



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **8114**



Introduced by: **JOSEFINA B. TALLADO**

**AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN THE
MUNICIPALITY OF JOSE PANGANIBAN, PROVINCE OF CAMARINES NORTE,
CREATING FOR THE PURPOSE THE CAMARINES NORTE FIRST DISTRICT SPECIAL
ECONOMIC ZONE AND FREE PORT AUTHORITY, AND APPROPRIATING FUNDS
THEREFOR**

EXPLANATORY NOTE

This bill seeks for the creation of a special economic zone and free port in the 1st District of Camarines Norte Province. This is consistent with the declared 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 zone and free port in Camarines Norte will also attract legitimate and productive foreign capital that will put our province within the radar of investors looking for blue ocean markets they can expand or settle in. This will also generate employment and increase productivity of individual as well as family incomes thereby enhancing the quality of life of the people of Camarines Norte.

The Municipality of Jose Panganiban in the 1st District of Camarines Norte is best suited for the establishment of the said special economic zone and free port. It has the economic factors and qualifications required of a viable economic zone including, flat lands, viable seaport, well-paved roads and most importantly, it is capable of producing literate, educated, and skilled workers.

Ultimately the establishment of an economic zone and free port will not only redound to the benefit of the Mambulao community or the people of the 1st District but also the entire province and will make Camarines Norte at par with its regional neighbors already enjoying the economic benefits of an ecozone.

In view of the foregoing considerations, the immediate consideration and approval of this bill is highly recommended.


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

**CHAPTER I
GENERAL PROVISIONS**

Section 1. Short Title. - This act shall be known as the "Camarines Norte First District Special Economic Zone and Free Port Act."

Section 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 zone and free port shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes thereby enhancing the quality of life of the Filipino people.

**CHAPTER II
GOVERNING STRUCTURES**

Section 3. Creation of the Camarines Norte First District Special Economic Zone and Free Port Authority. - In accordance with the foregoing declared policy and subject to the concurrence of the local government unit (LGU) of the Municipality of Jose Panganiban, Province of Camarines Norte, there is hereby established a special economic zone, hereinafter referred to as the Camarines Norte First District Special Economic Zone and Freeport or the Camarines Norte First District Ecozone. The Camarines Norte First District Ecozone shall cover a particular area in the Municipality of Jose Panganiban, Province of Camarines Norte, the specific metes and bounds of which shall be more particularly defined in a presidential proclamation that shall be issued for this purpose: Provided, That the lands embraced therein shall be contiguous to one another.

Section 4. Creation of the Camarines Norte First District Special Economic Zone and Free Port Authority. There is hereby created a body corporate to be known as the Camarines Norte First District Economic Zone Authority, hereinafter referred to as the CNFDEZFA, which shall manage and operate the Camarines Norte First District Ecozone, in accordance with the provisions of this Act. The corporate life of the CNFDEZFA 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.

Section 5. Governing Principles. The CNFDEZFA shall manage and operate the Camarines Norte First District Ecozone, under the following principles:

- a) Within the framework and limitations of the Constitution and applicable provisions of Republic Act No. 7160, or the Local Government Code, as amended, the Camarines Norte First District Ecozone shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist, banking, financial, and investment center with suitable residential areas;
- b) The Camarines Norte First District Ecozone shall be equipped with transportation, telecommunications, and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the municipality of Jose Panganiban, Province of Camarines Norte, and those in neighboring towns;
- c) The Camarines Norte First District Ecozone 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, the Philippine Economic Zone Authority (PEZA), and 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 the Camarines Norte First District Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Ecozone;
- e) The Camarines Norte First District Ecozone shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into and out of its territory, and shall likewise provide incentives subject to Title XIII of the National Internal Revenue Code, as amended. However, exportation or removal of goods from the territory of the Camarines Norte First District Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act" and other relevant tax laws of the Philippines;
- f) The areas comprising the Camarines Norte First District Ecozone may be expanded or reduced, when necessary, through a presidential proclamation issued for the said purpose. For this purpose, the CNFDEZFA, in consultation with the LGU, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Camarines Norte First District Ecozone for the following purposes: (i) consolidation of lands for zone development; (ii) acquisition of right of way to the Ecozone; and the (iii) protection of watershed areas

and natural assets valuable to the prosperity of the Camarines Norte First District Ecozone;

- g) Goods manufactured by a Camarines Norte First District Ecozone enterprise may 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 CNFDEZFA, in coordination with the PEZA, the Bureau of Customs, the Bureau of Internal Revenue, 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. Enterprises engaged in industries included in such Negative List shall not be allowed to sell their products locally; and
- h) The defense and security of the Camarines Norte First District Ecozone and its perimeter shall be the responsibility of the national government, in coordination with the CNFDEZFA and the concerned LGU.

