

Republic of the Philippines
Congress of the Philippines
Metro Manila

Seventeenth Congress
Second Regular Session

HOUSE BILL NO. **7788**



Introduced by **Honorable Leopoldo N. Bataoil**

EXPLANATORY NOTE

This bill seeks for the establishment of an international transshipment port in the Lingayen Gulf, Province of Pangasinan to be known as the Lingayen Gulf International Transshipment Port Development Authority.

The Philippines is located at the center of the trade routes of China, Japan and Australia. The country's proximity to Malaysia, Vietnam, Indonesia, Singapore, Brunei, and not a far distant away from South Korea and Thailand made our country the Trade Hub of Asia and the Pacific Region. It may be recalled that during the Spanish colonial period, Chinese goods were shipped to the west through Galeón de Manila.

As early as 1834, the Spanish government opened the Lingayen Gulf through Sual as an official port of foreign trade. Rice was exported to China and Macao from this port. It was also one of the country's centers for shipbuilding, together with Labrador, Lingayen and Dagupan.

Annually, an estimated \$5 trillion worth of goods are transported through South China Sea also known as the West Philippine Sea shipping lanes each year, including more than half the world's annual merchant fleet tonnage and a third of all maritime traffic worldwide. Oil transported through the Malacca Strait from the Indian Ocean, en route to East Asia via the South China Sea, is triple the amount that passes through the Suez Canal and fifteen times the volume that transits the Panama Canal. With this seaborne trade scenarios, our mother land should now adopt an economic model which has been found effective and in fact brought Singapore to where it is now.

Noting this irreversible trend in seaborne trade and commerce in South China Sea that traverses the Spratley Group of Islands, which form part and parcel of our country's exclusive economic zone, it is imperative and high time now to build an international transshipment port in Lingayen Gulf, in the Province of Pangasinan.

The envisioned Lingayen Gulf International Transshipment Port will be modeled after the Port of Singapore. This will have built-in facilities such as but not limited to:

a). Oil Refinery Facility - an industrial process plant where crude oil and natural gas are processed and refined into more useful products such as petroleum naphtha, gasoline, diesel fuel, asphalt base, heating oil, kerosene, and liquefied petroleum gas.

b). Oil or Natural Gas Depot Facility or Tank Farm - an industrial facility for the storage of oil and/or petrochemical products and from which these products are usually transported to end users or further storage facilities.

c). Container Terminal is a facility where cargo containers are transshipped between different transport vehicles, for onward transportation. The transshipment will be between container ships.

d). Wharves structure built on the shore of or projecting into a harbor, stream, etc., so that vessels may be moored alongside to load or unload or to lie at rest.

e). Shipyard is a place where ships are repaired and built. These can be yachts, military vessels, cruise liners or other cargo or passenger.

f). Liquid Natural Gas Terminal (LNGT) is a facility for degasifying the liquefied natural gas (LNG) shipped in by LNG tanker from the production zones.

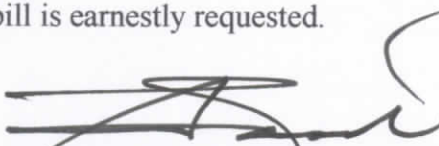
g). Warehouses

Having these kinds of facilities in Lingayen Gulf will make our country very competitive in refining crude oil and export the same and petrochemical products in Asia, and provide reasonably price bunkering services to vessels because we could produce refined oil at cheaper price than Singapore. A case in point is the wide difference in daily wage or monthly salary rates between Singapore and Philippines. We have highly skilled and motivated young labor force, many of whom are currently employed in the oil refineries of Singapore and the Middle East Countries.

We can also supply our domestic oil market, which the Department of Energy reported that some 52% of our refined oil requirements are imported. However, the volume of crude oil which will be refined for local domestic market purposes must be governed with the applicable provisions of the Tariff and Customs Code of the Philippines.

Lastly, this bill also seeks to transfer the container terminal operations of the Port of Manila to the Lingayen Gulf International Transshipment Port, which accounts to some 40% of the traffic congestion problem in Metro Manila. In effect, this project would provide ease in doing business in Metro Manila and the Port of Manila would soon be dedicated as cruise ship destinations and passenger terminal. This would pave the way for the development of the prime real estate assets of PPA into new commercial business districts of the City of Manila. Hence, the realization of the Lingayen Gulf International Transshipment Freeport Project would make Manila a lovable city to live in.

In view of the foregoing, approval of this bill is earnestly requested.



LEOPOLDO N. BATAOIL

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HOUSE BILL NO. **7788**

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AN ACT

PROVIDING FOR THE CREATION OF THE LINGAYEN GULF INTERNATIONAL TRANSSHIPMENT PORT DEVELOPMENT AUTHORITY IN THE MUNICIPALITY OF LINGAYEN, PROVINCE OF PANGASINAN, DEFINING ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFORE, AND FOR OTHER PURPOSES

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

SECTION 1. Short title. - This Act shall be known as the Lingayen Gulf International Transshipment Port Development Act of 2017.

