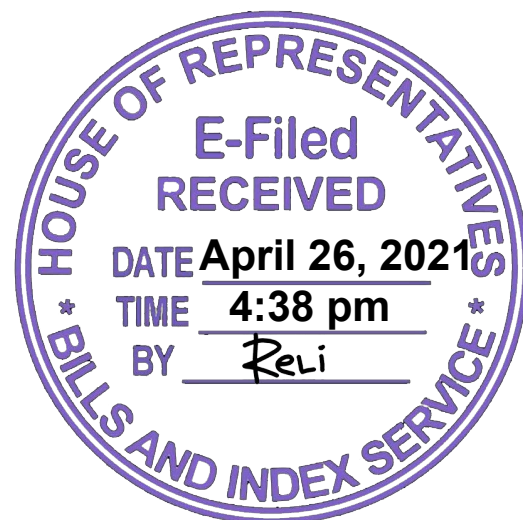


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **9255**



INTRODUCED BY REP. TEODORICO T. HARESCO, JR.

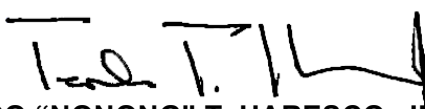
EXPLANATORY NOTE

This bill seeks to establish a Special Economic Zone in Western Aklan encompassing the municipalities of Ibajay, Tangalan, and Malay, including the Island of Boracay. As one of the prime tourism hotspots in the Visayas, West Aklan has been a long-standing choice for foreign and domestic investments. It has also developed a vibrant agri-aquaculture and manufacturing industries which produces thousands of goods and services exported, only to the nearby provinces, but also to Metro Manila and abroad. It is also gifted with abundant and diverse natural resources, efficiently utilized based on principle of sustainable development. Furthermore, through the years of aggressive development programs, West Aklan has also developed the necessary transportation infrastructure, renewable energy sources, and skilled manpower sufficient to sustain future prospects of development.

Founded on the principle of an all-encompassing economic growth, this Bill aims to promote countryside development through the spread and diversification of economic investments currently centered and contained on a number of economic hotspots towards the less-developed yet potentially-capable areas of West Aklan. Apart from uplifting the welfare of the rural folk, this measure also aims to decongest and prevent the cramming of people and industries from the present economic hotspots in the province, such as Boracay Island, thus promoting constant ecological balance.

The proposed West Aklan Economic Zone is envisioned as a self-subsistent center of industry, commerce and investment that will promote economic development and accelerated employment in West Aklan and nearby provinces. Likewise, it shall also provide tax-based incentives for businesses, especially to Micro Small and Medium Enterprises, within its area of operations, as well as non-tax incentives such as trade policies and grant of permanent residence status to potential investors.

In view of the foregoing, the approval of this Bill is earnestly sought.


TEODORICO "NONONG" T. HARESCO, JR.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **9255**

INTRODUCED BY REP. TEODORICO T. HARESCO, JR.

AN ACT
ESTABLISHING THE SPECIAL ECONOMIC ZONE IN WEST AKLAN, PROVINCE OF
AKLAN, CREATING FOR THE PURPOSE THE WEST AKLAN SPECIAL ECONOMIC
ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER 1
GENERAL PROVISIONS

SECTION 1. *Short Title.* - This Act shall be known as the "West Aklan Special Economic Zone Act."

SEC. 2. *Declaration of Policy.* - It is declared the policy of the State to encourage, promote and accelerate the sound and balanced industrial, economic and social development of the country. The establishment of special economic zones shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment, enhance productivity, and increase individual and family incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II
CREATION OF THE ECONOMIC ZONE

SEC. 3. *Creation of the West Aklan Special Economic Zone.* - In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of West Aklan affected by the zone, there is hereby established a special economic zone, hereinafter referred to as the West Aklan Ecozone. The West Aklan Ecozone shall cover certain parts of Barangays Aslum, Bagacay, Colongcolong, Laguinbanwa, and Poblacion in the Municipality of Ibajay, certain parts of Barangays Poblacion, Baybay, and Tagas in the Municipality of

1 Tangalan, and certain parts of Barangay Caticlan and the Island of Boracay, in the
2 Municipality of Malay. The specific metes and bounds of the West Aklan Ecozone shall
3 be more particularly defined in a presidential proclamation that shall be issued for this
4 purpose: *Provided*, That the lands embraced therein shall be public lands and
5 contiguous to one another.

