

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



TWENTIETH CONGRESS
First Regular Session

HOUSE BILL No. 6058

INTRODUCED BY REP. SUN JUDAL SHIMURA

EXPLANATORY NOTE

The proposed Act seeks to establish a Special Economic Zone in the Municipality of Medellin, Province of Cebu, and create the Cebu Fourth District Special Economic Zone Authority. This initiative aims to spur economic growth by offering attractive incentives to foreign investors and enhancing employment opportunities for local residents.

The creation of a special economic zone is a strategic move to foster an investment-friendly climate in the northern part of Cebu. By providing fiscal and non-fiscal incentives such as tax holidays, duty-free importation of capital equipment, and streamlined business registration processes, the Act encourages foreign direct investment (FDI) and positions the Philippines as a more competitive destination for global business ventures.

Establishing the Cebu Fourth District Special Economic Zone Authority will ensure efficient management and development of the zone, providing clear regulatory guidance and support for investors. This will bolster investor confidence, accelerate infrastructure development, and bring in advanced technologies and know-how to the region.

A primary goal of this measure is to create sustainable employment opportunities for Filipinos residing in the Fourth District of Cebu. By attracting new businesses and industries, the Act is poised to generate thousands of jobs, elevate household incomes, and stimulate inclusive local economic growth.

In summary, the proposed Act is a comprehensive and forward-looking effort to harness investment, create jobs, and promote development in Cebu's Fourth District, benefiting both foreign investors and the local Filipino workforce.

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



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AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN
THE MUNICIPALITY OF MEDELLIN, PROVINCE
OF CEBU, CREATING FOR THE PURPOSE THE
CEBU FOURTH DISTRICT 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

SECTION 1. *Short Title.* This Act shall be known as the "Cebu Fourth District Special Economic Zone Act".

SECTION 2. *Declaration of Policy.* It is 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 and increase productivity and individual, as well as family incomes thereby enhancing the quality of life of the Filipino people.

CHAPTER II
GOVERNING STRUCTURES

SECTION 3. *Creation of the Cebu Fourth District 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 Medellin, Province of Cebu, there is hereby established a special economic zone, hereinafter referred to as the

Cebu Fourth District Ecozone shall cover a particular area in the Municipality of Medellin, Province of Cebu, the specific metes and bounds of which shall be more particularly defined in the presidential proclamation that shall be issued for this purpose: *Provided*, that the lands embraced therein shall be contiguous to one another. *Provided further*, that its creation be subject to the evaluation and recommendation of the PEZA, based on detailed feasibility and engineering study which must conform to the criteria as provided by Republic Act No. 7916, otherwise known as the "Special Economic Zone Act of 1995", as amended.

SECTION 4. *Creation of the Cebu Fourth District Special Economic Zone Authority.* - There is hereby created a body corporate to be known as the Cebu Fourth District Economic Zone Authority, hereinafter referred to as the CFDEZA, which shall manage and operate the Cebu Fourth District Ecozone, in accordance with the provisions of this Act. The corporate life of CFDEZA shall expire in fifty (50) years, counted from the first year after effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

SECTION 5. *Governing Principles.* - The CFDEZA shall manage and operate the Cebu Fourth District Ecozone, under the following principles:

(a) Within the framework and limitations of the Constitution and applicable provisions of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended, the Cebu Fourth District Ecozone shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist, financial, and investment center with suitable residential areas;

(b) The Cebu Fourth District Ecozone shall be equipped with transportation, telecommunications, and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Municipality of Medellin, Province of Cebu, and those in neighboring towns and cities;

(c) The Cebu Fourth District Ecozone may establish mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs, 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 laws, foreign citizens and companies owned by non-Filipinos may set up enterprises in the Cebu Fourth District Ecozone, either by themselves or in a joint venture with

Filipinos in any sector of industry, international trade and commerce within the Cebu Fourth District Ecozone;

(e) The Cebu Fourth District Ecozone shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into, and out of its territory, and shall likewise provide incentives subject to Title XIII of the "National Internal Revenue Code of 1997", as amended. However, exportation or removal of goods from the territory of the Cebu Fourth District Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under "Republic Act No. 10863, otherwise known as the "Customs and Tariff Act (CMTA)" and other relevant tax laws of the Philippines;

(f) The areas comprising the Cebu Fourth District Ecozone may be expanded or reduced, when necessary, through a presidential proclamation issued for the said purpose. For this purpose, the CFDEZA, in consultation with the LGU, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Cebu Fourth District Ecozone for the following purposes: consolidation of lands for zone development; acquisition of right of way to the Cebu Fourth District Ecozone; and the protection of watershed areas and natural assets valuable to the prosperity of the Cebu Fourth Ecozone;

(g) Goods manufactured by Cebu Fourth District Ecozone enterprise may be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by CFDEZA, in coordination with the PEZA, the Bureau of Customs, the Bureau of Internal Revenue, and the DTI. However, in order to protect domestic industries, a Negative List of industries shall be drawn up and regularly updated by the PEZA. Enterprises engaged in industries included in such Negative List shall not be allowed to sell their products locally; and

(h) The defense and security of the Cebu Fourth District Ecozone and its perimeter shall be the responsibility of the national government, in coordination with the CFDEZA and the concerned LGU.

