



HOUSE OF REPRESENTATIVES

H. NO. 320

Introduced by Representative Joseller "Yeng" M. Guiao

Explanatory Note

As presently constituted and organized, the Clark Development Corporation ("CDC"), even with the conversion of the Clark main zone and subzone areas into a special economic zone in 1993 and, subsequently, the conversion of the main zone area into a Clark Freeport Zone in 2007, lacks sufficient powers and authorities to meet the pressing challenge of socio-economic development and the ever-rising opportunities for growth and progress of the Central Luzon Region.

Moreover, as an instrument to hasten the growth and development of Central Luzon several provinces, cities and towns of which suffered great devastations inflicted by the eruption of Mt. Pinatubo in June 1991, CDC's present capabilities are sorely inadequate to make timely delivery of goods and services in the most efficient, effective and economical manner, hampering its great potentials to be truly and fully competitive in the global investment market and economy, despite its recent laudable efforts.

The proposed creation of the CORAZON C. AQUINO SPECIAL ECONOMIC ZONE AND FREEPORT AUTHORITY aims at harnessing the Clark main and sub-zone areas and the contiguous areas within and around their immediate vicinities as powerful engines and effective instruments of sustained socio-economic growth and development in Central Luzon in line with the present thrust of President Benigno C. Aquino III and the Medium-Term Development Plan of the National Government.

Therefore, approval of this bill is most respectfully urged.


JOSELLER "YENG" M. GUIAO
Representative
1st District, Pampanga

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AN ACT ESTABLISHING THE CORAZON C. AQUINO SPECIAL ECONOMIC ZONE AND FREEPORT AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

SECTION 1. Title. – This Act shall be known as the "Corazon C. Aquino Special Economic Zone and Freeport Port Authority Act of 2013".

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the Government to actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the country in order to provide jobs to the people, increase their productivity and their individual family income, and thereby improve the level and quality of their condition, through the establishment, among others, of special economic zones and freeports in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive domestic and foreign investments.

SECTION 3. The Corazon C. Aquino Special Economic Zone and Freeport. – In accordance with the foregoing declared policy, it is hereby established a special economic zone and freeport, to be known as the Corazon C. Aquino Special Economic Zone, hereinafter referred to as the Zone, which shall cover (a) the entire Clark main and sub-zone areas covered by the Clark Special Economic Zone ("SEZ") and the areas in the reverted Baselands excluded from the Clark SEZ and all the areas excluded therefrom under Proclamation No. 163, s. 1993, specified respectively as follows:

I. AREAS COVERED BY THE CSEZ	Approx. Area
1. Clark Air Base Proper	4,440 hectares
2. Portion of Clark Reverted Baselands	
a. Zone A	7,205 hectares
b. Zone B (Net of O'Donnel Transmitter Station and Resettlement Area under Proclamation No. 813	3,052 hectares

c. Zone D (Net of Sacobia Area and Resettlement Area under Proclamation No.812)	13,344 hectares
Sub-total	23,601 hectares
Total CEZ Area	28,041 hectares

II. AREAS IN THE REVERTED BASELANDS EXCLUDED FROM THE CLARK SEZ

1. For the Pinatubo Commission Resettlement Sites in Zone B and D	
a. Under Proclamation No. 812 (11 October 1991)	122 hectares
b. Under Proclamation No. 813 (11 October 1991)	348 hectares
2. For Sacobia Development Authority Resettlement Project in Zone D under Proclamation No. 1955 (25 March 1980)	5,612 hectares
3. For DND/Military Use	
a. O'Donnel Transmitter Station	370 hectares
b. O'Donnel excepted Area	1,755 hectares
c. Zone C (Crow Valley)	17,847 hectare
4. For the Department of Agrarian Reform (DAR)	
a. Zone E	7,006 hectares
b. Zone F	1,749 hectares
c. Zone G	1,969 hectares
Total Excluded Areas	36,778 hectares =====

(b) The 10,682 hectares Aetas ancestral domain areas located in the Clark sub-zone covered by Certificate of Ancestral Domain Title ("CADT") under the Indigenous People Republic Act of No. 8371, otherwise known as the IPRA Law of 1997.

