

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 1331



Introduced by **HONORABLE RAMON JOLO B. REVILLA III,**
HONORABLE LANI MERCADO-REVILLA, and
HONORABLE BRYAN B. REVILLA

EXPLANATORY NOTE

This bill seeks to convert the propitious facility of Sangley Point into the Sangley Point Special Economic Zone located in the City of Cavite, Province of Cavite to foster and facilitate economic growth, job creation, and social development.

Sangley Point became a major ship repairing and supply facility for the United States Navy during the early 20th century. It occupied the northern part of the Cavite City peninsula and is surrounded by Manila Bay. It is approximately eight miles southwest of Manila. Until 1945, the station was the headquarters of the United States Asiatic Fleet. The naval station was succeeded by the Philippine government in 1971. At present, Sangley Point is being used by the Philippine Navy for ship repair and dry docking purposes.

Sangley Point provides the comparative advantages and potential for economic growth. Among many, its bay location is potential for sea transport and

its existing air and port facilities can be upgraded and improved to support economic activities. Moreover, it also has road links which provide access to Manila and the CALABARZON region.

In line with the concerted efforts of the government to promote economic reforms, we must exhaust all possible means to maximize and support our continued vision towards genuine sustainability. To achieve this goal, there is a need, among others, to provide self-sustaining commercial, financial, industrial, and investment centers.

In view of the foregoing, the immediate passage of this bill is earnestly sought.



RAMON JOLO B. REVILLA III



LANI MERCADO-REVILLA



BRYAN B. REVILLA

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 1331

Introduced by **HONORABLE RAMON JOLO B. REVILLA III,**
HONORABLE LANI MERCADO-REVILLA, and
HONORABLE BRYAN B. REVILLA

AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF
CAVITE, PROVINCE OF CAVITE AND CREATING FOR THE
PURPOSE THE SANGLEY POINT SPECIAL ECONOMIC ZONE
AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

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

1 **SECTION 1. *Short Title.*** — This Act shall be known as the “Sangley
2 Point Special Economic Zone Act”.

3
4 **SEC. 2. *Declaration of Policy.*** — It is hereby declared the policy of the
5 State to encourage, promote, and accelerate the sound and balanced industrial,
6 economic, and social development of the country. The establishment of special
7 economic zones shall attract legitimate and productive foreign investments in
8 strategic locations in thr country. It shall generate employment, enhance
9 productivity, and increase individual and family incomes, thereby enhancing the
10 quality of life of the Filipino people.

1 **SEC. 3. *Creation of the Sangley Point Special Economic Zones.*** — In
2 accordance with the foregoing declared policy and subject to the concurrence
3 local government units (LGUs) of the Province of Cavite, there is hereby
4 established a special economic zone, hereinafter to as the “Sangley Point Special
5 Economic Zone” or the Sangley Point Ecozone. The Sangley Point Special
6 Economic Zone shall cover a particular area located in the City of Cavite, the
7 specific metes and bounds of which shall be more particularly defined in a
8 Presidential Proclamation that shall be issued of this purpose. *Provided,* That the
9 lands embraced therein shall be contiguous to one another.

10
11 **SEC. 4. *Creation of the Sangley Point Special Economic Zone Authority.***
12 — There is hereby created a body corporate to be known as the Sangley Point
13 Special Economic Zone Authority, herein referred to as the SPSEZA, which shall
14 manage and operate the Sangley Point Economic Zone in accordance with the
15 provisions of this Act. *Further,* That the corporate life of SPSEZA shall expire in
16 fifty (50) years, counted from the first year after the effectivity of this Act, unless
17 otherwise extended by Congress. It shall be organized within one hundred eighty
18 (180) days after the effectivity of this Act.

19
20 **SEC. 5. *Governing Principles.*** — The SPSEZA shall manage and operate
21 the Sangley Point Economic Zone under the following principles:

- 22
23 (a) Within the framework and limitations of the 1987 Constitution
24 and applicable of Republic Act No. 7160, otherwise known as the
25 “Local Government Code of 1991,” as amended, the Sangley
26 Point Economic Zone shall be developed into and operate as a
27 decentralized, self-reliant, and self-sustaining industrial,
28 commercial, trading, agro-industrial, banking, financial, and
29 investment center with residential areas;

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

(b) The Sangley Point Economic Zone shall be equipped with transportation, and other facilities needed to attract legitimate and productive investments, generate linkage industries employment opportunities for the people of Cavite City In neighboring towns and cities;