SECTION 6. *Development Goals of the Cebu Fourth District Ecozone.* - The CFDEZA shall determine the development goals of the Cebu Fourth District Ecozone within the framework of national development plans, policies, and goals. The Chairperson-Administrator shall, upon approval by the Board of CFDEZA submit the plans, programs, and projects of the Cebu Fourth District Ecozone to the Regional Development Council (RDC) for the inclusion in the regional development plan.

SECTION 7. Capitalization. - The CFDEZA shall have an authorized capital stock of two billion (2,000,000,000.00) no pa shares with a minimum issue of Ten Pesos (Php10.00) each. The majority shares of which shall be subscribed and paid for by the national government and the LGU embracing the Cebu Fourth District Ecozone. The Board of Directors of the CFDEZA 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 CFDEZA to the public under such policy as the Board and the Secretary of Finance may determine. The national government and the LGU of the Municipality of Medellin shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the CFDEZA.

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

SECTION 8. Nationality Requirement for Cebu Fourth District Ecozone Enterprise. - Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Cebu Fourth District Ecozone, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the Cebu Fourth District Ecozone. Their assets, profits and other legitimate interests shall be protected: *Provided*, That the nationality provided for by the Public Service Act and the 1987 Constitution is duly complied with.

SECTION 9. Principal Office of the CFDEZA. - The CFDEZA shall maintain its own principal office in the Municipality of Medellin, Province of Cebu, but it may establish liaison office within the Philippines as may be necessary for the proper conduct of its business.

SECTION 10. Powers and Functions of the CFDEZA. - The FCDEZA shall have the following powers and function:

- (a) To operate, administer, manage, and develop the Cebu Fourth District Ecozone according to the principles and provisions set forth in this Act;
- (b) To register, regulate and supervise the enterprises in the Cebu Fourth District Ecozone in an efficient and decentralized manner, subject to existing laws;

(c) To coordinate with LGUs and exercise general provision over the development plans, activities, and operations of the Cebu Fourth District Ecozone;

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

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

(f) To approve plans, programs, and projects of the Cebu Fourth District Ecozone to be submitted to the Regional Development Council (RDC) for inclusion and inputs to the overall regional development plans;

(g) To operate on its own, either directly or through license 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 (PAGCOR);

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

(i) To protect, preserve, maintain, and develop the forests, beaches, coral and coral reefs, and maintain ecological balance within the Cebu Forth

District Ecozone. Notwithstanding the Authority of the CFDEZA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government involved in the above functions shall be implemented by the CFDEZA;

(j) To create, operate or contract to operate such functional units or offices of the CFDEZA 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 certificate of origin for products manufactured or processed in the Cebu Fourth District 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 Cebu Fourth District Ecozone, in coordination with government agencies having jurisdiction over activities therein: *Provided, That* all government agencies are directed to provide and extend utmost and full cooperation to the Cebu Fourth District Ecozone in the establishment of such one-stop shops;

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

(o) To exercise such powers as may be essential, necessary or incidental to the powers granted to it hereunder, as well as those shall enable it to carry out, implement and accomplish the purpose, objectives and policies of this Act; and

(p) To issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement the purpose, objectives, and policies provided herein.

(q) To recommend to the President of the Philippines the issuance of proclamation to fix and delimit the site of the CFDEZA.

SECTION 11. *Board of Directors of the CFDEZA.* - The powers of the CFDEZA shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the following:

(a) The Chairperson, who shall at the same time be the Administrator of the CFDEZA;

(b) A Vice-Chairperson, who shall come from among the members of the Board;

(c) Members consisting of:

(1) The Governor of the Province of Cebu or duly authorized representative from the Provincial Government of Cebu;

(2) The Mayor of the Municipality of Medellin;

(3) One (1) Representative from the investors' group; and

(4) One (1) representative from the workers in the Cebu Fourth District Ecozone.

The Governor or the Governor's duly authorized representative and the mayor of the Municipality of Medellin shall serve as *ex officio* members of the Board, whose term in the Board corresponds to their term as elected officials.