(c) The Clark Civil Aviation Complex which is comprised of 2,200 hectares, including the present Clark International Airport, as well as the area of approximately 166.9 hectares within the Clark Industrial Estate 5, which is bounded on the East by the East Perimeter Wall; on the West by the Subic-Clark-Tarlac Expressway ("SCTEX") Interchange; and on the North by the SCTEX Logistics Interchange, collectively referred to as the Complex form part of the Zone but are expressly excluded from the jurisdiction of the Authority. The Complex shall be under the administration of the Clark International Airport Corporation or its duly constituted successor.

SECTION 4. Creation of Corazon C. Aquino Special Economic Zone and Freeport Authority. – A body corporate to be known as the Corazon C. Aquino Special Economic Zone and Freeport Authority, hereinafter referred to as the Authority, is hereby created to manage and operate the Zone, in accordance with the provisions of this Act.

This corporate franchise shall expire in fifty (50) years counted from the first day of the fifth calendar year after the effectivity of the Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

The Authority shall be an independent body which will assume control and supervision over the functions of Clark Development Corporation ("CDC") created pursuant to Executive Order No. 80, Series of 1993.

For this purpose, the Authority shall have the full power to reorganize the organizational structure of CDC consistent with the policy of efficiency and effectiveness.

SECTION 5. Governing Principles. – Under the framework and limitations of the Constitution and the applicable provisions of the Local Government Code, the Zone shall be developed into and operated as a self-sustaining, commercial, financial, investment, tourism, education and sports/recreational center and Freeport with suitable retirement/residential areas, in order to create employment opportunities in and around the Zone, and to effectively encourage and attract legitimate and productive local and foreign investments therein.

Further, indigenous peoples' rights shall be recognized, promoted and protected having in mind the applicability of customary laws governing property rights or relations in determining the ownership and ancestral domain areas located in the Zone.

Except as otherwise provided herein, the local government units totally or partially embraced within the Zone shall retain and maintain their basic autonomy and identity and shall operate and function in accordance with Republic Act No. 7160, otherwise known as the Local Government Act of 1991, insofar as the areas within their respective jurisdiction covered by this Act are concerned.

SECTION 6. Incentives. – Business establishments operating within the Zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, as amended by the Republic Act 7916 or the "Special Economic Zone of 1995", or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investments Code of 1987.

Any provision of existing law, rules or regulations to the contrary notwithstanding, no taxes, local and national, shall be imposed on business establishments operating within the Zone. In lieu of paying taxes, said business establishments shall pay and remit to the national government five per centum (5%) of their gross income to be divided as follows:

- (1) One per centum (1%) shall accrue to the general fund of the national government;
- (2) Two per centum (2%) to be shared by the cities and municipalities affected by the declaration of the Zone in the following manner: 60% to be shared equally by Mabalacat and Angeles City, 40% to be shared equally by Capas, Porac and Bamban; and
- (3) Two per centum (2%) to the Authority which shall be created under this Act.

Existing banking laws and Bangko Sentral ng Pilipinas rules and regulations shall apply on foreign exchange and other current account transactions (trade and non-trade), local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP.

Any foreign investor who establishes a business enterprise within the Zone and who maintains capital investment of not less than One Hundred Fifty Thousand United States dollars (US\$150,000) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, a permanent resident status within the Zone. The responsibility and authority to grant such permanent resident status is hereby delegated to the Authority.

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

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

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

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

SECTION 7. Non-profit Character of the Authority. The Authority shall be non-profit and shall use its Two per centum (2%) share as provided in Section 6 of this Act for its operations, development, improvement, maintenance and other related expenditures in furtherance and effective implementation of the policy provided in this Act.

