

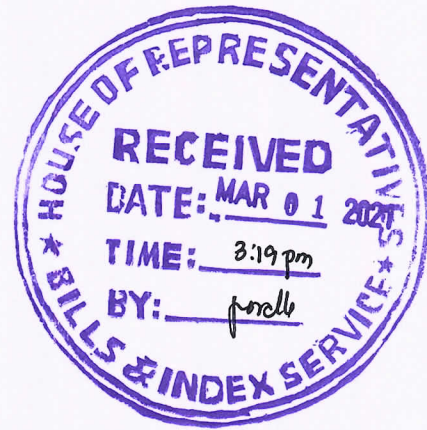
Republic of the Philippines
HOUSE OF REPRESENTATIVES

Quezon City

18th Congress

Second Regular Session

HOUSE BILL NO: 8834



Introduced by Hon. Ma. Victoria V. Umali
Representative, A TEACHER Party-List

EXPLANATORY NOTE

This bill seeks to establish the Special Economic and Freeport Zone in the Municipalities of Sta. Cruz and Mamburao, Occidental Mindoro. Situated at the center of the province of Occidental Mindoro, Municipality of Sta. Cruz and its nearby Municipality of Mamburao is the perfect spot of an accessible and profitable Special Economic and Free Port Zone in the island. Directly facing the island of Coron, Palawan, the Municipalities of Sta. Cruz and Mamburao offers more than its awe-inspiring views of paddy fields and mountain ranges. With the unspoiled beaches, underwater paradise, and other captivating sights of tract of lands, the Municipality and its entire province is a promising hub for sustainable Agro-Industrial, Manufacturing and Tourism Economic Zone.

Section 20, Article II of the 1987 Constitution declares that, "the State recognizes the indispensable role of the private sector, encourages, private enterprise, and provides incentives for needed investments." Bringing this Constitutional policy to life, Republic Act (RA) No. 7916, otherwise known as the "The Special Economic Zone Act of 1995," provides for the establishment of Special Economic Zones in the Country, particularly in Rural Areas, in order to promote their development into agro-industrial, commercial, tourist, banking, investment and financial centers.

This bill seeks the realization of the Province of Occidental Mindoro's full economic, industrial, and tourism potential through the establishment of **West Mindoro Exclusive Economic Zone Authority (WEMEEZA)**. This bill envisions creating an ECOZONE that will alleviate and improve the economic condition of Occidental Mindoro and other nearby provinces. The residents will be assured of local employment opportunities which will hasten the economic growth not only in the area but in the neighbouring provinces as well. Further, through industrialization of the far flung areas in the provinces, it would spur the development and uplift the welfare of the rural folks while positively effecting to decongest and arrests the cramming of the people on highly urbanized cities.

The Economic and Freeport Zone is conceptualized as a self-sustaining industrial, commercial and investment center that will encourage economic growth and accelerate employment generation in the province. It envisions such Economic Zone to be operated as a separate customs territory that will provide incentives to ensure free flow and movement of goods and commodities within the area and their expression therefrom. As such, it shall provide tax-based incentives for business operating within its premises. In addition, it shall also provide for non-tax benefits like the exchange policies and grant of permanent resident status to investors.

The establishment of a special economic zone and free port zone is in line with the government's policy to encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the countryside, the establishment of **West Mindoro Exclusive Economic Zone Authority (WEMEEZA)** is earnestly recommended. In view hereof, early consideration and approval of this bill is earnestly sought.


MA. VICTORIA V. UMALI

Republic of the Philippines
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HOUSE BILL NO: 8834

**Introduced by Hon. Ma. Victoria V. Umali,
Representative, A TEACHER Party-List**

**AN ACT ESTABLISHING THE WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)
AND FREE PORT IN THE MUNICIPALITIES OF STA. CRUZ AND MAMBURAO IN THE PROVINCE OF
OCCIDENTAL MINDORO
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES**

SECTION 1. Short Title. – This Act shall be known as the “WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA) ACT.”