The Chairperson-Administrator and members of the Board, except the *ex officio* members shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation, or removal for cause. In case of death, resignation or removal for cause, their replacements shall serve only the unexpired portion of the respective terms. No person shall be appointed as 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 of public administration.

The members of the Board, except the *ex officio* members, shall each receive *per diem* allowance at rates to be determined by the Department of Budget and Management (DBM) in accordance with existing rules and regulations: *Provided, however,* that the total *per diem* allowance collected each month shall not exceed the equivalent *per diem* allowance for four (4) meetings. Unless and until the President of the Philippines has fixed a higher *per diem* for the members of the Board, such

allowance shall not be more than Ten Thousand pesos (Php10,000.00) for every Board meeting.

SECTION 12. Organization and Personnel. - The Board shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its offices and employees in accordance with existing laws on compensation position classification. The Board shall have exclusive and final authority to promote, transfer, assign, reassign or remove officers of the CFDEZA, any provision of existing law to the contrary notwithstanding. The Chairperson-Administrator shall execute the decisions of the Board.

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

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

SECTION 13. 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 CFDEZA in accordance with the policies of the Board;

(b) To establish the internal organization of the CFDEZA 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 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 Cebu Fourth District Ecozone;

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

(g) To create a mechanism in accordance with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Cebu Fourth District Ecozone; and

(h) To perform other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SECTION 14. *Legal Counsel.* - The CFDEZA shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its business and operations demand it, the CFDEZA may engage the services of an outside counsel either on a case to case or on a fixed retainer basis.

CHAPTER III

INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS

SECTION 15. *Permanent Resident Status.* - Any foreign national within the Cebu Fourth District Ecozone whose initial personal investments shall not be less than One Hundred Fifty Thousand US Dollars (US\$150,000.00), his/her spouse and dependent children under Twenty One (21) years of age shall be granted permanent resident status within the Cebu Fourth District Ecozone. They shall have freedom of ingress and egress to and from the Cebu Fourth District Ecozone without need of special authorization from the Bureau of Immigration (BI): *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 judgement of a crime involving moral turpitude;
- (c) Must not be afflicted with any loathsome, dangerous, or contagious disease;
- (d) Must not have been confined in an institution for any mental disorder or disability; and
- (e) Must be financially capable as borne out by credible and verifiable evidence.

SECTION 16. *Fiscal Incentives.* - Registered enterprises of the Cebu Fourth District Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as amended. And preexisting pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, otherwise known as the "Special Economic Zone Act of 1995", or those provided under Executive Order No. 226, as

amended, otherwise known as the Omnibus Investment Code of 1987, and/or those that may be further granted as the need and necessity arises by appropriate government agencies, department, or office: *Provided*, That in the administration, implementation and monitoring of incentives, the CFDEZA may impose its own conditions not otherwise prohibited by this Act: *Provided further*, That the CFDEZA shall not be limited to the conditions provided under Republic Act No. 7916, Republic Act No. 8748 or any other related issuance, rule or regulations.

SECTION 17. *Banking and Regulations Governing Banks and Other Financial Institutions.* - All banks and other BSP supervised financial institutions to be established in the Cebu Fourth District Ecozone shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SECTION 18. *Remittance.* - In the case of foreign investments, a duly registered entity or enterprise within the Cebu Fourth District Ecozone shall have the right to remit earnings to 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.

SECTION 19. *Imposition of Tax Rate of Five Percent (5%) on Gross Income Earned in Lieu of Paying Taxes.* - No taxes, local, and national, shall be imposed on business establishments operating within the Cebu District Fourth Ecozone, including income tax, withholding tax, donor's tax, percentage tax, and documentary stamp tax. In lieu thereof, said business establishments shall pay a Five Percent (5%) final tax on their gross income earned: *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 to the treasurer's office of the Municipality/City where the enterprise is located.

SECTION 20. *Duty-Free Importation of Capital Goods.* - Foreign Investors registered with the Cebu Fourth District Ecozone shall be allowed to import capital goods, equipment, and machinery necessary for their business operations within the Cebu Fourth District Ecozone free from payment of customs duties, taxes, and other import-related charges, subject to the following conditions:

(a) The imported capital goods, equipment, and machinery shall be used exclusively by the registered enterprise within the Cebu Fourth District Ecozone;

(b) Prior approval, must be secured from CFDEZA for each importation;

(c) The capital goods, equipment, and machinery shall not be sold, transferred, or otherwise disposed of without prior written approval from CFDEZA and payment of the corresponding duties and taxes, unless otherwise provided by law; and

(d) Any violation of this provision shall subject the enterprise to penalties and revocation of incentives as prescribed by the Authority.