Section 6. Development Goals of the Camarines Norte First District Ecozone. —The FDEZA shall determine the development goals of the Camarines Norte First District Ecozone within the framework of national development plans, policies, and goals. The Chairperson-Administrator shall, upon approval by the Board of CNFDEZFA, submit the plans, programs, and projects of the Camarines Norte First District Ecozone to the Regional Development Council for inclusion in the regional development plan.

Section 7. Capitalization. — The CNFDEZFA shall have an authorized capital stock of Two Billion Pesos (2,000,000,000.00) no par shares with a minimum issue of Ten pesos (Php10.00) each, the majority shares of which shall be subscribed and paid for by the national government and the LGU embracing the Camarines Norte First District Ecozone. The Board of Directors of the CNFDEZFA 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 CNFDEZFA to the public under such policy as the Board and the Secretary of Finance may determine. The national government and the LGU of the Municipality of Jose Panganiban shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the CNFDEZFA.

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

Section 8. Principal Office of the CNFDEZFA. - The CNFDEZFA shall maintain its own principal office in the Municipality of Jose Panganiban, Province of Camarines Norte but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business.

Section 9. Powers and Functions of the CNFDEZFA. — The CNFDEZFA shall have the following powers and functions:

- a) To operate, administer, manage, and develop the Camarines Norte First District Ecozone according to the principles and provisions set forth in this Act.

b) To register, regulate and supervise the enterprises in the Camarines Norte First District Ecozone in an efficient and decentralized manner, subject to existing laws.

c) To coordinate with LGUs and exercise general provision over the development plans, activities, and operations of the Camarines Norte First District Ecozone.

d) To regulate and undertake the establishment, construction, operation and maintenance of public utilities, other services, and infrastructure in the Camarines Norte First District Ecozone such as light and power in coordination with the National Electrification Administration, shipping, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, telecommunications transport, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport operations in coordination with the Civil Aviation Authority of the Philippines (CAAP), and such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act;

e) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchise, license, bulk purchase from the private sector or permits under any of the schemes allowed in Republic Act No. 6957 (the Build-Operate Transfer Law, as amended), or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the Camarines Norte First District Ecozone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

f) To approve plans, programs, and projects of the Camarines Norte First District Ecozone to be submitted to the Regional Development Council for inclusion and inputs to the overall regional development plan;

g) To operate on its own, either directly or through license to others, tourism-related activities, including games, amusements, recreational and sports facilities;

h) To raise or borrow, within the limitations provided by law, and subject to the approval or opinion of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the case may be, adequate and necessary funds from local or foreign sources, to finance its projects and programs under this Act and for this purpose, to issue bonds, promissory notes and other forms 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 asset;

i) To protect, preserve, maintain, and develop the forests, beaches, coral and coral reefs, and maintain ecological balance within the Ecozone. Notwithstanding the Authority of the CNFDEZFA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involved in the above functions shall be implemented by the CNFDEZFA,

j) To create, operate and/or contract to operate such functional units or offices of the CNFDEZFA as it may deem necessary;

k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or otherwise dispose of personal and/or real property of whatever nature; sue and be sued; and otherwise carry out its functions and duties as provided for in this Act;

l) To issue certificate of origin for products manufactured or processed in the Ecozone in accordance with prevailing rules of origin and the pertinent regulations of the Philippine Economic Zone Authority (PEZA), the Department of Trade and Industry (DTI) and/or the Department of Finance (DOF);

m) To establish one-stop shops for the issuance of all necessary permits, clearances, licenses, and other similar certifications to conduct such activities intended to improve the ease of doing business within the Camarines Norte First District Ecozone, in coordination with government agencies having jurisdiction over activities therein. Provided, that all government agencies are directed to provide and extend utmost and full cooperation to the Camarines Norte First District Ecozone in the establishment of such onestop shops;

n) To provide internal security to the Camarines Norte First District Ecozone in coordination with the National government and affected LGU. For this purpose, the CNFDEZFA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces sent by the national government for the purpose of defense shall not interfere in the internal affairs of the Camarines Norte First District Ecozone and expenditures for these military forces shall be borne by the National Government;

o) To exercise such powers as may be essential, necessary or incidental to the powers granted to it hereunder, as well as those that shall enable it to carry out, implement and accomplish the purpose, 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 purpose, objectives and policies provided herein.

Section 10. Board of Directors of the CNFDEZFA. - The powers of the CEZA 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) The chairperson, who shall at the same time be the administrator of the CEZA
- b) A Vice-Chairperson, who shall come from among the members of the Board;
- c) Members consisting of;
 - 1) The Representative of the 1st District of Camarines Norte;
 - 2) The Governor of the Province of Camarines Norte or duly authorized representative from the Provincial Government of Camarines Norte;
 - 3) The Mayor of the Municipality of Jose Panganiban;
 - 4) One (1) representative from the investors' group
 - 5) One (1) representative from the workers in the Ecozone
 - 6) One (1) representative designated by the National Economic and Development Authority

The Governor, the Representative of the 1st District of Camarines Norte and the mayor of the Municipality of Jose Panganiban shall serve as ex-officio members of the Board, whose term in the Board corresponds to their term as elected officials.