SEC 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 especially those in the rural areas, increase their productivity and their individual and family income, and thereby improving the level and quality of their living condition through the establishment, among others, of exclusive economic zone and free ports in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

SEC 3. Creation of **"WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA"** – In accordance with the foregoing declared policy, here is hereby established a special and exclusive economic zone and free port, to be known, as the **"WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY"** hereinafter known as **WEMEEZA**, which shall cover certain parts of Barangay Mulawin, Barangay San Vicente and Barangay Alacaak of the Municipality of Sta. Cruz and certain parts of Barangay Talabaan and Barangay Fatima of the Municipality of Mamburao Occidental Mindoro.

SEC 4. Governing Principles. – The **"WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA"** shall be managed and operated by WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY, herein referred to as the **WEMEEZA** created under Section 5 of this Act, under the following principles:

(a) Within the framework and limitations of the Constitution and the applicable provisions of the Local Government Code, as amended, the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)** shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial trading, agro-industrial, tourism banking, financial and investment center with suitable residential areas;

(b) The **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)** shall be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Province of Occidental Mindoro and its neighbouring towns, cities and other provinces;

(c) The **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)** may establish mutually beneficial economic relations with other entities or enterprises within the country or. Subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority (PEZA); and or, the Department of Trade and Industry (DTI), with foreign entities or enterprises;

(d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT** either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**;

(e) The **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** shall be managed and operated as a separate customs territory ensuring free flow or movement of goods and capital within into and out of its territory;

(f) The "**WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)**" may provide incentives such as tax and duty-free importations of raw materials, capital equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** to other parts of the Philippine territory shall be subject to Customs Duties and Taxes under the Tariff and Customs Code of the Philippines, as amended, and the National Internal Revenue Code (NIRC) of 1997, as amended;

(g) The areas comprising the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** may be expanded or reduced when necessary. For this purpose, the **WEMEEZA**, in consultation with the concerned LGU's, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** for the following purposes:

(1) consolidation of lands for the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** development

(2) acquisition of Right-Of-Way to the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**; and

(3) the protection of watershed areas and natural assets valuable to the sustainable and inclusive growth and progress of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**.

(h) Goods manufactured by **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** enterprises shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and compliances to other regulations that may be formulated by the **WEMEEZA**, together with the **PEZA**, the **Bureau of Customs (BOC)** and the DTI. However, in order to protect domestic industries, a negative list of industries shall be drawn up and regularly updated by the **PEZA** and the Board of Investments (BOI). Enterprises engaged in industries included in such negative list shall not be allowed to sell their products locally; and

(i) The Security and Defense of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** and its perimeter fence shall be a joint responsibility of the National Government in coordination with **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)** and the

LGU's concerned. For this purpose, a special defense and security team shall be formed and organized to define its power, duties and responsibilities.

SEC 5. Creation of WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA – There is hereby created a corporate body to be known as the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY** herein referred to as the **WEMEEZA**, which shall manage and operate **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** in accordance with the provisions of this Act. This corporate franchise shall expire in Fifty (50) years counted from the first year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within One Hundred Eighty (180) Days after the effectivity of this Act.

SEC 6. Capitalization – The **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY (WEMEEZA)** shall have an authorized capital stock of Two Billion (2,000,000,000) no-par value 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 LGU's embracing the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**. The Board of Directors of the **WEMEEZA** 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 **WEMEEZA** to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGU's shall, in no case, own less than sixty per cent (60%) of the total issued and outstanding capital of the **WEMEEZA**.

The amount necessary to subscribe and pay for the shares of the National Government to the capital stock of the **WEMEEZA** shall be included in the Annual General Appropriations Act. For LGU's the funds shall be taken from their Internal Revenue Allotment and other local funds.

SEC 7. Principal Office of the WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY. – The **WEMEEZA** shall maintain its principal offices at Sta. Cruz and Mamburao Occidental Mindoro, but it may establish branches in any other parts the Philippines as may be necessary for the proper conduct of its business.