In consonance with this, the Authority is hereby declared exempt from the payment of all taxes, duties, fees, imposts, charges, costs and service fees in any court or administrative proceedings in which it may be a party. Furthermore, all donations made by any person or entity in favor of the

Authority shall be exempt from the payment of the donor's tax and the same shall be considered as deductible from the gross income of the donor, pursuant to the NIRC of 1997, as amended.

SECTION 8. Powers and Functions of the Authority- The Authority shall have the following powers and functions:

- (a) To adopt, alter, use a corporate seal;
- (b) To contract, lease, buy, acquire, own and dispose, movable and immovable as well as personal and real property of whatever nature (including but not limited to shares of stock or participation in private corporations or in limited partnerships, or in joint ventures with limited liability), bonds, precious metals in bullions, ingots, and easily convertible foreign exchange;
- (c) To sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for this Act;
- (d) To exercise the power of eminent domain for public use and public purpose;
- (e) Within the limitation provided by law, to raise or borrow adequate and necessary funds from local or foreign sources to finance its projects and programs under this Act, and for that purpose to issue bonds, promissory notes, and other form of securities, and to secure the same by a guarantee, pledge, mortgage, deed of trust, or an assignment of all or part of its property or assets;
- (f) To approve, accept, accredit and allow any local or foreign business, enterprise or investment in the Zone subject only to such rules and regulations as the Authority may promulgate from time to time in conformity with the provisions of this Act and the limitations provided in the Constitution;
- (g) To authorize and undertake, on its own or through others, and regulate the establishment, operation and maintenance of public utilities, services, infrastructure in the Zone such as cargo handling, hauling, warehousing, storage of cargo, bulkheads, bulk terminals, storage areas, roads, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport operations in coordination with the Civil Aeronautics Board, and such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act; Provided, however, that the private investors in the Zone shall be given priority in the awarding of contracts, franchises, licenses, or permits for the establishment, operation and maintenance of utilities, services and infrastructure in the Zone;
- (h) To construct, acquire, own, lease, operate and maintain on its own or through others by virtue of contracts, franchises, licenses, or permits under the build-operate-transfer scheme

or under a joint venture with the private sector any or all of the public utilities and infrastructure required or needed in the Zone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

- (i) To operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sports facilities such as horse racing, dog racing, gambling casinos, golf courses, and others, under priorities and standards set by the Authority;
- (j) To protect, preserve, maintain, and develop the virgin forests and maintain ecological balance within the Zone. The virgin forest within the Zone shall be proclaimed as a national park and will be covered by a permanent total log ban. For this purpose, the rules and regulations of the Department of Environment and Natural Resources and other government agencies involved in the above functions shall be implemented by the Authority;
- (k) To adopt, implement and enforce reasonable measures and standards to control pollution within the Zone;
- (l) To provide security for the Zone in coordination with the national and local governments. For this purpose, Authority may establish and maintain its own security force and firefighting capability or hire others to provide the same;
- (m) To form, establish, organize and maintain subsidiary corporations, as its business and operations may require, whether under the laws of the Philippines or not;
- (n) To review the existing lease contracts covering the parcels of land, buildings and structures within the Zone. The Authority shall have the power to modify, amend or repeal provisions of existing contracts if it finds the same to be inimical to the development and improvement of the Zone.
- (o) To issue rules and regulations consistent with the provisions of this Act as may be necessary to implement and accomplish the purposes, objectives and policies herein provided; and
- (p) To exercise such powers as may be essential, necessary or incidental to the powers granted to it hereunder as well as those that shall enable it to carry out, implement, and accomplish the purposes, objectives and policies of this Act.

SECTION 9. Board of Directors of Authority. – The powers of the Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of eleven (11) members, to wit:

(a) A Chairman;

(b) A Vice Chairman;

(d) Members consisting of:

(i) Secretary from the Department of Trade and Industry as ex-officio Member;

(ii) Secretary from the Department of Tourism as ex-officio Member;

(iii) Secretary from the Department of Finance as ex-officio Member;

(iv) District Representative of Angeles City and Mabalacat as ex-officio Member;

(v) One representative from the business and investment sector within the territorial jurisdiction of the Zone;

(vi) One representative from the labor sector within the territorial jurisdiction of the Zone,

(vii) President of the CIAC or its duly constituted successor, as ex officio member;

(viii) Two (2) other members to be appointed by the President of the Philippines.

