

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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 716

Introduced by REP. ALEXANDER T. PIMENTEL

EXPLANATORY NOTE

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

6
7 Special economic zones were created to lay alternative areas of
8 investment across the Philippines. They are intended to disperse economic
9 development which has been confined in the main metropolitan areas. By
10 introducing industrialization, rural communities are given equitable access to
11 the said growth giving its people employment opportunities and growth. The
12 same also contributes to the overall economic development of the country in
13 establishing competitive centers.

14
15 This Bill seeks to reintroduce decentralization, self-reliance and self-
16 sustenance to a geographic periphery of Surigao del Sur. This proposed
17 creation of the Bislig City Special Economic Zone shall again harness Bislig
18 City and the contiguous areas within and around their immediate vicinities
19 maximizing them as an engine of socio-economic development in Caraga
20 Region.

21
22 The approval of this Bill is earnestly sought.


REP. ALEXANDER T. PIMENTEL

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;
37

- 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 “Build Operate-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

1 p) To issue rules and regulations consistent with the provisions of this Act as may be
2 necessary to accomplish and implement the purposes, objectives, and policies
3 provided herein.
4

5 SEC. 10. *Board of Directors of the BISSEZA.* – The powers of the BISSEZA shall
6 be vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
7 which shall be composed of the following:
8

- 9 a) A Chairperson, who shall at the same time be the administrator of the BISSEZA;
10 b) A Vice-Chairperson who shall be elected from among the members of the Board
11 of
12 Directors;
13 c) Members consisting of:
14 1) The Governor of the Province of Surigao del Sur or a duly-authorized
15 representative from the Provincial Government of Surigao del Sur;
16 2) One (1) of the mayors of the municipalities covered by the ecozone;
17 3) One (1) representative from the investors' group; and
18 4) One (1) representative from among the workers in the Bislig Ecozone.
19

20 The Governor or the Governor's duly authorized representative and the mayors
21 of the municipalities within the ecozone shall serve as *ex officio* members of the Board,
22 whose terms in the Board shall correspond to their terms as elected officials.
23

24 The Chairperson-Administrator and the members of the Board, except for the
25 representatives of the investors and workers groups and the *ex officio* members, shall
26 be appointed by the President of the Philippines to serve for a term of six (6) years,
27 unless sooner separated from service due to death, voluntary resignation or removal
28 for cause. In case of death, resignation or removal for cause, their replacements shall
29 serve only the unexpired portion of the respective terms. No person shall be appointed
30 as a member of the Board unless the person is a Filipino citizen, of good moral
31 character, of proven probity and integrity, and a degree holder in any of the following
32 fields: economics, business, public administration, law, management or their
33 equivalent, and with at least ten (10) years relevant working experience, preferably in
34 the field of management or public administration.
35

36 The members of the Board, except the *ex officio* members, shall each receive
37 *per diem* allowance at rates to be determined by the Department of Budget and
38 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;

- 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.
36

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,