(c) The Sangley Point Economic Zone may mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guid of the Department of Foreign Affairs (DFA), 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 whatever proportion may set up enterprises in the Sangley Point Economic Zone, Either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Sangley Point Economic Zone;

(e) The Sangley Point Economic Zone Shall be managed and operated as a separate customs territory thereby ensuring the free flow movement of goods and capital within, into and out of its territory, and shall likewise provide incentive subject to Title XIII of the National Internal Revenue Code of 1997, as amended. *However,* That Exploitation or removal of goods from the territory of the Sangley Point Economic Zone 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

1 “Customs Modernization and Tariff Act,” and othe relevant tax
2 laws of the Philippines;

3
4 (f) The areas comprising the Sangley Point Economic Zone May be
5 expanded or reduced when necessary through a Presidential
6 Proclamation issued for the said purpose. For this purpose, the
7 SPSEZA, in consultation with the LGUs, Shall have the power to
8 acquire either by purchase, negotiation or condemnation
9 proceedings, any private land within or adjacent to the Sangley
10 Point Economic Zone for the following purposes:

11 (1) Consolidation of lands for zone development;

12
13 (2) Acquisition of right of way to the Sangley Point Economic
14 Zone; and
15

16
17 (3) The protection of watershed areas and natural assets
18 valuable to the prosperity of the Sangley Point Economic
19 Zone.
20

21 (g) Goods manufactured by a Sangley Point Economic Zone
22 Enterprise shall be made available for immediate retail sale in the
23 domestic market, subject to the payment of corresponding taxes
24 on raw materials and other regulations that may be formulated by
25 the SPSEZA together with the PEZA, the Bureau of Customs
26 (BOC), and the DTI. However, In order to protect domestic
27 industries, a Negative List of Industries shall be drawn up and
28 regularly updated by the PEZA. Enterprises engaged in industries

1 included in such Negative List Shall not be allowed to sell their
2 products locally; and

3
4 (h) The defense of the Sangley Point Economic Zone And the
5 security of its perimeter fence shall be the responsibility by the
6 national government, in coordination SPSEZA concerned LGUs.

7
8 **SEC. 6. *Development Goals of the Sangley Point Economic Zone.*** — The
9 SPSEZA Shall determine the development of the Sangley Point Economic Zone
10 Within the framework of national developm and goals policies, and goals. The
11 Chairperson-Administrator, shall upon approval by the Board of the SPSEZA,
12 shall submit the Sangley Point Economic Zone plans, programs, and projects to
13 the Regional Development Council for the inclusion in the regional development
14 plan.

15
16 **SEC. 7. *Capitalization.*** — The SPSEZA shall have an authorized capital
17 stock of Two billion (2,000,000,000) no par shares with a minimum of Ten pesos
18 (P10.00) each, the majority shares of which shall be subscribed and paid for by
19 the national government and the LGUs adjacent to the Sangley Point Economic
20 Zone. The Board of Directors of SPSEZA may, with the written concurrence of
21 the Secretary of Finance, sell shares representing not more than forty per centum
22 (40%) of the capital stock of the SPSEZA policy as the Board and the Secretary
23 of Finance may determine. The national government and the LGUs shall in no
24 case own less than sixty per centum (60%) of the total issued and outstanding
25 capital of the SPSEZA.

26
27 The amount necessary to subscribe and pay for the shares of the national
28 government to the capital stock of the SPSEZA shall be included in the General

1 Appropriations Act. For the LGUs concerned, The funds shall be taken from their
2 Internal Revenue Allotment (IRA) and other local funds.

3
4 **SEC. 8. *Principal Office of the SPSEZA.*** — The SPSEZA shall maintain
5 its principal office in the City of Cavite, Province of Cavite, but it may establish
6 liaison offices within the Philippines as may be necessary for the proper conduct
7 of its business.

