

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 3730



Introduced by **ATTY. MARLO C. BANCORO**
First District, Zamboanga Sibugay

EXPLANATORY NOTE

In line with the administration's program to generate employment opportunities and reduce, minimize, if not to totally eradicate, poverty especially those living in the rural areas or countryside, this bill seeks to create a special economic-development zone in the Municipality of Malangas, located in the southeastern part of the Province of Zamboanga Sibugay.

The Municipality of Malangas, Zamboanga Sibugay, has long been recognized for its strategic location, rich natural resources, and potential for economic growth. Situated along key maritime routes and endowed with vast agricultural, fishery, and mineral resources, Malangas is well-positioned to become a major driver of regional and national development. Its location and characteristics make it a perfect site for the establishment of a special economic zone due to the following:


1. **Strategic Location for Trade and Logistics.** Malangas is located along the Sibuguey Bay providing direct access to domestic and international maritime routes. Its coastal position makes it ideal for port facilities, cargo handling, and export-oriented industries;
2. **Rich Natural Resources.** The Municipality is endowed with fertile agricultural lands suitable for agro-industrial ventures. It has abundant marine resources that can support fisheries, aquaculture, and seafood processing industries. The area has existing coal deposits and potential for other mineral resource development;
3. **Existing Industrial Activity.** Malangas is already known for coal mining and energy-related activities, giving it an industrial base to build upon. These existing industries provide a skilled local labor force and established supply chains;
4. **Accessibility and Connectivity.** Malangas is connected by road networks to the provincial capital, Ipil, and to other growth centers in Zamboanga Peninsula. Potential for development of port infrastructure to enhance maritime connectivity and trade efficiency;
5. **Economic Potential for the Province.** Establishing an SEZ in Malangas will balance economic activity in the province, which is currently concentrated in Ipil and nearby municipalities. It can serve as a growth hub that will spread opportunities to neighboring towns;

6. **Investor Attraction and Job Creation.** SEZ incentives will attract both local and foreign investors in manufacturing, processing, logistics, tourism, and energy sectors. The development will create direct and indirect employment opportunities, uplifting the local economy;
7. **Support for National and Regional Development Goals.** The project aligns with the national government's thrust to spur countryside development and reduce congestion in Metro Manila and other major cities. It complements the Mindanao Development Plan and the Zamboanga Peninsula Regional Development Plan.
8. **Potential for Tourism and Eco-tourism.** Malangas has coastal and marine attractions that can be developed alongside industrial activities with proper environmental safeguards.

This bill seeks to establish the Zamboanga Sibugay Special Economic Zone (ZSSEZ) in the Municipality of Malangas, and to create the Zamboanga Sibugay Special Economic Zone Authority (ZSSEZA) that shall manage, operate and develop the Zone into a center for trade, investment, and industrial activity. The establishment of this Special Economic Zone will promote balanced industrial, commercial, and agro-industrial development, generate employment opportunities, and increase revenues for the local and national government.

Special Economic Zones have proven to be effective tools in stimulating regional economies, attracting both foreign and local investors, and enhancing competitiveness in the global market. By providing the necessary infrastructure, policy support and incentives, the ZSSEZ will encourage investments in manufacturing, processing, logistics, tourism, and other related industries while ensuring environmental sustainability and inclusive growth.

In view of these accruing economic benefits of the establishment of an economic zone in the said municipality of Zamboanga Sibugay and the significant contribution it will give to the entire country's development and objective of inclusive growth, the urgent consideration and approval of this measure is highly recommended.


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AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE PROVINCE OF
ZAMBOANGA SIBUGAY TO BE KNOWN AS THE ZAMBOANGA SIBUGAY
SPECIAL ECONOMIC ZONE (ZSSEZ), CREATING FOR THE PURPOSE THE
ZAMBOANGA SIBUGAY SPECIAL ECONOMIC ZONE AUTHORITY (ZSSEZA),
AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. Short Title. - This Act shall be known as the “*Zamboanga Sibugay Special Economic Zone Act of 2025.*”

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 Zamboanga Sibugay Special Economic Zone. - In accordance with the foregoing declared policy and subject to the concurrence of the local government unit (LGU) of the Municipality of Malangas, Province of Zamboanga Sibugay, there is hereby established a special economic zone, hereinafter referred to as the Zamboanga Sibugay Special Economic Zone or ZSSEZ. The ZSSEZ shall cover a particular area in the Municipality of Malangas, Province of Zamboanga Sibugay, 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 Zamboanga Sibugay Special Economic Zone Authority. - There is hereby created a body corporate to be known as the Zamboanga Sibugay Special Economic Zone Authority, hereinafter referred to as the ZSSEZA which shall manage and operate the ZSSEZ, in accordance with the provisions of this Act. The corporate

life of the ZSSEZA 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 ZSSEZA shall manage and operate the ZSSEZ, 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 ZSSEZ 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 ZSSEZ 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 Malangas, Province of Zamboanga Sibugay, and the neighboring towns;
- c) The ZSSEZ 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) Subject to the provisions of the Constitution and other relevant law, foreign citizens and companies owned by non-Filipinos may set up enterprises in the ZSSEZ, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the ZSSEZ;
- e) The ZSSEZ 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 ZSSEZ 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 ZSSEZ may be expanded or reduced when necessary through a presidential proclamation issued for the said purpose. For this purpose, the ZSSEZA, 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 ZSSEZ for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the ZSSEZ; and (3) the protection of watershed areas and natural assets valuable to the prosperity of the ZSSEZ;
- g) Goods manufactured by a ZSSEZ 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 ZSSEZA, in coordination with the PEZA, the Bureau of

Customs (BOC), 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 ZSSEZ and its perimeter fence shall be the responsibility of the national government, in coordination with the ZSSEZA and the concerned LGUs.