6 **SEC. 4. Creation of the West Aklan Special Economic Zone Authority**
7 **(WASEZA).** - There is hereby created a corporate body to be known as the “West Aklan
8 Special Economic Zone Authority”, hereinafter referred to as the WASEZA, which shall
9 manage and operate the West Aklan Ecozone, in accordance with the provisions of this
10 Act. This corporate franchise shall expire in fifty (50) years counted from the first year
11 after the effectivity of this Act, unless otherwise extended by Congress. It shall be
12 organized within one hundred eighty (180) days after the effectivity of this Act.

13 **SEC. 5. Governing Principles.** - The West Aklan Ecozone shall be managed
14 and operated by the WASEZA, created under Section 4 of this Act, under the following
15 principles:

- 16 a) Within the framework and limitations of the Constitution and applicable provisions of
17 the Local Government Code, the West Aklan Ecozone shall be developed into and
18 operated as a decentralized, self-reliant and self-sustaining industrial,
19 commercial/trading, agro-industrial, tourist, banking, financial and investment center
20 with suitable residential areas;
- 21 b) The West Aklan Ecozone shall be provided with transportation, telecommunications
22 and other facilities needed to attract legitimate and productive investments,
23 generate linkage industries and employment opportunities for the people of West
24 Aklan and its neighboring towns and cities;
- 25 c) The West Aklan Ecozone may establish mutually beneficial economic relations with
26 other entities or enterprises within the country or, subject to the administrative
27 guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone
28 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign
29 entities or enterprises;
- 30 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
31 set up enterprises in the West Aklan Ecozone, either by themselves or in a joint
32 venture with Filipinos in any sector of industry, international trade and commerce

1 within the West Aklan Ecozone;

2 e) The West Aklan Ecozone shall be managed and operated as a separate customs
3 territory thereby ensuring the free flow or movement of goods and capital within, into
4 and out of its territory, and shall likewise provide incentives such as tax and duty-
5 free importations of raw materials, capital, and equipment to registered enterprises
6 located therein. However, exportation or removal of goods from the territory of the
7 West Aklan Ecozone to other parts of the Philippine territory shall be subject to
8 customs duties and taxes under Republic Act No. 10863, otherwise known as the
9 “Customs Modernization and Tariff Act” and other relevant tax laws of the
10 Philippines;

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

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

27 h) The defense of the West Aklan Ecozone and the security of its perimeter fence shall
28 be the responsibility of the national government in coordination with the WASEZA
29 and the LGUs.

30 **SEC. 6. Capitalization.** - The WASEZA shall have an authorized capital stock of
31 Two billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos
32 (P10.00) each, the majority shares of which shall be subscribed and paid for by the
33 National Government and the LGUs embracing the West Aklan Ecozone. The Board of

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

7 The amount necessary to subscribe and pay for the shares of the National
8 Government to the capital stock of the WASEZA shall be included in the annual General
9 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
10 allotment and other local funds.

11 **SEC. 7. Principal Office of the WASEZA.** - The WASEZA shall maintain its
12 principal offices at Ibaday, Tangalan, and Malay, Province of Aklan, but it may establish
13 branches within the Philippines as may be necessary for the proper conduct of its
14 business.