Sec. 2. Declaration of Policy. - It is the declared policy of the State to develop international transshipment port facilities in its strategic sea-lanes for an efficient delivery of goods, effective provisioning of maritime services, and promote the development and processing of export-oriented industries, such as but not limited to oil products, liquefied natural gas, petrochemical products, and other agri-industrial products. The State also recognizes public private partnership as the best financing approach in pursuing and undertaking the development, construction, commissioning, and operation and management of an international transshipment port to make the Filipino nation competitive in the global seaborne trade arena and further boost the economic growth of the country.

SECTION 3. Definition of Terms. - As used in this Act, the following shall mean:

a. "Port facility" shall include wharves, piers, slips, docks, bulkheads, basins, warehouses, cold storage, loading and unloading equipment, and passenger terminals and accessories;

b. "Transportation facility" includes passenger and cargo boats, ferry boats, lighters, tugs, barges, scows, harbor craft of any kind, and any other kind of facility now in use or hereafter designated for use of the transportation or carriage of persons or goods;

c. "Navigable waters" means all navigable portions of the seas, estuaries and inland waterways;

d. "Wharf" means a continuous structure built parallel to or along the margin of the sea or alongside riverbanks, canals or other waterways vessels may lie alongside to receive and discharge cargo or passenger, or lie at rest;

e. "Pier" includes any stage, stair, landing stage, jetty, floating barge or pontoon, and any bridge or other works connected therewith;

d. "Dock" an artificial excavation or construction in which vessels can be placed for loading, unloading, fitting out or repairing and includes gridirons, slips, keel blocks, inclined planes and all machineries, works, fixtures and things whatsoever attached and pertaining thereto;

e. "Bulkhead" means any structure serving to divide land and water areas;

f. "Basin" means any naturally or artificially enclosed or nearly enclosed body of water in free communication with the sea;

g. "Warehouse" means any building for storage or shed for cargo;

h. "Lighter" means any large flat-bottomed boat or barge used in transporting goods, or in loading or unloading of vessels not lying alongside piers or wharves;

i. "Anchorage" means any place with sufficient depth of water where vessels anchor or may ride at anchor within the harbor;

j. "Goods" includes wares and merchandise of every description;

k. "Rates" includes tolls, fees, dues and rent imposed by the Authority;

l. "Vehicle" includes any carriage traveling on its own wheels or runners and used or intended to be used for the conveyance or carrying of persons, animals or goods;

m. "Vessels" includes any ship, boat or any waterborne craft used in the conveyance or carrying of persons, animals or goods;

n. "Authorized pilot" means any person employed or authorized by the Authority to pilot vessels;

o. "Beacon" means a prominent specially constructed object forming a conspicuous mark as a fixed aid to navigation;

p. "berthing master" means any person authorized to act as a berthing master;

q. "Buoy" includes a floating object of any size, shape and colour which is moored to the seabed and serves as an aid to navigation or for other specific purposes;

r. "Container" means a receptacle 6.1 metres or more in length equipped with corner castings to facilitate handling by mechanical equipment;

s. "Dangerous cargoes" means such cargoes, whether packaged, carried in bulk packagings or in bulk, as may be prescribed by the Authority;

t. "Dues" includes port dues, goods dues and pilotage dues levied under this Act but does not include rates;

u. "Equipment" includes any appliance, apparatus, machinery, system or accessory used or intended to be used for the purposes of providing marine or port services and facilities;

v. "Goods" includes dangerous cargoes, animals, carcasses, baggage, containers and any other movable property of any kind whatsoever and whether in a refrigerated form or otherwise;

w. "Harbour craft" means any vessel which is used in the port for any purpose;

x. "Lighthouse" means a distinctive structure on or off a coast exhibiting a major light designed to serve as an aid to navigation;

y. "Marine services and facilities" means the towage and pilotage of vessels and the supply of water to vessels;

z. "Master" includes every person, except a pilot, having command or charge of any vessel;

aa. "Owner", in relation to any vessel, includes any part-owner, charterer, operator, consignee or mortgagee in possession of the vessel or any duly authorized agent of any such person;

bb. "Pilot" means any person not belonging to a vessel who has the conduct thereof;

cc. "Port dues" means dues levied in respect of a vessel for entering, using, leaving or plying in the port;

dd. "Port services and facilities" means port terminal services and facilities for the handling, storage and transportation of goods on land adjoining the foreshore of Lingayen Gulf and for the handling of passengers carried by vessels;

ee. "Premises" includes misuses, houses, buildings, structures, lands, tenements, easements and hereditaments of any tenure, whether open or enclosed, whether built on or not, whether public or private, and whether maintained or not under statutory Authority;

ff. "Public license" means a license granted by the Authority and "public licensee" shall be construed accordingly;

gg. "Rates" means any rates or charges to be imposed by the Authority under this Act and includes any toll or rent but does not include dues;

hh. "Regulations" means regulations made under this Act; and

ii. "Transshipment" means the shipment of goods or containers to an intermediate destination, then to another destination;

SECTION 4. Creation of the Freeport Authority. - There shall be created the Lingayen Gulf International Transshipment Freeport Development Authority, hereinafter referred to as the Authority. The Authority shall hold office in the Municipality of Lingayen, Province of Pangasinan,

The Authority shall be under the supervision of the Department of Transportation (DOTr) for purposes of program and policy coordination.