8
9 **SEC. 9. *Powers and Functions of the SPSEZA.*** — The SPSEZA shall
10 have the following powers and functions:

11
12 (a) To operate, administer, manage, and develop the Sangley Point
13 Special Economic Zone according to the principles and
14 provisions set forth in this Act;

15
16 (b) To register, regulate, and supervise the enterprises in the Sangley
17 Point Special Economic Zone in an efficient and decentralized
18 manner, subject to existing laws;

19
20 (c) To coordinate with LGUs, and exercise general supervision over
21 the development plans, activities, and operations of the Sangley
22 Point Special Economic Zone;

23
24 (d) To regulate and undertake the establishment, construction,
25 operation, and maintenance of public utilities, other services, and
26 infrastructure in the Sangley Point Special Economic Zone Such
27 as light and power, shipping, barging, stevedoring, cargo
28 handling, hauling, warehousing, storage of cargo, port services or
29 concessions, piers, wharves, bulkheads, bulk terminals, mooring

1 areas, storage areas, roads, telecommunications, transport,
2 bridges, terminals, conveyors, water supply and storage,
3 sewerage, drainage, airport operations in coordination with the
4 Civil Aviation Authority of the Philippines, and such other
5 services or concessions or infrastructure necessary or incidental
6 to the accomplishments of the objectives of this Act;

7
8 (e) To construct, acquire, own, lease, operate, and maintain on its
9 own or through contracts, franchise, licenses, bulk purchase from
10 the private sector or permits under any of the schemes allowed in
11 Republic Act No. 6957, otherwise known as the “Build Operate-
12 Transfer Law,” as amended, or joint venture, adequate facilities
13 and infrastructure required or needed for the operation and
14 development of the Sangley Point Special Economic Zone, in
15 coordination with appropriate national and local government
16 authorities and in conformity with applicable laws thereon;

17
18 (f) To approve plans, programs, and projects of the Sangley Point
19 Special Economic Zone to be submitted to the Regional
20 Development Council for inclusion in the regional development
21 plan;

22
23 (g) To operate on its own, either directly or through licenses to
24 others, tourism-related activities, including games, amusements,
25 recreational and sports facilities, subject to the approval and
26 supervision of the Philippine Amusement and Gaming
27 Corporation (PAGCOR);

28
29 (h) To raise or borrow, within the limitation provided by law, and
30 subject to the approval of the Monetary Board of the Bangko

1 Sentral ng Pilipinas (BSP), as the case may be, adequate and
2 necessary funds from local or foreign sources, to finance its
3 projects and programs under this Act and for this purpose, to
4 issue bonds, promissory notes, and other forms of securities, and
5 to secure the same by a guarantee, pledge, mortgage, deed of trust
6 or an assignment of all or part of its property assets;

7
8 (i) To protect, preserve, maintain, and develop the forests, beaches,
9 corals, and coral reefs, and maintain ecological balance within
10 the Sangley Point Special Economic Zone. Notwithstanding the
11 rules and regulations of the SPSEZA to create rules for such
12 purpose, the rules and regulations of the Department of
13 Environment and Natural Resources (DENR), and other
14 government agencies involved in the above functions shall be
15 implemented by the SPSEZA;

16
17 (j) To create, operate, or contract to operate such functional units or
18 offices of the SPSEZA as it may deem necessary;

19
20 (k) To adopt, alter, and use a corporate seal; contract, lease, buy,
21 acquire, own or otherwise dispose of personal or real property of
22 whatever nature; sue and be sued; and otherwise carry out its
23 functions and duties as provided for in this Act;

24
25 (l) to issue certificates of origin for products manufactured or
26 processed in the Sangley Point Special Economic Zone in
27 accordance with prevailing rules of origin and the pertinent
28 regulations of the PEZA, the DTI, and the Department of Finance
29 (DOF);

1 (m) To establish one-stop shops or the issuance of all necessary
2 permits, clearances, licenses and other similar certifications to
3 conduct such activities. Intended to improve the ease of doing
4 business within the Sangley Point Special Economic Zone, in
5 coordination with government agencies having jurisdiction over
6 activities therein. *Provided*, That all government agencies are
7 directed to provide an extent utmost and full cooperation to the
8 SPSEZA in the establishment of such one-stop shops;

9
10 (n) To ensuee that the area covered by the Sangley Point Special
11 Economic Zone is secure at all times. *Provided*, That the Armed
12 Forces of the Philippines (AFP) or the Philippine National Police
13 (PNP) shall not interfere in the internal affairs of the SPSEZA
14 except to provide the necessary security and defense, or law
15 enforcement assistance, as the case may be. *Provided further*,
16 That the expenses of the AFP or the PNP in the Sangley Point
17 Special Economic Zone shall be borne by the national
18 government;

19
20 (o) To exercise such powers as may be essential, necessary or
21 incidental to the powers granted to it by this Act, as well as those
22 that enable it to carry out, implement and accomplish their
23 purposes, objectives and policies set forth in this Act; and

24
25 (p) To issue rules and regulations consistent with the provisions of
26 this Act as maybe necessary to accomplish and implement the
27 purposes, objectives, and policies provided herein.
28

