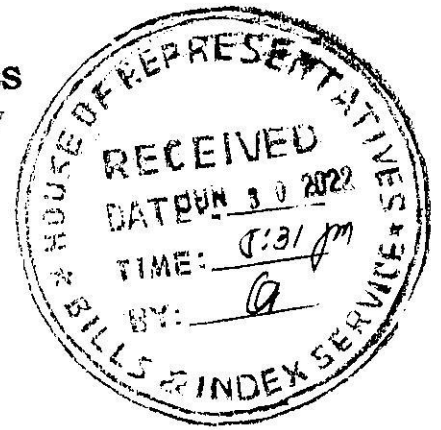


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Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City

**NINETEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 439**



**Introduced by REP. JOHNNY T. PIMENTEL**

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**EXPLANATORY NOTE**

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The City of Bislig stands as the first city of Surigao del Sur. As the seat of Paper Industries Corporation (PICOP), one of the then major industries of the Philippines, it was both a national center for trade and commerce. Nevertheless, with the cessation of the PICOP operations in Surigao del Sur in the 1990s, so did the decline of the steady economic growth in the province.

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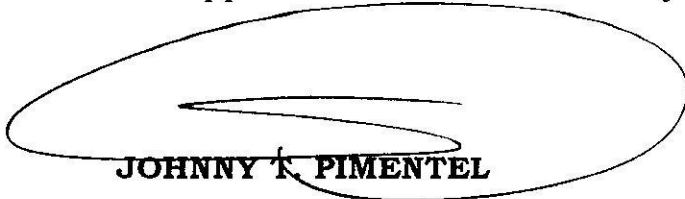
Special economic zones were created to lay alternative areas of investment across the Philippines. They are intended to disperse economic development which has been confined in the main metropolitan areas. By introducing industrialization, rural communities are given equitable access to the said growth giving its people employment opportunities and growth. The same also contributes to the overall economic development of the country in establishing competitive centers.

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This Bill seeks to reintroduce decentralization, self-reliance and self-sustenance to a geographic periphery of Surigao del Sur. This proposed creation of the Bislig City Special Economic Zone shall again harness Bislig City and the contiguous areas within and around their immediate vicinities maximizing them as an engine of socio-economic development in Caraga Region.

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The approval of this Bill is earnestly sought.

  
**JOHNNY T. PIMENTEL**

1 Republic of the Philippines  
2 **HOUSE OF REPRESENTATIVES**  
3 Constitution Hills, Quezon City

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5 **NINETEENTH CONGRESS**  
6 First Regular Session  
7

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9 **HOUSE BILL NO. 439**  
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12 **Introduced by REP. JOHNNY T. PIMENTEL**

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13  
14 **AN ACT**  
15 **ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF BISLIG,**  
16 **PROVINCE OF SURIGAO DEL SUR, CREATING FOR THE PURPOSE THE BISLIG**  
17 **SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS**  
18 **THEREFOR**

19  
20 *Be it enacted by the Senate and House of Representatives of the Philippines in*  
21 *Congress assembled:*

22 **CHAPTER 1**  
23 **GENERAL PROVISIONS**  
24

25 **SECTION 1. Short Title.** – This Act shall be known as the “Bislig Special  
26 Economic Zone Act.”  
27

28 **SEC. 2. Declaration of Policy.** – It is declared the policy of the State to encourage,  
29 promote, and accelerate the sound and balanced industrial, economic, and social  
30 development of the country. The establishment of special economic zones shall attract  
31 legitimate and productive foreign investments in strategic locations in the country. It  
32 shall generate employment, enhance productivity, and increase individual and family  
33 incomes, thereby enhancing the quality of life of the Filipino people.  
34

35 **CHAPTER II**  
36 **CREATION OF THE ECONOMIC ZONE**  
37

38 **SEC. 3. Creation of the Bislig Special Economic Zone.** – In accordance with  
39 the foregoing declared policy and subject to the concurrence of the concerned local  
40 government units (LGUs) of Surigao del Sur, there is hereby established a special

1 economic zone, hereinafter referred to as the Bislig Special Economic Zone or Bislig  
2 Ecozone. The Bislig Ecozone shall cover a particular area in the City of Bislig, Province  
3 of Surigao del Sur, the specific metes and bounds of which shall be more particularly  
4 defined in a presidential proclamation that shall be issued for this purpose: *Provided,*  
5 That the lands embraced therein shall be contiguous to one another.