SECTION 5. Purposes and Objectives. - The Authority shall have the following purposes and objectives:

a. To integrate and coordinate the planning, development, construction, commissioning, and operations of ports and port facilities within its territorial

jurisdiction, consistent with the needs and standard requirements of an international transshipment port;

- b. To serve as the hub of international trade or commerce, such as but not limited to crude oil and natural gas and process the same into refined oil and liquefied natural gas and petrochemical products for domestic consumption and export to oil importing countries, and enhance the flow of raw or semi-process mining products, agricultural and consumer goods utilizing the port's modern container or bulk terminal and equipment; and
- c. To decongest the unprecedented traffic congestion problem in Metro Manila brought about by the increasing numbers of truck vans or cargo trucks plying in and out of both the Manila South and North harbours, respectively, this traverses on the national high ways and major city streets in Metro Manila.

SECTION 6. Territorial Jurisdiction. – The territorial jurisdiction of the Authority shall include all seas, bays, lakes, rivers and all other navigable inland waterways within the Lingayen Gulf of the Province of Pangasinan.

SECTION 7. Powers. – The Authority shall have the following powers and responsibilities:

- a. To have perpetual succession under its corporate name until otherwise provided by law;
- b. To prescribe its by-laws and such rules and regulations as may be found necessary to promote or enhance the business of the Authority;
- c. To adopt and use a seal;
- d. To sue and be sued in any court;
- e. To enter into contracts, transactions, and undertakings of whatever nature consistent with the existing laws and rules, which are necessary or incidental to its functions and objectives, with any natural or juridical persons or with any government institutions, domestic or foreign;
- f. To acquire, own, hire, use, operate and dispose of personal property and to acquire, own, use, lease, operate and dispose of real property and interests thereon and to make improvements on such real property, including the reclamation, for port purposes, of foreshore and submerged lands within its territorial jurisdiction; which reclaimed land shall *ipso facto* be deemed transferred in ownership to the Authority and to enter into contracts with any public or private entity for such reclamation, including but not limited to the construction, commissioning and operations and management of port facilities provided in Section 18 of this Act, under such terms and conditions as it may deem to be for the public interest;
- g. Purchase, hold, alienate, mortgage, pledge or otherwise dispose of the shares of the capital stock of, or any bond, security or other evidences of indebtedness created by any other corporation or co-partnership of this or any other country, and while the owner of said stock, to exercise all the rights of ownership, including the right to vote thereon;
- h. Exercise the right of eminent domain;

- i. To reclaim, excavate, enclose, or raise any part of the lands vested in the Authority;
- j. To dredge or provide dredging services, within its area of jurisdiction;
- k. To supply water or bunkers for vessels;
- l. To obtain insurance for or require the insurance of any property, movable or immovable, belonging to the Authority and/or goods in the custody of the Authority;
- m. To do all such other things directly or indirectly necessary, incidental or conducive to the attainment of the purposes of the Authority;
- n. To levy dues and impose rates and charges for the use of the premises, works, appliances, facilities, or for services provided by or belonging to the Authority, or any other organization concerned with port operations;
- o. To make expenditures in foreign countries to pay commissions and hire or contract experts and consultants, both foreign and local;
- p. To make expenditures for promotion of the business affairs of the Authority; and
- q. To exercise all the powers of a corporation under the Corporation Law insofar as they are not inconsistent with the provisions of this Act, or contrary to law which may be necessary or incidental to the effectuation of its authorized purpose or to the exercise of any of the foregoing powers; except the power to levy taxes or assessments and in general, to exercise in connection with property within its control all powers which may be exercised by a natural or juridical person over its property and affairs;

In addition to the above corporation functions, the Authority shall also perform the following functions:

- i. to promote the development and use of the port to local and foreign investors;
- ii. to regulate and control navigation within the limits of the port and the approaches to the port;
- iii. to provide, install and maintain adequate and efficient lighthouses, beacons, buoys and other aids to navigation in the waters of Lingayen Gulf and the approaches thereto, at Santiago Island, Municipality of Bolinao, Pangasinan, and at San Fernando Point, San Fernando City, La Union Province, Tambac Bay, specifically delineate the waterways for the inbound and outbound vessels as safety zone whereby fishing and aquatic sports activities are strictly prohibited and such other places as the Authority may deem technically necessary;
- iv. to disseminate navigational information to the different embassies of countries with registered flag carrier vessels;
- v. to exercise licensing and regulatory functions in respect of marine and port services and facilities within the Lingayen Gulf International Transshipment Port;