1 **SEC. 10. *Board of Directors of the SPSEZA.*** — The powers of the
2 SPSEZA shall be vested in and exercised by a Board of Directors, hereinafter
3 referred to as the Board, which shall be composed of the following:

4
5 (a) A Chairperson, who shall at the same time be the administrator
6 of the SPSEZA;

7
8 (b) A Vice-Chairperson who shall be elected from among the
9 members of the Board of Directors;

10
11 (c) Members consisting of:

12
13 (1) The Governor of the Province of Cavite or a duly-
14 authorized representative from the Provincial Government
15 of Cavite;

16
17 (2) The member of the House of Representatives of the
18 district covered by the Sangley Point Special Economic
19 Zone;

20
21 (3) One (1) of the mayors of the municipalities covered by the
22 Sangley Point Special Economic Zone;

23
24 (4) One (1) representative from the investor's group; and

25
26 (5) One (1) representative from among the workers in the
27 Sangley Point Special Economic Zone.
28

1 The Governor or the Governor’s duly authorized representative of the
2 House of Representatives, and the mayors of the municipalities within the
3 Sangley Point Special Economic Zone shall serve as ex officio members of the
4 Board, whose terms in the Board shall correspond to their terms as elected
5 officials.

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

19
20 The members of the Board, except the ex official members, shall each
21 receive per diem allowance at rates to be determined by the Department of Budget
22 and Management (DBM) in accordance with existing rules and regulations:
23 *Provided however,* That the total per diem allowance selected each one shall not
24 exceed equivalent of four (4) meetings unless and until the President of the
25 Philippines has fixed a higher rate for the per diem allowance for the members
26 of the Board, such allowance shall not be more than Ten thousand pesos
27 (P10,000.00) for every board meeting.

28

1 **SEC. 11. *Organizational and Personnel.*** — The Board of Directors of the
2 SPSEZA shall provide for its organization and staff period. The Board shall
3 appoint and fix the remuneration and other emoluments of its officers and
4 employees in accordance with existing laws on compensation and position
5 classification. The Board shall have exclusive and final authority to promote,
6 transfer, assign, reassign, or remove officers of the SPSEZA, any provision of
7 existing law to the contrary notwithstanding. The Chairperson-Administeratir
8 shall execute the decisions of the Board.

9
10 The officers and employees of the SPSEZA, including all members of the
11 Board, shall not engage directly or indirectly in partisan activities nor take any
12 part in any election, except to vote.

13
14 No officer or employee of the SPSEZA, shall be removed or suspended
15 except for cause, as provided by civil service rules and regulations.

16
17 **SEC. 12. *Powers and Duties of the Chairperson-Administrator.*** — The
18 Chairperson-Administrator shall have the following powers and duties:

19
20 (a) To direct and manage the affairs of the SPSEZA in accordance
21 with the policies of the Board;

22
23 (b) To establish the internal organization of the SPSEZA under such
24 conditions that the Board may prescribe;

25
26 (c) To submit an annual budget and necessary supplemental budget
27 to the Board for its approval;

28

1 (d) To submit within thirty (30) days after the close of each fiscal
2 year an annual report to the Board and such other reports as may
3 be required;

4
5 (e) To submit to the Board for its approval, policies, systems,
6 procedures, rules, and regulations that are essential to the
7 operation of the Sangley Point Special Economic Zone;

8
9 (f) To recommend to the Board the remuneration and other
10 emoluments of its officers and employees in accordance with
11 existing laws on compensation position classification;

12
13 (g) To create a mechanism in coordination with relevant agencies
14 for the promotion of industrial peace, the protection of the
15 environment, and the advancement of the quality of life in the
16 Sangley Point Special Economic Zone; and

17
18 (h) The perform such other duties as may be assigned by the Board
19 or which are necessary or incidental to the office.

20 **SEC. 13. *Legal Counsel.*** — The SPSEZA shall have its own internal legal
21 counsel which shall be under the supervision of the Government Corporate
22 Counsel. When the exigencies of business and operations demand it, the SPSEZA
23 may engage the services of an outside counsel either on a case to case or on a
24 fixed retainer basis.