SEC. 6. *Development Goals of the ZSSEZ.* - The ZSSEZA shall determine the development goals of the ZSSEZ within the framework of national development plans, policies, and goals. The Chairperson-Administrator shall, upon approval by the Board of the ZSSEZA, submit the plans, programs, and projects of the ZSSEZ to the Regional Development Council for inclusion in the regional development plan.

SEC. 7. *Capitalization.* - The ZSSEZA 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 ZSSEZ. The Board of Directors of the ZSSEZA 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 ZSSEZA to the general public under such policy as the Board and the Secretary of Finance may determine. The national government and the LGU of the Municipality of Malangas shall in no case own less than sixty *per centum* (60%) of the total issued and outstanding capital of the ZSSEZA.

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

SEC. 8. *Principal Office of the ZSSEZA.* - The ZSSEZA shall maintain its principal office in the Municipality of Malangas, Province of Zamboanga Sibugay, 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 ZSSEZA.* - The ZSSEZA shall have the following powers and functions:

- a) To operate, administer, manage, and develop the ZSSEZ according to the principles and provisions set forth in this Act;
- b) To register, regulate, and supervise the enterprises in the ZSSEZ in an efficient and decentralized manner, subject to existing laws;
- c) To coordinate with the LGU and exercise general supervision over the development plans, activities, and operations of the ZSSEZ;
- d) To regulate and undertake the establishment, construction, operation, and maintenance of public utilities, other services, and infrastructure in the ZSSEZ 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 ZSSEZ, in coordination with appropriate national and local government authorities and in conformity with applicable laws;
- f) To approve plans, programs, and projects of the ZSSEZ 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 ZSSEZ. Notwithstanding the power of the ZSSEZA 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 ZSSEZA;
- j) To create, operate or contract to operate such functional units or offices of the ZSSEZA 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 ZSSEZ 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 ZSSEZ, 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 ZSSEZA in the establishment of such one-stop shops;

- n) To ensure that the area covered by the ZSSEZ 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 ZSSEZA 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 ZSSEZ 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 ZSSEZA. - The powers of the ZSSEZA 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 ZSSEZA;
- b) A Vice-Chairperson who shall be elected from among the members of the Board of Directors;
- c) Ten (10) Members consisting of:
 - 1) The Governor of the Province of Zamboanga Sibugay or a duly-authorized representative from the Provincial Government of Zamboanga Sibugay;
 - 2) The Congressional Representative of the district covering the site of the ecozone;
 - 3) The Mayor of the Municipality of Malangas;
 - 4) One (1) representative from the domestic investors
 - 5) One (1) representative from the foreign investors;
 - 6) Four (4) private sector representatives from the Municipality of Malangas; and
 - 7) One (1) representative from among the workers in the ZSSEZ.

The Governor or the Governor's duly authorized representative and the Mayor of the Municipality of Malangas 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 a *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 ZSSEZA 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 ZSSEZA, 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 ZSSEZA, 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 ZSSEZA, 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 ZSSEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the ZSSEZA 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 ZSSEZ;
- 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 ZSSEZ; 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 ZSSEZA 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 ZSSEZA 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, a foreign national shall be entitled to reside in the Philippines while the investment subsists. The foreign national shall submit an annual report, in the form duly prescribed for the purpose, to prove that the investment in the country subsists. Should said foreign national withdraw the investments from the Philippines, then the investor's visa issued to said foreign national 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 ZSSEZ and coordinate closely with the ZSSEZA to facilitate the conduct of business operations.

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

SEC. 16. *Imposition of a Tax Rate of Five Percent (5%) on Special Corporate Income Tax.* - No taxes, local and national, shall be imposed on business establishments operating within the ZSSEZ, including income tax, withholding tax, donor's tax, percentage tax, and documentary stamp tax. In lieu thereof, and subject to Section 15 of this Act, said business establishments shall pay a five percent (5%) final tax on special corporate income tax: *Provided*, That the proceeds from such final tax shall be shared by instrumentalities of the government in accordance with the following schedule:

- a) Three *per centum* (3%) to the National Government;
- b) Two *per centum* (2%) shall be directly remitted by the business establishments to the treasurer's office of the municipality where the enterprise is located.

The ZSSEZA shall have the authority to grant income tax holiday and net operating loss carry over subject to Section 15 of this Act and conditions as it may have imposed pursuant to Section 15 of this Act.

SEC. 17. *Banking Rules and Regulations Governing Banks and Other Financial Institutions.* – Banks and other BSP-supervised financial institutions to be established in the ZSSEZ shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SEC. 18. *Remittances.* - In the case of foreign investments, a duly registered entity or enterprise within the ZSSEZ 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

SEC. 19. *Supervision and Control.* - For purposes of policy direction and coordination, the ZSSEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

SEC. 20. *Relationship with Local Government Units.* – Except as herein provided, the LGU comprising the ZSSEZ shall retain its basic autonomy and identity. The Municipality of Malangas, Province of Zamboanga Sibugay, 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 ZSSEZA, the LGU and the national government on matters affecting the ZSSEZ, other than national defense and security matters, the decision of the ZSSEZA shall prevail.

SEC. 21. *Audit.* - The Commission on Audit shall appoint a full-time auditor for the ZSSEZA 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. 22. *Interpretation and Construction.* - The powers, authorities and functions that are vested in the ZSSEZA are intended to enhance national security, encourage self-sufficiency, foster meaningful decentralization of governmental functions and authority, and promotion the of an efficient and effective collaboration among the ZSSEZA, 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. 23. *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 ZSSEZ.

SEC. 24. *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. 25. *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. 26. *Repealing Clause.* - All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 27. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,