- vi. to secure that there are provided in the port (whether by itself or by any public licensee), adequate and efficient marine and port services and facilities on such terms as the Authority may deem expedient;
- vii. to secure that any person by whom any marine or port services and facilities be provided in the port is able to provide the services and facilities efficiently whilst maintaining independent financial viability;
- viii. to promote efficiency, reliability and economy on the part of public licensees in accordance with, as far as practicable, recognized international standards and public demand;
- ix. to create an economic regulatory framework in respect of the provision of marine and port services and facilities which promotes and safeguards competition and fair and efficient market conduct or, in the absence of a competitive market, which prevents the misuse of monopoly or market power;
- x. to promote, provide and administer training schemes for members of the mercantile marine and the shipping and port industries;
- xi. to develop, promote and regulate employment among members of the mercantile marine;
- xii. to exercise regulatory functions in respect of merchant shipping and particularly in respect of safety at sea, the manning of vessels and the prevention of pollution at sea;
- xiii. to promote the development of merchant shipping;
- xiv. to advise the Government on all matters relating to transshipment port operations and the provision of marine and port services and facilities;
- xv. to help the Government discharge or facilitate the discharge of international obligations in respect of sea transport; and
- xvi. to perform such other functions as are conferred on the Authority by this Act or any other law.

The Authority, in the discharge of its functions and duties, shall endeavor means of satisfying all reasonable demands for marine and port services and facilities:

- a. Foster the development and expansion of marine and port services and facilities in the world in collaboration with other countries and international organizations;
- b. Enable persons providing marine and port services and facilities in Lingayen Gulf to compete effectively in the provision of such services and facilities outside Lingayen Gulf and abroad;
- c. The promotion of measures for the safety of life in the port;
- d. To promote research and development in the fields of marine and port services and facilities;
- e. Collaborate with educational institutions for the promotion of technical education in the fields of marine and port services and facilities;

- f. Promote energy efficiency within the port services and facilities sector; and environmental protection and the sustainable development of sea transport.

SECTION 8. Governing Body. – The powers and functions of the Authority shall be vested in and exercised by a Lingayen Gulf International Transshipment Port Commission composed of a Chairman and four (4) other Commissioners. The Chairman shall be the Secretary of the Department of Transportation (DOTr) or his duly designated undersecretary. The Vice Chairman, who shall be designated as the Lingayen Gulf International Transshipment Port General Manager, shall be elected by the Commissioners from among themselves. The Commissioners shall be appointed by the President of the Philippines and shall represent the following sectors.

- a. Ship owners and shipping operators;
- b. Cargo-handling labor sector;
- c. Business sector; and
- d. Cargo Shippers Association

SECTION 9. Powers and Functions of the Commission. – The powers and functions of the Port Commission shall be as follows:

- a. To plan, conduct pre-development activities, develop, construct, manage, operate and maintain, improve and expand, coordinate and otherwise govern the activities of all the ports within its territorial jurisdiction;
- b. To investigate, prepare, adopt, implement and execute a comprehensive and orderly plan for the overall development of all ports within its territorial jurisdiction, and to update such plans, as may be warranted from time to time;
- c. To promote safety passage of vessels through the delineation of appropriate waterway, install visible safety markers for the guidance of incoming and outgoing vessels, and provide patrol services to prevent fishing boats and aquatic sports enthusiasts from conducting their activities within the declared waterway;
- d. To raise revenues for the Authority through fees, tolls, charges, rentals and the like for the use of any property, equipment or facility owned or controlled by it;
- e. To raise and administer, together with such revenues as may by law accrue to the Authority, capital outlays by means of availing soft loans from ODA donor countries or local banks to finance its projects;
- f. To determine by survey and establish by engineering design the exact location, system and character of any and all port facilities which it may own, construct, establish, effectuate, operate or control;
- g. To provide and maintain port facilities including accessory buildings and installations within its territorial jurisdiction on its own or through the private sector;

- h. To prescribe and enforce rules and regulations on the use of wharves, piers and anchorages by ships and other watercraft;
- i. To determine the organization of the Authority and create such functional units therein as it may deem necessary in the proper and efficient implementation of the functions and purposes of the Authority, including the appointment of officials and employees, it being understood that the security of tenure of these workers shall be respected consistent with existing laws;
- j. To define the duties and fix the compensation and benefits of the General Manager, Deputy General Manager, Port Managers, and other officers of the Authority, in accordance with the rules and regulations of the Civil Service Commission and the Department of Budget and Management;
- k. To approve the annual budget of the Authority and/or such supplemental budgets thereof as may be submitted by the General Manager from time to time; and
- l. To perform such other duties as may be necessary and convenient for the attainment of the objectives of the Authority.

SECTION 10. Management and Staff:

- a. The Commission shall appoint the General Manager and the Assistant General Managers.
- b. All other officials and employees of the Authority shall be selected and appointed on the basis of merit and fitness based on a comprehensive and progressive merit system to be established by the Authority immediately upon its organization and consistent with rules and regulations of the Civil Service Commission. The recruitment, transfer, promotion, and dismissal of all personnel of the Authority, including temporary workers, shall be governed by such merit system.
- c. The General Manager shall, subject to the approval of the Commission, determine the staffing pattern and the number of personnel of the Authority, defines their duties and responsibilities, and fixes their salaries and emoluments. For professional and technical positions, the General Manager shall recommend salaries and emoluments that are comparable to those of similar positions in other government-owned corporations, the provisions of existing rules and regulations on wage and position classification notwithstanding.
- d. The General Manager shall, subject to the approval by the Commission, appoint and remove personnel below the rank of Assistant General Manager.
- e. The General Manager of the Authority shall receive a salary to be determined by the Commission, and approved by the President.
- f. The number of Assistant General Managers of the Authority shall in no case exceed three (3) who shall each receive a salary to be determined by the Commission and approved by the President.