25
26 **SEC. 14. *Investors Visa.*** — Any foreign national who invests an amount
27 of Two hundred thousand US dollars (\$200,000.00) in a registered enterprise,
28 either in cash or equipment, so be entitled to an investor's visa. *Provided,* That
29 the foreign national has the following qualifications:

1 (a) Must be at least eighteen (18) years of age;

2
3 (b) Must not have been convicted by final judgment of a crime
4 involving moral turpitude;

5
6 (c) Must not be afflicted with any dangerous or contagious disease;

7
8 (d) Must not have been confined in an institution for any mental
9 disorder or disability; and

10
11 (e) Must be financially capable as borne out by credible and
12 verifiable evidence.

13
14 With an investor's visa, an aliens shall be entitled to reside in the
15 Philippines while the investments subsists. The alien investor shall submit
16 an annual report, in the form duly prescribed for the purpose, to prove that
17 the investment in the country subsists. Should said alien investor withdraw
18 the investments from the Philippines, then the investor's visa issued to said
19 alien shall automatically expire and be withdrawn. The authority to issue
20 visas and work permits shall remain with the Bureau of Immigration (BI)
21 and the Department of Labor and Employment (DOLE), respectively.
22 *Provided*, That the BI and the DOLE shall implement measures to expedite
23 the processing of such visas and permits for workers in the Sangley Point
24 Special Economic Zone and coordinate closely with the SPSEZA to
25 facilitate the conduct of business operations.

26
27 **SEC. 15. Fiscal Incentives.** — Registered enterprises of the Sangley
28 Point Special Economic Zone may be entitled to pertinent fiscal incentives

1 granted under Title XIII (Tax Incentives) of the National Internal Revenue Code
2 of 1997, as amended.

3
4 **SEC. 16. *Banking Rules and Regulations Governing Banks and Other***
5 ***Financial Institutions.*** — Banks and other Bangko Sentral ng Pilipinas (BSP)-
6 supervised financial institutions to be established in the Sangley Point Special
7 Economic Zone shall be under the supervision of the BSP and subject to existing
8 banking laws, rules, and regulations.

9
10 **SEC. 17. *Remittances.*** — In the case of foreign investments, a duly
11 registered entity or enterprise within the Sangley Point Special Economic Zone
12 shall have the right to remit earnings to its investors in the currency in which the
13 investment was originally made and at the exchange rate prevailing at the time of
14 remittance, subject to the provisions of Republic Act No. 7653, otherwise known
15 as the “New Central Bank Act,” as amended.

16
17 **SEC. 18. *Supervision and Control.*** — For purposes of policy direction
18 and coordination, the SPSEZA shall be under the direct control and supervision
19 of the office of the President of the Philippines.

20
21 **SEC. 19. *Relationship with Local Government Units.*** — Except as herein
22 provided, the LGUs comprising the Sangley Point Special Economic Zone Shall
23 retain their basic autonomy and identity. The City of Cavite, Province of Cavite,
24 shall operate and function in accordance with the framework of the 1987
25 Constitution, and the Local Government Code of 1991, as amended, and this Act.

26
27 In case of any conflict among the SPSEZA, the LGUs, and the national
28 government on matters of the Sangley Point Special Economic Zone, other than
29 national defense and security matters, the decision of the SPSEZA shall prevail.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

SEC. 20. *Audit.* — The Commission on Audit (COA) shall appoint a full-time auditor for the SPSEZA and may assign such number of personnel as may be necessary to assist the auditor and the performance of the auditor's functions.

SEC. 21. *Interpretation and Construction.* — The powers, authorities, and functions that are vested in the SPSEZA are intended to establish national self-sufficiency and self-reliance in the advancement of and protection of national integrity, enhancement of national security, decentralization of governmental functions and authority, and promotion of an efficient and effective working relationship among the SPSEZA, the national government and the LGUs. Any the interpretation of this Act shall be considered 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 anninterpretation that shall protect national security

SEC. 22. *Applicability.* — 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 Sangley Point Special Economic Zone.

SEC. 23. *Implementing Rules and Regulations.* — Within sixty (60) days from the effectivity of this Act, the DTI shall, in coordination with the DOF and the National Economic and Development Authority (NEDA), shall formulate the necessary rules and regulations for the effective implementation if this Act.

SEC. 24. *Separability Clause.* – If any provision of this law or the application thereof to any person or circumstance, is held invalid, the remainder

1 of this law, or the application of such provision or part to other persons of
2 circumstances, shall not be affected thereby.

3

4 **SEC. 25. *Repealing Clause.*** – All laws, decrees, rules, and regulations or
5 parts thereof, which are contrary to or inconsistent with this Act are hereby
6 repealed or modified accordingly.

7

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

Approved,