

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
CONGRESS OF THE PHILIPPINES  
Quezon City, Metro Manila



**TWENTIETH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 2651**

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**Introduced by HON. ALFONSO V. UMALI, JR.**

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**EXPLANATORY NOTE**

The current but fast-changing nature of both global and local economies, not to mention the increasing trend towards globalization, highly encourages the establishment of Special Economic Zones in strategic geographic areas in the Philippines.

This bill seeks to establish the Special Economic Zone and Freeport Zone in the Municipality of Mansalay in the Province of Oriental Mindoro.

Be it known that Oriental Mindoro is not only an agricultural haven, but also an emerging choice of area for investment. Dubbed as the “Gateway to the South,” thousands of goods and people traverse the Province of Oriental Mindoro to and from the islands of Visayas and Mindanao. Further, the province is also gifted with diverse natural resources, progressive transportation infrastructure, power and abundant supply of highly technical and skilled human resources. Today, the Province of Oriental Mindoro continues to be one of the preferred alternative areas for investment. Given its strategic geographical location and profuse resources, the establishment of a Special Economic and Freeport Zone in the province is undeniably ideal and apposite.

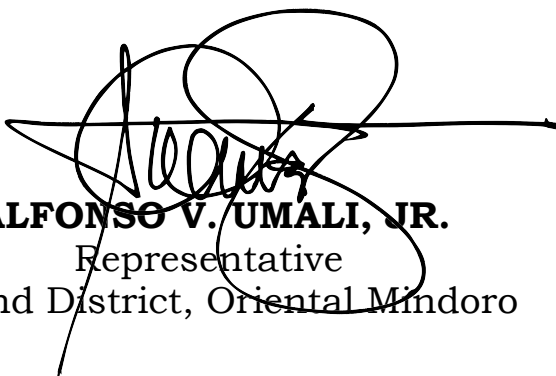
Anchoring on the main objective of promoting the countryside as alternative areas for investments which has been

one of the mechanisms in order to empower and develop other provinces as early as in the 1990s when most of the Special Economic Zones in the country were established, this bill envisions to create an Ecozone that will also alleviate and improve the economic condition not only of the Province of Oriental Mindoro but the entire MIMAROPA Region as well as its nearby provinces. By establishment of this Ecozone, local economic activities will significantly increase. Industrialization will spur development even in the far-flung areas in the Region, thus uplifting the welfare of the rural folks while, at the same time, decongesting the cities and urbans like Metro Manila.

The Special Economic and Freeport Zone is conceptualized as a self-sustaining industrial, commercial and investment center resulting to economic growth and employment generation. This bill also envisions an Economic and Freeport Zone to be operated as a separate customs territory to ensure free flow of movement of goods and commodities in the area and their exportation therefrom. Similar to other ecozones in the country, it will provide various incentives, both tax and non-tax, for businesses operating within the zone.

Emphasis must be made on the fact that the establishment of Oriental Mindoro Special Economic and Freeport Zones is consistent with the government's policy to encourage and promote investments, induce and accelerate sound and balanced industrial, economic and social development in the country.

Given the foregoing, consideration and early approval of this bill is earnestly sought.



**ALFONSO V. UMALI, JR.**  
Representative  
Second District, Oriental Mindoro

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**AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE  
MUNICIPALITY OF MANSALAY, PROVINCE OF ORIENTAL  
MINDORO, CREATING FOR THE PURPOSE THE ORIENTAL  
MINDORO SPECIAL ECONOMIC ZONE AUTHORITY, AND  
APPROPRIATING FUNDS THEREFOR**

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

**CHAPTER I**  
**GENERAL PROVISIONS**

**SECTION 1.** Short Title. – This Act shall be known as the  
“Oriental Mindoro Special Economic Zone Act.”

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

**CHAPTER II**

## **CREATION OF THE ECONOMIC ZONE**

SEC. 3. Creation of the Oriental Mindoro Special Economic Zone. – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Oriental Mindoro, there is hereby established a special economic zone, hereinafter referred to as the Oriental Mindoro Ecozone. The Oriental Mindoro Ecozone shall cover a particular area located in the Municipality of Mansalay, Province of Oriental Mindoro, 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.