SECTION 11. General Powers and Duties of the General Manager and Assistant General Managers:

- a. General Powers and Duties of the General Manager. - The General Manager shall be responsible to the Commission, and shall have the following general powers, functions, and duties:

1 To implement, enforce and apply the policies, programs, guidelines, procedures, decisions, rules and regulations promulgated, prescribed, issued or adopted by the Authority.

2 To manage the day to day affairs of the Authority, and ensure the operational efficiency of the Ports under the jurisdiction and ownership of the Authority.

3 To sign contracts, to approve expenditures and payments within the budget provisions, and generally to do any all acts or things for the proper operations of the Authority or any of the Ports under the jurisdiction, control or ownership of the Authority.

4 To submit an annual budget to the Commission for Recurrent Income and Expenditure and the Estimated Capital Expenditure for its option not later than two months before the commencement of the ensuing fiscal year.

5 To undertake research, studies, investigations, and other activities and projects, and to submit comprehensive reports and appropriate recommendations to the Commission for its information and approval.

6 To perform such other duties as the Commission may assign from time to time.

- b) Powers and Duties of the Assistant General Managers. - The Assistant General Managers shall be responsible to the General Manager of the Authority, and shall have the following general powers, functions and duties:

1 To assist the General Manager in implementing, enforcing, and applying the policies, programs, guidelines, procedures, decisions, rules and regulations promulgated, prescribed, issued, or adopted by the Authority.

2 To assist the General Manager in the performance of his other functions and duties.

3 To perform such other duties as the General Manager may assign from time to time.

SECTION 13. Capital:

- a. The authorized capital of the Authority shall be Ten Billion Pesos.
- b. The initial paid in capital shall consist of:

1 Cash invested by but not limited to the following government- owned- and-controlled corporations and/or government financial institutions solely for the purpose of funding the dredging and reclamation project, construction of the port facilities cited in Section 18 of this Act or use it as equity shall the Authority decide to enter into a joint venture with a qualified private entity to fast-track its implementation, namely:

- i. Land Bank of the Philippines;
- ii. Development Bank of the Philippines;
- iii. Bases Conversion Development Authority;
- iv. Philippine Deposit Insurance Corporation;
- v. Philippine National Oil Company;
- vi. Philippine Amusement Gaming Corporation;
- vii. Philippine Ports Authority
- viii. Philippine Reclamation Authority
- Ix. Government Service Insurance System
- X. Social Security System

2 The initial appropriation in the amount of Two Billion Pesos (PhP 2 Billion) shall be taken from the funds of the National Treasury not otherwise appropriated and such further sums, including working capital, as may be contributed by the Government.

SECTION 14. Creation of Reserves - The balance of any revenue or income of the Authority remaining at the end of each year shall be applied to the creation of a general reserve or such other reserves as the Authority may deem appropriate.

SECTION 15. Investment of Funds - The Authority may, from time to time, invest any of its funds not immediately required to be expended in meeting its obligations or in the discharge of the functions of the Authority in such government securities approved by the Commission, including funds for livelihood program for the affected marginalized fisher folks who are prohibited to catch fish in the declared waterways.

SECTION 16. Borrowing Powers:

- a. The Authority may after consultation with the Central Bank and the Department of Finance, and with the approval of the President of the Philippines, raise funds, either from local or international sources, by way of loans, credits or indebtedness or issue bonds, notes, debentures, securities, and other borrowing instruments, including the power to create pledges, mortgages, and other voluntary liens or encumbrances on any of its assets or properties.

b. All loans contracted by the Authority under this Section, together with all interests and other sums payable in respect thereof, shall constitute a charge upon all the revenues and assets of the Authority and shall rank *pari passu* with one another, but shall have priority over any other claim or charge on the revenue and assets of the Authority; Provided, That this provision shall not be construed as a prohibition or restriction on the power of the Authority to create pledges, mortgages and other voluntary liens or encumbrances on any property of the Authority.

c. Except as expressly authorized by the President of the Philippines, the total outstanding indebtedness of the Authority in the principal amount in local and foreign currency shall not at any time exceed the networth of the Authority at the relevant time.

d. The President of the Philippines, by himself or through his duly authorized representative, is further hereby authorized to guarantee in the name and on behalf of the Republic of the Philippines, the payments of the loans or other indebtedness of the Authority up to the amount herein authorized.

e. All interests paid or payable by the Authority on its loans or other forms of indebtedness shall be exempt from taxes of whatsoever nature.