15 **SEC. 8. Powers and Functions of the WASEZA.** - The WASEZA shall have
16 the following powers and functions:

- 17 a) To operate, administer, manage, and develop the West Aklan Ecozone according
18 to the principles and provisions set forth in this Act,
- 19 b) To register, regulate, and supervise the enterprises in the West Aklan Ecozone in
20 an efficient and decentralized manner, subject to existing laws;
- 21 c) To coordinate with LGUs and exercise general supervision over the development
22 plans, activities and operations of the West Aklan Ecozone;
- 23 d) To regulate and undertake the establishment, construction, operation and
24 maintenance of public utilities, other services, and infrastructure in the West Aklan
25 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,
26 hauling, warehousing, storage of cargo, port services or concessions, piers,
27 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
28 telecommunications, transport, bridges, terminals, conveyors, water supply, and
29 storage, sewerage, drainage, airport operations in coordination with the Civil
30 Aviation Authority of the Philippines (CAAP), and such other services or
31 concessions or infrastructure necessary or incidental to the accomplishment of the

1 objectives of this Act;

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

9 f) To approve plans, programs, and projects of the West Aklan Ecozone to be
10 submitted to the Regional Development Council for inclusion and inputs to the
11 overall regional development plan;

12 g) To operate on its own, either directly or through licenses to others, tourism-related
13 activities, including games, amusements, recreational and sports facilities, subject
14 to the approval and supervision of the Philippine Amusement and Gaming
15 Corporation (PAGCOR);

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

23 i) To protect, preserve, maintain. and develop the forests, beaches, coral and coral
24 reefs, and maintain ecological balance within the West Aklan Ecozone.
25 Notwithstanding the power of the WASEZA to create rules for such purpose, the
26 rules and regulations of the Department of Environment and Natural Resources
27 (DENR) and other government agencies involved in the above functions shall be
28 implemented by the WASEZA;

29 j) To create, operate or contract to operate such functional units or offices of the
30 WASEZA as it may deem necessary;

31 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or

1 otherwise dispose of personal or real property of whatever nature, to sue and be
2 sued, and to carry out its functions and duties as provided for in this Act;

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

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

12 n) To ensure that the area covered by the West Aklan Ecozone is secure at all times:
13 *Provided*, That in the event that the assistance of the AFP or PNP is necessary,
14 the AFP or PNP shall not interfere in the internal affairs of the WASEZA, except to
15 provide the necessary security and defense, or law enforcement assistance, as the
16 case may be: *Provided finally*, That expenses of the AFP or PNP in the West Aklan
17 Ecozone shall be borne by the national government;

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

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

24 q) To perform such other functions as may be provided by law.

25 **SEC. 9. Board of Directors of the WASEZA.** - The powers of the WASEZA
26 shall be vested in and exercised by a Board of Directors, hereinafter referred to as the
27 Board, which shall be composed of the following:

28 a) The Chairperson, who shall at the same time be the administrator of the WASEZA;

29 b) Six (6) members consisting of:

30
31 1) The Governor or a duly-authorized representative from the Provincial

- 1 Government of Aklan;
- 2 2) Two (2) mayors, as elected by the West Aklan League of Mayors;
- 3 3) One (1) representative from the Congressional District Office;
- 4 4) One (1) representative from the investor's group; and
- 5 5) One (1) representative from among the workers in the West Aklan ecozone.

6

7 The Vice-Chairperson shall be selected from among the members of the Board.

8 The representative from the Provincial Government and the mayors of the
9 municipalities covered by the ecozone shall serve as *ex-officio* members of the Board,
10 whose terms in the Board correspond to their terms as elected officials.

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

16 The Chairperson-Administrator must be a Filipino citizen, of good moral
17 character, of proven probity and integrity, and a degree- holder in any of the following
18 fields: economics, business, public administration, law, management or their equivalent,
19 and with at least ten (10) years relevant working experience, preferably in the field of
20 management or public administration.

21 The members of the Board, except the *ex-officio* members, shall each receive
22 *per diem* at rates to be determined by the Department of Budget and Management
23 (DBM) in accordance with existing rules and regulations: *Provided, however,* That the
24 total *per diem* collected each month shall not exceed the equivalent *per diem* for four (4)
25 meetings. Unless and until the President of the Philippines has fixed a higher amount of
26 *per diem*, the members of the Board shall receive *per diem* of not be more than Ten
27 thousand pesos (₱10,000.00) for every Board meeting.