SEC. 4. Creation of the Oriental Mindoro Special Economic Zone Authority. – There is hereby created a body corporate to be known as the Oriental Mindoro Special Economic Zone Authority, hereinafter referred to as the ORMINSEZA, which shall manage and operate the Oriental Mindoro Ecozone, in accordance with the provisions of this Act.

The corporate life of the ORMINSEZA 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.

SEC. 5. Governing Principles. – The ORMINSEZA shall manage and operate the Oriental Mindoro 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 Oriental Mindoro 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 Oriental Mindoro 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 Mansalay and those in neighboring towns and cities;

- c) The Oriental Mindoro 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 Oriental Mindoro Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Oriental Mindoro Ecozone;
- e) The Oriental Mindoro 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 Oriental Mindoro 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 Oriental Mindoro Ecozone may be expanded or reduced when necessary through a presidential proclamation issued for the said purpose. For this purpose, the ORMINSEZA, in consultation with the LGUs, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Oriental Mindoro Ecozone for the following purposes:
  - (1) consolidation of lands for zone development;
  - (2) acquisition of right of way to the Oriental Mindoro Ecozone; and
  - (3) the protection of watershed areas and natural assets valuable to the prosperity of the Oriental Mindoro Ecozone;

- g) Goods manufactured by an Oriental Mindoro Ecozone enterprise shall 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 ORMINSEZA together 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 of the Oriental Mindoro Ecozone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the ORMINSEZA and the concerned LGUs.

SEC. 6. Development Goals of the Oriental Mindoro Ecozone. – The ORMINSEZA shall determine the development goals of the Oriental Mindoro Ecozone within the framework of national development plans, policies, and goals. The Chairperson Administrator shall, upon approval by the Board of the ORMINSEZA, submit the Oriental Mindoro Ecozone plans, programs, and projects to the Regional Development Council for inclusion in the overall regional development plan.

SEC. 7. Capitalization. – The ORMINSEZA shall have an authorized capital stock of two billion (2,000,000,000) 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 LGUs embracing the Oriental Mindoro Ecozone. The Board of Directors of the ORMINSEZA 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 ORMINSEZA to the general public under such policy as the Board and the Secretary of Finance may determine.

The national government and the LGUs shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the ORMINSEZA. The amount necessary to subscribe and pay for the shares of the national government to the capital

stock of the ORMINSEZA shall be included in the General Appropriations Act.

For the LGUs concerned, the funds shall be taken from their internal revenue allotment and other local funds.

SEC. 8. Principal Office of the ORMINSEZA. – The ORMINSEZA shall maintain its principal office in the Municipality of Mansalay, Province of Oriental Mindoro, but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business.

SEC. 9. Powers and Functions of the ORMINSEZA. – The ORMINSEZA shall have the following powers and functions:

- a) To operate, administer, manage, and develop the Oriental Mindoro Ecozone according to the principles and provisions set forth in this Act;
- b) To register, regulate, and supervise the enterprises in the Oriental Mindoro Ecozone in an efficient and decentralized manner, subject to existing laws;
- c) To coordinate with LGUs and exercise general supervision over the development plans, activities, and operations of the Oriental Mindoro Ecozone;
- d) To regulate and undertake the establishment, construction, operation, and maintenance of public utilities, other services, and infrastructure in the Oriental Mindoro Ecozone such as light and power, 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, 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, licenses, bulk