SECTION 17. The sites of Transshipment Port and Revenue Sharing of Hosts Local Government Units

- a. The coordinates of the project site, which is the Tambac Bay of the Municipalities of Bani, Anda, and Alaminos City, Province of Pangasinan shall be delineated by the Department of Environment of Natural Resources (DENR), upon consultation with the concerned local officials.
- b. The technical description derived from the above survey shall serve as the defined limits of the port and the facilities mentioned in Section 18.
- c. Revenue sharing amongst the above-named local government units shall be determined proportionately to the total area of Tambac Bay that belong wholly or in part in their respective territorial jurisdictions.

SECTION 18. Port Services.

- a. Anchorages are where anchors are lowered and utilized, whereas moorings usually are tethering to buoys or something similar. The locations usually have conditions for safe anchorage in protection from weather conditions, and other hazards. The following are the strategic services that the port will offer to the industry:
- b. Bunkering Anchorage. For vessels with prior permission of the Port Master and vessels taking bunkers using the Special Bunkering Anchorage Scheme.
- c. Special Purpose Anchorage - For vessels under arrest, damaged vessels, vessels requiring repairs and other vessels with permission of the Port Master.
- d. Petroleum Anchorage - For vessels loaded with petroleum and non-gas free vessels.
- e. Laid-up Vessels Anchorage - For vessels laid-up in port.

- f. Small Craft Anchorage - For harbour tugs, pontoons, barges and other small craft, include fishing vessels.
- g. Explosives Lighters Anchorage - For small craft loaded with explosives.
- h. Barge Temporary Holding Anchorage - For barges loaded with mineral ores waiting to proceed to an approved aggregate terminal.
- i. Quarantine and Immigration Anchorage - For vessels requiring quarantine and immigration clearance.
- j. Reserved Anchorage - For lash ship operations, vessels requiring emergency repairs and damaged vessels or as directed by the Port Master.
- k. Very Large Crude Carrier Anchorage - For loaded VLCCs.
- l. LNG/LPG/Chemical Gas Carriers Anchorage - For non-gas free liquefied natural gas carriers, liquefied petroleum gas carriers and chemical carriers and for LNG, LPG carriers, chemical and oil tankers requiring immigration clearance.
- m. Petroleum Holding Anchorage - For port limit tankers which are waiting to service vessels at Anchorages waiting for berth facilities as directed by the Port Master.
- n. Marine and Industrial Services offer full-service shipping and cargo transport through a comprehensive infrastructure and experienced personnel. Refinery an industrial installation where a substance is refined.
- o. Fleet Services normally provides maintenance and repairs to all vessels docking the Transshipment Port.
- p. Engineering Services is a built-in port facility that provides services to the vessels for an efficient, economical and reliable operation of vessels with particular focus on assuring dependable performance of all vessel equipment and systems

SECTION 19. Port Infrastructure and Development Facilities - The Authority shall provide the following port infrastructure and development facilities:

- a. Oil Refinery Facility.
- b. Oil or Natural Gas Depot Facility or Tank Farm;
- c. Container Terminal;
- d. Wharves;
- e. Shipyard; and
- f. Liquefied Natural Gas (LNG) Terminal.

SECTION 20. Transfer of the Manila Container Terminal Operations

- a. Container port services provided by both the North and South Harbors, all in the City of Manila shall be transferred to the Lingayen Gulf International

Transshipment Port immediately upon issuance of a Certificate of Final Completion of the facility without derogating the rights of the current private port operator(s), if there be any.

- b. The Manila North and South Harbors shall remain as premier ports but shall serve exclusively as docking area for passenger vessels and cruise ships.
- c. Lots owned by the Philippine Ports Authority shall be developed as a new central business district of the City of Manila, consistent with its Land Use Plan. *Provided, That* the PPA and/or its partner developer and in coordination with the City Government shall provide relocation sites, livelihood program and skills training for the registered informal settlers, in case there be any.

SECTION 21. Auditor - The Commission on Audit shall be appointed to audit the accounts of the Authority. In the fulfillment of international contractual commitments of the Authority, however, the Commission may engage the services of any person or firm duly authorized by law for the audit of accounts, to audit the accounts of the Authority.

The Auditor shall be paid out of the revenue of the Authority such remuneration, compensation or expenses as the Commission may determine.

SECTION 22. Auditor's Reports. - The Auditor shall, as soon as practicable, but not later than three months after the accounts have been submitted for audit, send an annual report to the Commission. The Auditor may also submit such periodical or special reports to the Commission as may to him appear necessary.

SECTION 23. Annual Report. - The Commission shall submit to the President of the Philippines together with the annual Auditor's Report on the relevant accounts, an annual report generally dealing with the activities and operations of the Authority during the preceding year and containing such information relating to the proceedings and policies of the Authority.

SECTION 24. Dues - The President of the Philippines may upon recommendation of the Authority increase or decrease such dues, collectible by the Authority to protect the interest of the Government and to provide a satisfactory return on the Authority's assets, and may adjust the schedule of such dues so as to reflect the costs of providing the services; *Provided, however,* that the rates of dues on all the ports of the Philippines upon the coming into operation of this Act shall be those now provided under Parts 1, 2, 3, and 6 of the Title VII of Book II of the Tariff and Customs Code, until such time that the President upon recommendation of the Commission may order that the adjusted schedule of dues are in effect.