Except for the five (5) ex-officio Members, the Members of the Board, including the Chairman and Vice Chairman shall be appointed by the President of the Philippines in accordance with the provisions of Republic Act No. 10149, otherwise known as the GOCC Governance Act of 2011, and shall serve for a fixed term of five (5) years, unless sooner separated from service due to death, voluntary resignation or removal for cause, provided that appointment to any future vacancy shall only be for the unexpired term of the predecessor.

The Cabinet Secretaries of the Department of Trade and Industry, Department of Tourism and Department of Finance shall serve in the Board for the duration of their term as appointive officials, provided that such shall not exceed five (5) years.

No person shall be appointed by the President as a member of the Board unless he or she is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least five (5) years of actual and distinguished experience in their respective fields of expertise;

Members of the Board shall receive a reasonable per diem which shall not be less than the amount equivalent to the representation and transportation allowances of members of the Board and/or as may be determined by the Department of Budget and Management; Provided, however, That the total per diem collected each month shall not exceed the equivalent per diems of four (4) meetings. Unless and until the President of the Philippines has fixed a higher per diem for the members of the Board, such per diem shall not be more than Ten Thousand pesos (P10,000.00) for every Board meeting.

SECTION 10. Powers and Duties of the Chairman - The Chairman shall have the following powers and duties:

- (a) To exercise supervision over the affairs of the Board;
- (b) To preside over all the meetings of the Board;
- (c) To spearhead the formulation of policies and procedures for the Board and the Authority with the concurrence of the majority of its members;
- (d) To direct the affairs of the Authority in accordance with the policies of the Board;
- (e) To ensure that the goals and objectives set forth by the Board are achieved and its policies implemented; and
- (f) To lead the Board in carrying out the powers and functions of the Authority as enumerated in Section 9 of this Act.

SECTION 11. Powers and Duties of the President. – The President shall be elected by the Board from among its members and shall be directly responsible to the Board.

The President shall have the following powers and duties:

- (a) To execute, carry out and administer the policies, measures, orders and resolutions approved by the Board;
- (b) To direct and supervise the day to day operation and administration of the Zone;
- (c) To sign and execute all contracts concluded by the Authority and enter into all necessary obligations required or permitted by the charter upon proper authorization by the Board; and sign all major documents, notes and checks for the Authority;
- (d) To exercise full discretion in the management of the affairs of the Authority in accordance with law and in accordance with the provisions of this Act and be accountable to the Board for all his acts;
- (e) To establish the internal organization of the Authority under such conditions that the Board may prescribe;

(f) To submit an annual budget and necessary supplemental budget to the Board for its approval;

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

(h) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the Zone;

(i) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Zone; and

(j) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SECTION 12. Capitalization. - The Authority shall have an authorized capital stock of two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the local government units (LGUs) embraced by the Zone which may be paid by transferring to the Authority properties valued in such amount. The Board of the Authority may, with the written concurrence of the Secretary of Finance, sell shares, representing not more than forty per centum (40%) of the capital stock of the Authority to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGUs shall, in no case, own less than sixty per centum (60%) of the total issued and outstanding capital of the Authority.

The amount necessary to subscribe and pay for the shares of the national government to the capital stock of the Authority shall be included in the annual General Appropriations Act. For LGUs, the funds shall be taken from their internal revenue allotment and other local funds.

