Board  
22 of Directors;

23 c) Members consisting of:

24 1) The Socioeconomic Planning Secretary or a designated representative of  
25 the National Economic and Development Authority (NEDA) as *ex officio*  
26 member;

27 2) The Secretary or a designated representative of the DTI as *ex officio*  
28 member;

29 3) The Secretary or a designated representative of the DOF as *ex officio*  
30 member;

31 4) One (1) representative from the Province of Camarines Norte as *ex*  
32 *officio* member;



- 1           5) One (1) representative from the Municipality of Jose Panganiban as *ex*  
2           *officio* member;
- 3           6) One (1) representative from business sector whose business is located  
4           within the legislative district covering the premises of the Jose  
5           Panganiban Ecozone as regular member;
- 6           7) One (1) representative from the domestic investors in the Jose  
7           Panganiban Ecozone as regular member;
- 8           8) One (1) representative from the foreign investors in the Jose Panganiban  
9           Ecozone as regular member; and
- 10          9) One (1) representative from the workers working in the Jose Panganiban  
11          Ecozone as a regular member.

12           The Chairperson and the members of the Board shall be appointed by the  
13   President of the Philippines to serve for a term of six (6) years, unless sooner  
14   separated from service due to death, voluntary resignation, or removal for cause. In  
15   case of death, resignation or removal for cause, their replacements shall serve only  
16   the unexpired portion of the respective terms.

17           Regular members shall be appointed by the President of the Philippines as a  
18   member of the Board unless he is Filipino citizen, of good moral character, of proven  
19   probity and integrity, and a degree-holder in any of the following fields: economics,  
20   business, public administration, law, management or their equivalent, and with at least  
21   ten (10) years relevant working experience preferably in the field of management or  
22   public administration.

23           The members of the Board shall each receive per diem at rates to be  
24   determined by the Department of Budget and Management (DBM), in accordance with  
25   existing rules and regulations: *Provided, however,* That the total per diem collected  
26   each month shall not exceed the equivalent per diem for four (4) meetings. Unless  
27   the President has fixed a higher per diem for the members of the Board, such per  
28   diem shall not be more than ten thousand pesos (P10,000.00) for every Board  
29   meeting.

30           **Sec. 11. *Organization and Personnel.*** — The Board of Directors of the JPSEZFA  
31   shall provide for its organizational structure and staff. The Board shall appoint and fix  
32   the remuneration and other emoluments of its officers and employees in accordance

1 with existing laws on compensation and position classification. The Board shall have  
2 exclusive and final authority to promote, transfer, assign, reassign, or remove officers  
3 of the JPSEZFA, any provision of existing law to the contrary notwithstanding. The  
4 Chairperson-Administrator shall execute the decisions of the Board.

5 The officers and employees of the JPSEZFA, including all members of the Board,  
6 shall not engage directly or indirectly in partisan political activities nor take part in any  
7 election, except to vote.

8 No officer or employee of the JPSEZFA, subject to civil service laws and  
9 regulations, shall be removed or suspended except for cause, as provided by Civil  
10 Service Commission's laws and regulations.

11 *Sec. 12. Powers and Duties of the Chairperson-Administrator.* — The  
12 Chairperson-Administrator shall have the following powers and duties:

- 13 a) To direct and manage the affairs of the JPSEZFA in accordance with the policies  
14 of the Board;
- 15 b) To implement internal organization of the JPSEZFA under such conditions that  
16 the Board may prescribe;
- 17 c) To submit an annual budget and necessary supplemental budget to the Board  
18 for its approval;
- 19 d) To submit within thirty (30) days after the close of each fiscal year an annual  
20 report to the Board and such other reports as may be required;
- 21 e) To recommend to the Board for its approval, policies, systems, procedures,  
22 rules and regulations that are essential to the operation of the Jose Panganiban  
23 Ecozone;
- 24 f) To recommend to the Board the remuneration and other emoluments of its  
25 officers and employees in accordance with existing laws on compensation and  
26 position classification;
- 27 g) To create a mechanism in coordination with relevant agencies for the promotion  
28 of industrial peace, the protection of the environment, and the advancement of  
29 the quality of life in the Jose Panganiban Ecozone; and
- 30 h) To perform such other duties as may be assigned by the Board or which are  
31 necessary or incidental to the office.





1 In case of any conflict among the JPSEZFA and the LGUs and the National  
2 Government on matters affecting the Jose Panganiban Ecozone, other than national  
3 defense and security matters, the decision of the JPSEZFA shall prevail.

4 Sec. 21. *Audit.* — Given that the national government shall subscribe to the  
5 majority shares of the capital stock of JPSEZFA, the Commission on Audit shall appoint  
6 a full-time auditor in the JPSEZFA and assign such number of personnel, as may be  
7 necessary, to assist the full-time auditor in the performance of his/her duties. The  
8 salaries and emoluments of the assigned auditor and personnel shall be in accordance  
9 with pertinent laws, rules, and regulations.

## 10 CHAPTER V

### 11 MISCELLANEOUS

12 Sec. 22. *Interpretation and Construction.* — The powers, authorities and  
13 functions that are vested in the JPSEZFA are intended to establish national self-  
14 sufficiency and self-reliance in the advancement of and protection of the national  
15 integrity, enhancement of national security, decentralization of governmental  
16 functions and authority, and promote an efficient and effective working relationship  
17 among the JPSEZFA, the National Government and the LGUs. Any interpretation of  
18 this Act shall consider such intentions. In the event of conflict of interpretation and  
19 provided the intentions cannot be harmonized, the provisions of this Act shall be  
20 construed in favor of an interpretation that would tend to protect national security.

21 Sec. 23. *Applicability Clause.* — Insofar as these are consistent with the  
22 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916  
23 otherwise known as "The Special Economic Zone Act of 1995" shall likewise apply to  
24 the Jose Panganiban Ecozone.

25 Sec. 24. *Implementing Rules and Regulations.* — The DTI, DOF and the NEDA  
26 shall formulate the implementing rules and regulations of this Act.

27 Sec.25. *Separability Clause.* — If any portion or provision of this Act is declared  
28 unconstitutional, the remainder of this Act or any provisions not affected thereby shall  
29 remain in force and effect.

30 Sec. 26. *Repealing Clause.* — Any law, presidential decree or issuance,  
31 executive order, letter of instruction, rule or regulation inconsistent with the provisions  
32 of this Act is hereby repealed or modified accordingly.

1           Sec. 27. *Effectivity Clause.* — This Act shall take effect after fifteen (15) days  
2 following its complete publication in the Official Gazette or a newspaper of general  
3 circulation.

          Approved,