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

14  
15 SEC. 5. *Governing Principles.* – The BISSEZA shall manage and operate the  
16 Bislig Ecozone, under the following principles:

- 17  
18 a) Within the framework and limitations of the Constitution and applicable provisions  
19 of  
20 Republic Act No. 7160, or the Local Government Code, as amended, the Bislig  
21 Ecozone shall be developed into and operated as a decentralized, self-reliant and  
22 self-sustaining industrial, commercial, trading, agro-industrial, tourist, banking,  
23 financial, and investment center with suitable residential areas;
- 24  
25 b) The Bislig Ecozone shall be equipped with transportation, telecommunications,  
26 and other facilities needed to attract legitimate and productive investments,  
27 generate linkage industries and employment opportunities for the people of Bislig  
28 City and those in neighboring towns and cities;
- 29  
30 c) The Bislig Ecozone may establish mutually beneficial economic relations with  
31 other entities or enterprises within the country or, subject to the administrative  
32 guidance of the Department of Foreign Affairs, the Philippine Economic Zone  
33 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign  
34 entities or enterprises;
- 35  
36 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion  
37 may set up enterprises in the Bislig Ecozone, either by themselves or in a joint

1 venture with Filipinos in any sector of industry, international trade and commerce  
2 within the Bislig Ecozone;

3  
4 e) The Bislig Ecozone shall be managed and operated as a separate customs  
5 territory thereby ensuring the free flow or movement of goods and capital within,  
6 into and out of its territory, and shall likewise provide incentives subject to Title XIII  
7 of the National Internal Revenue Code, as amended. However, exportation or  
8 removal of goods from the territory of the Bislig Ecozone to the other parts of the  
9 Philippine territory shall be subject to customs duties and taxes under Republic  
10 Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act"  
11 and other relevant tax laws of the Philippines;

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

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

30  
31 h) The defense of the Bislig Ecozone and the security of its perimeter fence shall be  
32 the responsibility of the national government in coordination with the BISSEZA and  
33 the concerned LGUs.

34  
35 SEC. 6. *Development Goals of the Bislig Ecozone.* – The BISSEZA shall  
36 determine the development goals of the Bislig Ecozone within the framework of national  
37 development plans, policies, and goals. The Chairperson-Administrator shall, upon

1 approval by the Board of the BISSEZA, submit the Bislig Ecozone plans, programs,  
2 and projects to the Regional Development Council for inclusion IN the regional  
3 development plan.

4  
5 SEC. 7. *Capitalization.* – The BISSEZA shall have an authorized capital stock of  
6 two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos  
7 (Php10.00) each, the majority shares of which shall be subscribed and paid for by the  
8 national government and the LGUs embracing the Bislig Ecozone. The Board of  
9 Directors of the BISSEZA may, with the written concurrence of the Secretary of Finance,  
10 sell shares, representing not more than forty *per centum* (40%) of the capital stock of  
11 the BISSEZA to the general public under such policy as the Board and the Secretary of  
12 Finance may determine. The national government and the LGUs shall in no case own  
13 less than sixty *per centum* (60%) of the total issued and outstanding capital of the  
14 BISSEZA.

15  
16 The amount necessary to subscribe and pay for the shares of the national  
17 government to the capital stock of the BISSEZA shall be included in the General  
18 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal  
19 revenue allotment and other local funds.

20  
21 SEC. 8. *Principal Office of the BISSEZA.* – The BISSEZA shall maintain its  
22 principal office in the City of Bislig, Province of Surigao del Sur, but it may establish  
23 liaison offices within the Philippines as may be necessary for the proper conduct of its  
24 business.