28 **SEC. 10. Organization and Personnel.** – The Board of Directors of the
29 WASEZA shall provide for its organization and staff. The Board shall appoint and fix the
30 remuneration and other emoluments of its officers and employees in accordance with
31 existing laws on compensation and position classification. The Board shall have
32 exclusive and final authority to promote, transfer, assign, reassign, or remove officers of

1 the WASEZA, any provision of existing law to the contrary notwithstanding. The
2 Chairperson-Administrator shall carry out the decisions of the Board.

3
4 The officers and employees of the WASEZA, including all members of the Board,
5 shall not engage directly or indirectly in partisan activities nor take part in any election,
6 except to vote.

7 No officer or employee of the WASEZA, subject to civil service laws and
8 regulations, shall be removed or suspended except for cause, as provided by law.

9 **SEC. 11. Powers and Duties of the Chairperson-Administrator.** – The
10 Chairperson-Administrator shall have the following powers and duties:

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

SEC. 12. *Legal Counsel.* - The WASEZA shall have its own internal legal counsel under the supervision of the Government Corporate Counsel. When the exigencies of businesses and operations demand it, the WASEZA may engage the services of an outside counsel either on a case to case or on a fixed retainer basis.

CHAPTER III

INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS

SEC. 13. *Investors Visa.* - Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00), either in cash or equipment, in a registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign national has the following qualifications:

- a) Must be at least eighteen (18) years of age;
- b) Must not have been convicted by final judgment of a crime involving moral turpitude;
- c) Must not be afflicted with any loathsome, dangerous or contagious disease;
- d) Must not have been institutionalized for any mental disorder or disability; and
- e) Must establish his financial capability and capacity through verifiable and credible evidence.

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

The authority to issue visas and work permits shall remain with the Bureau of Immigration (BI) and the Department of Labor and Employment (DOLE), respectively: *Provided*, That the BI and the DOLE shall implement measures to expedite the processing of such visas and permits for workers in the West Aklan Ecozone and coordinate with the WASEZA for the purpose of improving ease of doing business.

SEC.14. *Fiscal Incentives.* - Registered enterprises operating within the West Aklan Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the National Internal Revenue Code, as amended.

SEC. 15. *Banking Rules and Regulations.* – Banks and financial institutions to be established in the West Aklan Ecozone shall be under the supervision of the Bangko Sentral ng Pilipinas (BSP) and subject to existing banking laws, rules and regulations.

SEC. 16. *Remittances.* - In the case of foreign investments, a duly registered entity or enterprise within the West Aklan Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

CHAPTER V

NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 17. *Supervision and Control.* - For purposes of policy direction and coordination, the WASEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

SEC. 18. *Development Goals of the West Aklan Ecozone.* - The WASEZA shall determine the development goals of the West Aklan Ecozone within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the West Aklan Ecozone plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 19. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the West Aklan Ecozone shall retain their basic autonomy and identity. The Municipality of Magsaysay and San Jose, Province of West Aklan, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

In case of any conflict among the WASEZA, the LGUs and the National Government on matters affecting the West Aklan Ecozone, other than national defense and security matters, the decision of the WASEZA shall prevail.

SEC. 20. *Audit.* - The Commission on Audit (COA) shall appoint a full-time auditor in the WASEZA or may assign such number of personnel as may be necessary in the performance of their functions.

**CHAPTER V
MISCELLANEOUS**

SEC. 21. *Interpretation/Construction.* - The powers, authorities and functions that are vested in the WASEZA are intended to establish national self-sufficiency and self-reliance in the advancement of and protection of the national integrity, enhancement of national security, decentralization of governmental functions and authority, and promotion of an efficient and effective working relationship among the WASEZA, the National Government and the LGUs. Any interpretation of this Act shall consider such intentions. In the event of conflict of interpretation and provided the intentions cannot be harmonized, the provisions of this Act shall be construed in favor of an interpretation that would tend to protect national security.

SEC. 22. *Applicability Clause.* – Insofar as they are consistent with the provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise apply to the West Aklan Ecozone.

SEC. 23. *Implementing Rules and Regulations.* - The National Economic and Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate the implementing rules and regulations of this Act within ninety (90) days after its approval.

SEC. 24. *Separability Clause.* - If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 25. *Repealing Clause.* - All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 26. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,