SECTION 25. Rates and Charges -

- a. The Authority may impose, fix, prescribe, increase or decrease such rates, charges or fees for the use of port premises, works, appliances or equipment belonging to the Authority and port facilities provided, and for services rendered by the Authority or by any organization within a Port District. Provided, that upon the coming into operation of this Act, the rates of storage and arrester charges imposed by the Philippine Ports Authority shall be adopted until such time when the President of the Philippines upon recommendation of the Commission may order that the revised rates, charges or fees are in effect.
 - i. The Authority shall regulate the rates or charges for port services or port related services so that taking one year with another, such rates or charges furnish adequate working capital and produce an adequate return on the assets of the Authority. In regulating the rates or charges for individual ports the Authority shall take into account the development needs of the port's hinterland.
- b. All dues, fees, charges and other sums imposed and collected by the Authority shall accrue to the Authority and shall be disposed of in accordance with the provisions of this Act.

SECTION 26. Remission of Dues, Rates, or Charges - No amount due in respect of dues, rates, or charges prescribed by the Authority under this Act shall be waived or reduced except:

- a. Where the State has arrangements with a foreign government in respect to vessels that are not normally engaged in the conveyance of cargo or passengers; and
- b. For vessels seeking shelter from inclement weather or entering the port for medical help and other maritime necessity.

SECTION 27. Remedies for Nonpayment - If the master, owner or agent of any vessel refuses or neglects to pay on demand any dues, rates, or charges made under this Act or any part thereof, the Authority may, in addition to any other remedy provided by law, detain or arrest on its own authority such vessel and keep in custody any apparel or furniture belonging to the vessel, and detain the same until the amount or amounts due have been paid.

SECTION 28. When Rates Payable and Lien

- a. Rates or charges in respect of goods to be landed become payable immediately on landing such goods.
- b. Rates or charges with respect to goods that are to be shipped are payable before the goods are loaded.
- c. Rates or charges with respect to goods to be removed from the premises of the Authority are payable on demand.
- d. For the amount of rates or charges leviable under this Act in respect of goods, the Authority shall have lien on such goods and is entitled to detain them until

the amount of rates or charges is fully paid. Such lien shall have priority over all other liens and claims, except claims for duties and taxes due to the Government and expenses of the sale.

SECTION 29. Recovery of Lien Without prejudice to the authority and rights of the Bureau of Customs in the disposition of property in Customs custody as provided for in the Tariff and Customs Code, as amended - if any goods which have been placed in or on the premises of the Authority are not removed therefrom within the prescribed period after the legal permit for their withdrawal or release from Customs custody, or the authority to load, in case of exports, has been issued by the Bureau of Customs, the Authority, with the prior concurrence of the Bureau of Customs, may dispose of any such goods in the manner as it deems fit in order to recover the lien; *Provided*, That the proceeds of the sale shall be applied in the following manner:

- a. Firstly, in the payment of duties and taxes due the Government;
- b. Secondly, in payment of expenses of the sale;
- c. Thirdly, in payment of the rates, charges, and fees due to the Authority in respect of the goods;
- d. Fourthly, in payment of freight, lighterage or general average, on voyage of importation and in case of exports, in payment of domestic freight, lighterage and cartage, of which due notice shall have been given to the Authority; and *Finally*, in rendering on demand the surplus, if any, to the person legally entitled thereto: *Provided*, That in case no such demand is made within a period of one year from the date of sale of the goods, the surplus, if any, shall become part of the general funds of the Authority, whereupon all rights to the same by such person shall be extinguished.

SECTION 30. Fiscal Incentives. - The registered enterprises operating within the Authority may be entitled to the existing pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987. Except as otherwise provided, refined oil and natural gas products manufactured by any enterprise shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by the Authority, together with the Philippine Economic Zone Authority (PEZA), the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Bureau of Customs (BOC) and the Department of Trade and Industry (DTI) in accordance with the NIRC of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended.

SECTION 31. Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned. - No taxes, local and national, shall be imposed on business establishments operating within the Authority. In lieu thereof, said business establishments shall pay a five percent (5%) final tax on their gross income earned in the following percentages:

- a. One per centum (1%) to the National Government;

- b. One per centum (1%) to the Province of Pangasinan;
- c. Two per centum (2%) to the Municipalities of Bani, Anda, Bolinao, Alaminos as the case may be; and
- d. One per centum (1%) to the Lingayen Gulf International Transshipment Freeport Development Authority.

SECTION 32. Incentive to Investors. - Any foreign national who invests an amount of One hundred fifty thousand US dollars (US\$ 250,000.00), either in cash and/or equipment, in a registered enterprise shall be entitled to an investor's visa: *Provided*, That he has the following qualifications:

- a. At least eighteen (18) years of age;
- b. Has not been convicted of a crime involving moral turpitude;
- c. Has not been afflicted with any loathsome, dangerous or contagious disease; and
- d. Has not been institutionalized for any mental disorder or disability.