25  
26 SEC. 9. *Powers and Functions of the BISSEZA.* – The BISSEZA shall have the  
27 following powers and functions:

- 28  
29 a) To operate, administer, manage, and develop the Bislig Ecozone according to the  
30 principles and provisions set forth in this Act;  
31  
32 b) To register, regulate, and supervise the enterprises in the Bislig Ecozone in an  
33 efficient and decentralized manner, subject to existing laws;  
34  
35 c) To coordinate with LGUs and exercise general supervision over the development  
36 plans, activities, and operations of the Bislig Ecozone;

- 1 d) To regulate and undertake the establishment, construction, operation, and  
2 maintenance of public utilities, other services, and infrastructure in the Bislig  
3 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,  
4 hauling, warehousing, storage of cargo, port services or concessions, piers,  
5 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
6 telecommunications, transport, bridges, terminals, conveyors, water supply and  
7 storage, sewerage, drainage, airport operations in coordination with the Civil  
8 Aviation Authority of the Philippines, and such other services or concessions or  
9 infrastructure necessary or incidental to the accomplishment of the objectives of  
10 this Act;
- 11
- 12 e) To construct, acquire, own, lease, operate, and maintain on its own or through  
13 contracts, franchise, licenses, bulk purchase from the private sector or permits  
14 under any of the schemes allowed in Republic Act No. 6957, otherwise known as  
15 the "BuildOperate-Transfer Law", as amended, or joint venture, adequate facilities  
16 and infrastructure required or needed for the operation and development of the  
17 Bislig Ecozone, in coordination with appropriate national and local government  
18 authorities and in conformity with applicable laws thereon;
- 19
- 20 f) To approve plans, programs, and projects of the Bislig Ecozone to be submitted  
21 to the Regional Development Council for inclusion in the regional development  
22 plan;
- 23
- 24 g) To operate on its own, either directly or through licenses to others, tourism-related  
25 activities, including games, amusements, recreational and sports facilities, subject  
26 to the approval and supervision of the Philippine Amusement and Gaming  
27 Corporation;
- 28
- 29 h) To raise or borrow, within the limitation provided by law, and subject to the  
30 approval of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the  
31 case may be, adequate and necessary funds from local or foreign sources, to  
32 finance its projects and programs under this Act and for this purpose, to issue  
33 bonds, promissory notes, and other forms of securities, and to secure the same  
34 by a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of  
35 its property or assets;
- 36

- 1 i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral  
2 reefs, and maintain ecological balance within the Bislig Ecozone. Notwithstanding  
3 the power of the BISSEZA to create rules for such purpose, the rules and  
4 regulations of the Department of Environment and Natural Resources and other  
5 government agencies involved in the above functions shall be implemented by the  
6 BISSEZA;  
7
- 8 j) To create, operate or contract to operate such functional units or offices of the  
9 BISSEZA as it may deem necessary;  
10
- 11 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or  
12 otherwise dispose of personal or real property of whatever nature; sue and be  
13 sued; and otherwise carry out its functions and duties as provided for in this Act;  
14
- 15 l) To issue certificates of origin for products manufactured or processed in the Bislig  
16 Ecozone in accordance with prevailing rules of origin and the pertinent regulations  
17 of the PEZA, the DTI, and the Department of Finance (DOF);  
18
- 19 m) To establish one-stop shops for the issuance of all necessary permits, clearances,  
20 licenses, and other similar certifications to conduct such activities intended to  
21 improve the ease of doing business within the Bislig Ecozone, in coordination with  
22 government agencies having jurisdiction over activities therein: *Provided*, That all  
23 government agencies are directed to provide and extend utmost and full  
24 cooperation to the BISSEZA in the establishment of such one-stop shops;  
25
- 26 n) To ensure that the area covered by the Bislig Ecozone is secure at all times:  
27 *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine  
28 National Police (PNP) shall not interfere in the internal affairs of the BISSEZA  
29 except to provide the necessary security and defense, or law enforcement  
30 assistance, as the case may be: *Provided, finally*, That expenses of the AFP or  
31 the PNP in the Bislig Ecozone shall be borne by the national government;  
32
- 33 o) To exercise such powers as may be essential, necessary or incidental to the  
34 powers granted to it by this Act, as well as those that shall enable it to carry out,  
35 implement and accomplish the purposes, objectives, and policies set forth in this  
36 Act; and  
37