purchase from the private sector or permits under any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build Operate-Transfer Law”, as amended, or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the Oriental Mindoro 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 Oriental Mindoro Ecozone to be submitted to the Regional Development Council for inclusion in the regional development plan;
- g) To operate on its own, either directly or through licenses to others, tourism-related activities, including games, amusements, recreational and sports facilities, subject to the approval and supervision of the Philippine Amusement and Gaming Corporation;
- h) To raise or borrow, within the limitation provided by law, and subject to the approval 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 assets;
- i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral reefs, and maintain ecological balance within the Oriental Mindoro Ecozone. Notwithstanding the power of the ORMINSEZA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources and other government agencies involved in the above functions shall be implemented by the ORMINSEZA;
- j) To create, operate or contract to operate such functional units or offices of the ORMINSEZA as it may deem necessary;

- k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or otherwise dispose of personal 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 certificates of origin for products manufactured or processed in the Oriental Mindoro Ecozone in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI, and 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 Oriental Mindoro 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 ORMINSEZA in the establishment of such one-stop shops;
- n) To ensure that the area covered by the Oriental Mindoro Ecozone is secure at all times: Provided, That the Armed Forces of the Philippines (AFP) or the Philippine National Police (PNP) shall not interfere in the internal affairs of the ORMINSEZA except to provide the necessary security and defense, or law enforcement assistance, as the case may be: Provided, finally, That expenses of the AFP or the PNP in the Oriental Mindoro Ecozone 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 by this Act, as well as those that shall enable it to carry out, implement and accomplish the purposes, objectives, and policies set forth in 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 purposes, objectives, and policies provided herein.

SEC. 10. Board of Directors of the ORMINSEZA. – The powers of the ORMINSEZA 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 ORMINSEZA;
- 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 Oriental Mindoro or a duly-authorized representative from the Provincial Government of Oriental Mindoro;
  - 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 Oriental Mindoro 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, That the total per diem allowance collected each month shall not exceed the equivalent of four (4) meetings unless and until the President of the Philippines has fixed a higher rate for the per diem allowance for the members of the Board, such allowance shall not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.

SEC. 11. Organization and Personnel. – The Board of Directors of the ORMINSEZA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its officers 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 ORMINSEZA 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 ORMINSEZA, 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 ORMINSEZA, shall be removed or suspended except for cause, as provided by civil service rules and regulations.

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

- a) To direct and manage the affairs of the ORMINSEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the ORMINSEZA 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 Oriental Mindoro 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 Oriental Mindoro 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 ORMINSEZA 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 ORMINSEZA 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 shall submit an annual report, in the form duly prescribed for the purpose, to prove that the investment in the country subsists. Should said alien investor withdraw the investments from the Philippines, then the investor's visa issued to said alien shall automatically expire and be withdrawn.

The authority to issue visas and work permits shall remain with the Bureau of Immigration (BI) and the Department of Labor and Employment (DOLE), respectively: Provided, That the BI and the DOLE shall implement measures to expedite the processing of such visas and permits for workers in the Oriental Mindoro Ecozone and coordinate closely with the ORMINSEZA to facilitate the conduct of business operations.

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

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

SEC. 17. Remittances. – In the case of foreign investments, a duly registered entity or enterprise within the Oriental Mindoro Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

## **CHAPTER IV**

### **NATIONAL GOVERNMENT AND OTHER ENTITIES**

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

SEC. 19. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the Oriental Mindoro Ecozone shall retain their basic autonomy and identity. The Municipality of Mansalay, Province of Oriental Mindoro, 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 ORMINSEZA, the LGUs and the national government on matters affecting the Oriental Mindoro Ecozone, other than national defense and security matters, the decision of the ORMINSEZA shall prevail.

SEC. 20. Audit. – The Commission on Audit shall appoint a full-time auditor for the ORMINSEZA 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**

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

SEC. 22. Applicability Clause. – Insofar as they are consistent with the provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known as "The Special

Economic Zone Act of 1995", as amended, shall likewise apply to the Oriental Mindoro Ecozone.

SEC. 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.

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

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

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

*Approved,*