Sec 8. Powers and Functions of the WEMEEZA. – The **WEMEEZA** shall have the following functions;

(a) Recommend to the President of the Philippines the issuance of a proclamation to fix and delimit the site of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**;

(b) Operate, administer, manage and develop the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** according to the principles and provisions set forth in this Act.

(c) Register, regulate and supervise the enterprises in the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA** in an efficient and decentralized manner, subject to existing laws.

(d) To adopt, alter and use a corporate seal; to contract, lease, buy, sell, 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; to sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act; and 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 the 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 WEMEEZA may promulgate from time to time in conformity with the provisions of this Act and the limitations provided in the Constitution;

(g) To authorize or undertake, on its own through others and regulate the establishment, operation and maintenance of public utilities, services, and infrastructure in the Zone such as shipping, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, or port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport operation in coordination with the Civil Aeronautics Board, and such other services and 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, franchise, licenses, or permits under any of the schemes allowed in the Republic Act

6957 (the Build-Operate-Transfer Law, as amended), or joint venture, adequate facilities and infrastructures required or needed for the operation and development of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**, in coordination with appropriate National and Local Government Authorities and in conformity with applicable laws thereon;

(i) Operate on its own either directly or through a subsidiary entity, or concession or license to other, tourism-related activities and sports facilities such as golf courses and others, under priorities and standards set by WEMEEZA;

(j) Protect, preserve, maintain and develop the virgin forest, beaches, coral and coral reefs within the Zone. The virgin forest within the Zone will be proclaimed as a National Park and will be covered permanent total log banned. For this purpose, the rules and regulations of the Department of Environment and Natural Resources and other government agencies in the above functions shall be implemented by the WEMEEZA.

(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, WEMEEZA may establish and maintain its own Security and Defense Force and Fire fighting capability or hire others to provide the same;

(m) Coordinate with LGU's and exercise general supervisions over the development plans, activities and operations of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY**;

(n) To form, establish, organize and maintain subsidiary corporations as its business and operation may require whether under the laws of the Philippines or not;

(o) 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; and

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

SEC 9. Board of Directors of WEMEEZA. – The powers of the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY** shall be vested in and exercised by a Board of Directors, herein after referred to as the Board, which shall be composed of Fifteen (15) Members, to wit;

(a) The Secretary of Trade and Industry who shall serve as an Ex Officio Chairman of the Board of Directors and Four (4) other representatives of the National Government;

(b) The Mayors of the Municipalities of Sta. Cruz and Mamburao, in the Province of Occidental Mindoro, as Ex-Officio Voting Members;

(c) Two (2) representatives of Labor from among the workers in the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE and FREE PORT AREA**;

(d) Four (4) representatives from the business and investment sectors in the Zone;

(e) Two (2) representatives of the private sector coming from the residents of the Municipalities of Sta. Cruz and Mamburao.

The Chairman and the member of the Board, except the ex-officio members, shall be appointed by the President of the Philippines to serve for a term of Three (3) years, unless sooner removed for cause or dies or resigns voluntarily. In case of death, resignation or removal for cause, the replacement shall serve only the unexpired portion of the term.

Except for the representatives of the business and investment sectors, no person shall be appointed by the President of the Philippines as a member of the Board unless he is a Filipino citizen, of good moral character and of recognized competence in some relevant fields in business, banking and finance, shipping, business or labor management, human resources, port operations, engineering, or law.

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 the 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 for 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.

SEC 10. Administrative and Chief Executive Officer – The President of the Philippines shall appoint a full-time professional and competent Administrator and Chief Executive Officer for the **WEST MINDORO EXCLUSIVE ECONOMIC ZONE AUTHORITY**, whose compensation shall be determined by its Board of Directors and shall be in accordance with the revised compensation and position classification system. The administrator as chief executive officer of WEMEEZA shall be responsible to the Board and