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. 10. *Board of Directors of the BISSEZA.* – The powers of the BISSEZA shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the following:

- a) A Chairperson, who shall at the same time be the administrator of the BISSEZA;
- b) A Vice-Chairperson who shall be elected from among the members of the Board of Directors;
- c) Members consisting of:
  - 1) The Governor of the Province of Surigao del Sur or a duly-authorized representative from the Provincial Government of Surigao del Sur;
  - 2) One (1) of the mayors of the municipalities covered by the ecozone;
  - 3) One (1) representative from the investors' group; and
  - 4) One (1) representative from among the workers in the Bislig Ecozone.

The Governor or the Governor's duly authorized representative and the mayors of the municipalities within the ecozone shall serve as *ex officio* members of the Board, whose terms in the Board shall correspond to their terms as elected officials.

The Chairperson-Administrator and the members of the Board, except for the representatives of the investors and workers groups and the *ex officio* members, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, resignation or removal for cause, their replacements shall serve only the unexpired portion of the respective terms. No person shall be appointed as a member of the Board unless the person is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least ten (10) years relevant working experience, preferably in the field of management or public administration.

The members of the Board, except the *ex officio* members, shall each receive *per diem* allowance at rates to be determined by the Department of Budget and Management in accordance with existing rules and regulations: *Provided, however,*

1 That the total *per diem* allowance collected each month shall not exceed the equivalent  
2 of four (4) meetings unless and until the President of the Philippines has fixed a higher  
3 rate for the *per diem* allowance for the members of the Board, such allowance shall not  
4 be more than Ten thousand pesos (Php10,000.00) for every Board meeting.  
5

6 SEC. 11. *Organization and Personnel.* – The Board of Directors of the BISSEZA  
7 shall provide for its organization and staff. The Board shall appoint and fix the  
8 remuneration and other emoluments of its officers and employees in accordance with  
9 existing laws on compensation and position classification. The Board shall have  
10 exclusive and final authority to promote, transfer, assign, reassign, or remove officers  
11 of the  
12 BISSEZA, any provision of existing law to the contrary notwithstanding. The  
13 ChairpersonAdministrator shall execute the decisions of the Board.  
14

15 The officers and employees of the BISSEZA, including all members of the Board,  
16 shall not engage directly or indirectly in partisan activities nor take part in any election,  
17 except to vote.  
18

19 No officer or employee of the BISSEZA, shall be removed or suspended except  
20 for cause, as provided by civil service rules and regulations.  
21

22 SEC. 12. *Powers and Duties of the Chairperson-Administrator.* – The  
23 Chairperson-Administrator shall have the following powers and duties:  
24

- 25 a) To direct and manage the affairs of the BISSEZA in accordance with the policies  
26 of the Board;  
27
- 28 b) To establish the internal organization of the BISSEZA under such conditions that  
29 the Board may prescribe;  
30
- 31 c) To submit an annual budget and necessary supplemental budget to the Board  
32 for  
33 its approval;  
34
- 35 d) To submit within thirty (30) days after the close of each fiscal year an annual  
36 report to the Board and such other reports as may be required;  
37

- e) To submit to the Board for its approval, policies, systems, procedures, rules, and regulations that are essential to the operation of the Bislig Ecozone;
- f) To recommend to the Board the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification;
- g) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Bislig Ecozone; and
- h) To perform such other duties as may be assigned by the Board or which are necessary or incidental to the office.

SEC. 13. *Legal Counsel.* – The BISSEZA shall have its own internal legal counsel who shall be under the supervision of the Government Corporate Counsel. When the exigencies of business and operations demand it, the BISSEZA 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 AND INVESTORS

SEC. 14. *Investors Visa.* – Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash or equipment, 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 dangerous or contagious disease;
- d) Must not have been confined in an institution for any mental disorder or disability; and
- e) Must be financially capable as borne out by credible and verifiable evidence.