SECTION 13. Transfer of Shares of Stock and Control Over Assets and Facilities.- Persons or entities in whose names the shares of stock of CDC are registered at present, are hereby ordered to transfer and convey immediately to the Authority upon its constitution in order for the Authority to own and hold such shares of stock as the registered stockholder of records; Provided, however, that any delay in the execution of such documents of transfer and conveyance of the shares of stock shall not, in any event, delay, hinder or deter the immediate exercise of all powers of control and supervision over CDC by the Authority, including without limitation, the power to reorganize the CDC in accordance with the existing laws, rules and regulations.

SECTION 14. Organization and Personnel.- The Board shall provide for an organization and staff of its officers and employees. Upon recommendation of the Chairman, the Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification: Provided, That the Board shall have exclusive and final Authority to promote, transfer, assign, or reassign officers and employees of the Authority, any provision of existing law

notwithstanding: Provided, further, That the Chairman may carry out removal of such officers and employees for just cause and after due process.

Within six (6) months from the creation of the Authority, the Chairman shall submit for the approval of the President of the Philippines the new organizational structure and positions necessary to carry out the powers and functions of the Authority.

The Chairman and members of the Board shall assume office at the beginning of their terms: Provided, That, if upon the effectivity of this Act, the Authority has not been constituted and the new staffing pattern and positions have not been approved and filled up, the current Board and existing personnel of the CDC and Subic-Clark Alliance for Development Council ("SCADC") shall continue to hold office subject to the transitory provisions hereunder.

The officers and employees of the Authority, including the members of the Board, except its ex-officio members, shall not engage directly or indirectly in partisan activities nor take part in any election, except to vote.

The officers and employees of the Authority shall enjoy security of tenure and shall not be suspended or removed from office except for just cause and only after due process provided by the Constitution and existing laws.

SECTION 15. The Authority shall be under the supervision of Philippine Economic Zone Authority for purposes of policy coordination only.

SECTION 16. Relationship with the Local Government Units.- Except as herein provided, the local government units comprising the Zone shall continue to retain their basic autonomy and identity. Angeles City, Mabalacat City, shall be governed by their respective charters; the municipalities of Porac, Bamban, Capas, shall operate and function in accordance with the Local Government Code of 1991. Except to the extent provided in the Local Government Code, the Authority shall be autonomous and independent of the local government units comprising the Zone. In case of any conflict between the Authority and the local government units concerned on matters other than defense and security, the decision of the Authority shall prevail.

SECTION 17. Transitory Provisions – CDC and SCADC shall continue to function and operate under the existing laws, rules and regulations until the Authority is properly constituted and a new organizational structure, defining the scope of their powers, functions and/or limitations, is submitted to and approved by the President through an appropriate Executive Order.

Of the six (6) regular Members of the Board (non ex-officio), including the Chairman and Vice Chairman, to be appointed by the President upon effectivity of the Act, three (3) shall serve for five (5) years, the remaining three (3) for three (3) years, The ex-officio Members shall serve for the duration of their term in their respective positions, but not exceeding five (5) years.

SECTION 18. Allotment for the Promotion of the Rights of the Indigenous Peoples. A portion of its revenue, as may be defined by the Authority, shall be allotted for the promotion and protection of the rights and welfare of the

Indigenous Peoples affected by the Zone; Provided, however, That the indigenous peoples' ownership rights to their ancestral domain lands located in the Zone shall continue to be respected and protected as provided for in the IPRA Law.

SECTION 19. Separability Clause.- If for any reason any provision of this act is declared unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to have full force and effect except insofar as they are inconsistent with this Act.

SECTION 20. Applicability and Repealing Clause.- The applicability provisions of Republic Act No. 7227, as amended, otherwise known as the "Bases Conversion and Development Act of 1992" shall continue to have full force and effect except insofar as they are inconsistent with this Act.

All laws, decrees, executive orders, Presidential proclamations, rules and regulations, or portions thereof, inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 21. *Effectivity*. — This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulations. Within ninety (90) days from the effectivity of this Act, the Department of Finance, in coordination with the Department of Justice, Department of Tourism and Department of Trade Industry, shall promulgate the rules and regulations necessary to implement the provisions of this Act.