The Chairperson-Administrator and members of the Board, except 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 (DBM) in accordance with existing rules and regulations: Provided, however, that the total *per diem* allowance collected each month shall not exceed the equivalent *per diem* allowance 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 allowance shall not be more than ten thousand pesos (Php10,000.00) for every Board meeting.

Section 11. Organization and Personnel. - The Board of Directors of the CNFDEZFA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its offices and employees in accordance with existing laws on compensation and position classification. The Board shall have exclusive and final authority to promote, transfer, assign, reassign or remove officers of the CNFDEZFA, any provision of existing law to the contrary notwithstanding. The chairperson-administrator shall execute the decisions of the Board.

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

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

Section 12. Powers and Duties of the Chairperson-Administrator. - The Chairperson-Administration shall have the following powers and duties:

- a) To direct and manage the affairs of the CEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the CEZA under such conditions that the Board may prescribe;
- c) To submit an annual budget and necessary supplemental budget to the Board for its approval;
- d) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;

- e) To submit to the Board for its approval, policies, systems, procedures, rules and regulations that are essential to the operation of the Camarines Norte 1st District 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 Ecozone; and
- h) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

Section 13. Legal Counsel. - The CNFDEZFA shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its businesses and operations demand it, the CNFDEZFA 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

Section 14. Investor's 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 18 years of age;
 - b) Must not have been convicted by final judgement of a crime involving moral turpitude;
 - c) Must not be afflicted with any loathsome, 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 his investment subsists. The alien should submit an annual report, in the form duly prescribed for the purpose, to prove that the investment in the country subsists. Should said alien withdraw his investments from the Philippines, then the investor's visa 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 Ecozone and coordinate closely with the CNFDEZFA to facilitate the conduct of business operations.

Section 15. Fiscal Incentives. — Registered enterprises of the Ecozone may be entitled to pertinent fiscal incentives granted under Title X III (Tax Incentives) of the National Internal Revenue Code, as amended.

In the interest of enhancing transparency in the management and accounting of tax incentives in the Camarines Norte First District Ecozone and ensuring the proper administration, management, enforcement, implementation, and monitoring of tax incentives, the CNFDEZFA shall comply with the provision of Republic Act No. 10708, otherwise known as the Tax Incentives Management and Transparency Act (TIMTA) and its implementing rules and regulations.

The BOC shall set up and establish a custom-controlled area outside the premises of the Camarines Norte First District Ecozone to facilitate payment of duties and taxes on goods entering the Philippine customs territory; Provided, that notwithstanding the limitations on this ACT, the CNFDEZFA and BOC may coordinate and jointly implement measures on border protection.

Section 16. Banking Rules and Regulations Governing Banks and Other Financial Institutions. — Banks and other BSP-supervised financial institutions to be established in the Camarines Norte First District Ecozone shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

Section 17. Remittances. - in the case of foreign investments, a duly registered entity or enterprise within the Camarines Norte First District Ecozone shall have the right to remit earnings to its investors 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 IV NATIONAL GOVERNMENT AND OTHER ENTITIES

Section 18. Supervision and Control. - For purposes of policy direction and coordination, the CNFDEZFA shall be under the direct control and supervision of the Office of the President of the Philippines.

Section 19. Relationship with the Local Government Unit. - Except as herein provided, the Municipality of Jose Panganiban shall retain its basic autonomy and identity. It shall operate and function in accordance with the framework of the Constitution, the Local Government Code of 1991, as amended, and this Act. In case of any conflict among the CNFDEZFA, the LGU and the national government on matters affecting the Ecozone, other than national defense and security matters, the decision of the CNFDEZFA shall prevail.

Section 20. Audit. The Commission on Audit shall appoint a full-time auditor for the CNFDEZFA and may assign such number of personnel as may be necessary to assist the auditor in the performance of the auditor's functions.

CHAPTER V MISCELLANEOUS PROVISIONS

Section 21. Interpretation and Construction. - The powers, authorities and functions that are vested in the CNFDEZFA are intended to enhance national security, encourage self-sufficiency, foster meaningful decentralization of government functions and authority, and promote the efficient and effective collaboration among the CNFDEZFA, the national government and the LGU of the Municipality of Jose Panganiban. 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 shall protect national security.

Section 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 Ecozone.

Section 23. Implementing Rules and Regulations. - Within sixty (60) days from effectivity of this Act, the DTI shall, in coordination with the DOF and the National Economic and Development Authority, formulate rules and regulations for the effective implementation of the provisions of this Act.

Section 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.

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

Section 25. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.