As a holder of investor's visa, an alien shall be entitled to reside in the Philippines while his investment subsists. For this purpose, he should submit an annual report, in the form duly prescribed for the purpose, to prove that he has maintained his investment in the country, should said alien withdraw his investments from the Philippines, then the investor's visa issued to him shall automatically expire.

SECTION 33. Administration, Implementation and Monitoring of Incentives. - For the proper administration, implementation and monitoring of tax incentives provided under this law, the following are herein mandated:

- a. The Authority shall be responsible for the administration and implementation of the incentives granted to its respective registered enterprises. Among others, it shall adopt and implement systems and procedures affecting trade and customs policies. The BOC shall set up and establish a custom's controlled area outside the gate of the to facilitate payment of taxes on goods entering the Philippine customs territory; and
- b. The Authority shall likewise submit to the DOF its annual tax expenditures based on the tax incentives granted to its registered enterprises. The DOF, for its part, shall create a single database of all incentives provided by the governing authority. The DOF shall monitor the incentives granted, and submit all annual report to the President.

SECTION 34. Extension of Period of Availment. - The period to avail of the incentives provided herein may be extended by Authority, in the event that the registered enterprise has suffered operational force majeure that has impaired its viability, equivalent thereto.

SECTION 35. Duration of Incentives. - Enterprises registered with Authority may enjoy the income tax holiday (ITH) or the net operating loss carryover (NOLCO) granted by the Authority prior to the availment of the five percent (5%) gross income earned (GIE). Fiscal incentives under this Act shall be terminated after a cumulative period of twenty (20)

years from date of start of commercial operation, except that it could be extended with regard to industries deemed indispensable to national development. The industries exempted from this provision shall be determined by the Authority.

SECTION 36. Power to Make Port Regulations - The Authority has, in addition to its powers provided in Section 7 hereof, the power to:

- a. Make rules or regulations for the planning, development, construction, maintenance, control, supervision and management of any Port or Port District and the maintenance of good order for carrying out the purposes of this Act.
- b. Provide separate regulations for each category of ports or port districts.

SECTION 37. Dangerous Cargo -

- a. The Authority may make regulations for the conveyance, loading, discharging and storage of dangerous goods within any port, port district, and the approaches to the port.
- b. The Authority may provide separate regulations for each category of ports or port districts.

SECTION 38. Powers of Harbor Master - The Authority, thru the Harbor Master, may:

- a. Direct where any vessel shall be berthed, moored, or anchored, the method of anchoring within the port and the approaches to the port;
- b. Direct the removal of any vessel from any berth or anchorage to another berth or anchorage and the time within such removal is to be effected; and
- c. Regulate the mooring of vessels within the port and the approaches to the port.

SECTION 39. Construction and Dredging Works -

a. The Department of Transportation shall be the executing agency of the Authority for the detailed architectural and engineering designs, construction supervision of port terminal facilities and port works, and the dredging of public ports vested in the Authority; *Provided*, That when there are no qualified bidders for projects that is less than two hundred thousand pesos (P200,000.00), the Department of Transportation may undertake the construction through force account; *Provided, further*, That the Authority shall perform rehabilitation or maintenance works (including maintenance dredging) by its own personnel or private contractor or partner, whichever arrangement is more advantageous to the port and shipping operations.

b. The Authority shall be responsible for the allocation and control of all funds for the execution of all construction, rehabilitation and maintenance works mentioned in the preceding paragraph.

SECTION 40. Transitory Provisions -

Any and all other powers and rights, duties and functions, and jurisdiction vested in and all properties and appropriations of any government agency, authority or instrumentality pertaining to every matter concerning international transshipment port facilities, ports operations, or port works shall be vested in the Authority.

SECTION 41. Repealing clause. - All laws, acts, orders, rules and regulations, policies, or parts thereof inconsistent with or contrary to any of the provisions of this Act are hereby repealed or modified.

SECTION 42. Separability Clause. - If, for any reason, any section or provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions of this Act which are not affected thereby shall continue to be in full force and effect.

SECTION 43. Penalties

- (a) Any person who violates any of the provisions of this Act or any of the rules and regulations issued or promulgated by the Authority, shall be punished by imprisonment for not less than six months and one day but not more than six years and pay a fine of not less than one hundred thousand pesos but not more than five hundred thousand pesos.

If the offender is a government official or employee he shall, in addition to imprisonment and fine, be perpetually disqualified from holding any public office.

If the offender is a juridical person, the penalty of imprisonment and fine shall be imposed upon its manager, director, representative or employee thereof responsible for the violation.

If the offender is an alien he shall be deported immediately without further proceedings, after serving his sentence and paying the fine.

- (b) Any license, franchise, authority or permit to exercise any right or privilege, which may have been issued by the Authority in accordance with this Act or the rules and regulations issued or promulgated pursuant to this Act, shall be deemed withdrawn and revoked upon conviction of the holder thereof.

SEC 44. Effectivity - This Act shall take effect upon its approval.

Approved,