With an investor's visa, an alien shall be entitled to reside in the Philippines while the investment subsists. The alien investor should submit an annual report, in the form duly prescribed for the purpose, to prove that the investment in the country subsists.

1 Should said alien investor withdraw the investments from the Philippines, then the  
2 investor's visa issued to said alien shall automatically expire and be withdrawn.

3  
4 The authority to issue visas and work permits shall remain with the Bureau of  
5 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:  
6 *Provided*, That the BI and the DOLE shall implement measures to expedite the  
7 processing of such visas and permits for workers in the Bislig Ecozone and coordinate  
8 closely with the BISSEZA to facilitate the conduct of business operations.

9  
10 SEC. 15. *Fiscal Incentives*. – Registered enterprises of the Bislig Ecozone may  
11 be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the  
12 National Internal Revenue Code, as amended.

13  
14 SEC. 16. *Banking Rules and Regulations*. – Banks and financial institutions to  
15 be established in the Bislig Ecozone shall be under the supervision of the BSP and  
16 subject to existing banking laws, rules and regulations.

17  
18 SEC. 17. *Remittances*. – In the case of foreign investments, a duly registered  
19 entity or enterprise within the Bislig Ecozone shall have the right to remit earnings to its  
20 investors in the currency in which the investment was originally made and at the  
21 exchange rate prevailing at the time of remittance, subject to the provisions of Republic  
22 Act No. 7653, otherwise known as the "New Central Bank Act" as amended.

23  
24 CHAPTER IV  
25 NATIONAL GOVERNMENT AND OTHER ENTITIES  
26

27 SEC. 18. *Supervision and Control*. – For purposes of policy direction and  
28 coordination, the BISSEZA shall be under the direct control and supervision of the  
29 Office of the President of the Philippines.

30  
31 SEC. 19. *Relationship with Local Government Units*. – Except as herein  
32 provided, the LGUs comprising the Bislig Ecozone shall retain their basic autonomy and  
33 identity. The City of Bislig, Province of Surigao del Sur, shall operate and function in  
34 accordance with the framework of the Constitution, the Local Government Code of  
35 1991, as amended, and this Act.

1 In case of any conflict among the BISSEZA, the LGUs and the national  
2 government on matters affecting the Bislig Ecozone, other than national defense and  
3 security matters, the decision of the BISSEZA shall prevail.

4 SEC. 20. *Audit.* – The Commission on Audit shall appoint a full-time auditor for  
5 the BISSEZA AND may assign such number of personnel as may be necessary to  
6 assist the auditor in the performance of the auditor's functions.

## 7 8 CHAPTER V MISCELLANEOUS 9

10 SEC. 21. *Interpretation and Construction.* – The powers, authorities and  
11 functions that are vested in the BISSEZA are intended to establish national self-  
12 sufficiency and self-reliance in the advancement of and protection of the national  
13 integrity, enhancement of national security, decentralization of governmental functions  
14 and authority, and promotion of an efficient and effective working relationship among  
15 the BISSEZA, the national government and the LGUs. Any interpretation of this Act  
16 shall consider such intentions. In the event of conflict of interpretation and provided the  
17 intentions cannot be harmonized, the provisions of this Act shall be construed in favor  
18 of an interpretation that shall protect national security.

19  
20 SEC. 22. *Applicability Clause.* – Insofar as they are consistent with the  
21 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,  
22 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall  
23 likewise apply to the Bislig Ecozone.

24  
25 SEC. 23. *Implementing Rules and Regulations.* – Within sixty (60) days from  
26 effectivity of this Act, the DTI shall, in coordination with the DOF and the National  
27 Economic and Development Authority, formulate rules and regulations for the effective  
28 implementation of the provisions of this Act.

29  
30 SEC. 24. *Separability Clause.* – If any provision of this Act shall be held  
31 unconstitutional or invalid, the other provisions not otherwise affected shall remain in  
32 full force and effect.

33  
34 SEC. 25. *Repealing Clause.* – All laws, executive orders or issuances or any  
35 part thereof, which are inconsistent herewith, are hereby repealed or amended  
36 accordingly.

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

Approved,