The Department of Finance (DOF), in coordination with CFDEZA, shall issue the necessary implementing rules and regulations to carry out the intents of this provision.

CHAPTER IV LABOR AND EMPLOYMENT

SECTION 21. Labor Center. - Consistent with the one stop shop center, a Labor Center shall be established within the Cebu Fourth District Ecozone. It shall serve as a window for all labor related activities and shall offer services for the following:

(a) Manpower Pool - The Labor Center shall maintain a bulletin for job opportunities and an index of job applicants. A manpower bank consisting on an index of available work force within the vicinity and neighboring areas of the Cebu Fourth District Ecozone shall be continually updated and maintained.

(b) Training - In coordination with the Technical Education and Skills Development Authority (TESDA) created under Republic Act No. 776, facilities shall be provided to assist workers to learn skills, to retrain and enhance acquired skills as the case maybe and to provide training modules and materials and other technical assistance and facilitation services.

SECTION 22. Priority in Hiring. - On a best effort basis and in consultation with the Local Government Units (LGUs), Cebu Fourth District Ecozone Enterprise shall give priority in hiring workers from the immediate community to prevent and to mitigate the migration of workers to other areas.

SECTION 23. Minimum Labor Standards and Wages. - Salaries and wages according shall not be less than the minimum wage prescribed in the region and the

minimum labor standards and minimum working conditions as provided for by the Department of Labor and Employment (DOLE).

SECTION 24. Employment of Foreign Nationals. - A Cebu Fourth District Ecozone Enterprise may employ foreign nationals in executive, supervisory, technical, and advisory positions: *Provided*, That the executive positions shall pertain only to the President, Vice-President, Treasurer and General Manager, or their equivalents: *Provided, further*, That the total number of foreign nationals employed by an enterprise in supervisory, technical or advisory positions shall not at anytime exceed Five Percent (5%); *Provided*, That the foreign nationals maybe employed in supervisory, technical or advisory positions only if it is certified by the Department of Labor and Employment (DOLE) that no Filipino within the Cebu Fourth District Ecozone possesses the technical skills required therefor.

SECTION 25. Length of Employment. - A Cebu Fourth District Ecozone Enterprise may employ foreign nationals for a period not exceeding Five (5) years from its registration, extending within limited periods depending upon the need of the enterprise as determined by PEZA: *Provided*, however, That when the majority of the capital stock of an Cebu Fourth District Ecozone Enterprise is owned by foreign nationals, the positions of President, Treasurer and General Manager or their equivalents maybe retained by foreign nationals.

SECTION 26. Training Program and Annual Reports. - An Cebu Fourth District Ecozone Enterprise employing foreign nationals exercising supervisory, technical or advisory shall provide a training program for Filipinos to be conducted by said foreign nationals each in his/her own specialized line: *Provided*, That every foreign nationals shall have at least Two (2) Filipino understudies and such training shall be done regularly during regular office hours. That the Cebu Fourth District Ecozone Enterprise shall submit an annual progress report to PEZA on such training program within the month of June each year containing the following data:

- (a) Name of foreign national and his/her field of specialization as prescribed in the program;
- (b) Names and address of Filipinos understudies under him/her;
- (c) Number of hours of actual training for each understudy and specific subject(s) covered; and
- (d) Reasons why Filipino understudies cannot yet take over work of the foreign national, if such be the case.

SECTION 27. Spouse and Unmarried Minor Children. - The spouse and unmarried children under Twenty One (21) years of age of the foreign nationals

employed under the provisions of this Act shall be permitted to enter and reside in the Philippines during the period of employment of such foreign national in the Cebu Fourth District Ecozone Enterprise.

CHAPTER V NATIONAL GOVERNMENT AND OTHER ENTITIES

SECTION 28. Supervision and Control. - For purposes of policy direction and coordination, the CFDEZA shall be under the direct control and supervision of the office of the President of the Philippines: *Provided, That the grant of fiscal incentives shall be subject to the provisions of Title XIII of the National Internal Revenue Code of 1997, as amended.*

SECTION 29. Relationship with the Local Government Unit. -Except as herein provided, the LGU of the Municipality of Medellin shall retain its basic autonomy and identity. It shall operate and function in accordance with the framework of the Constitution, Republic Act No. 7160, otherwise known as the "Local Government Code of 1991", as amended, and this Act. In case of any conflict among the CFDEZA, the LGU and the national government on matters affecting the Cebu Fourth District Ecozone, other than national defense and security matters, the decision of the CFDEZA shall prevail.

SECTION 30. Audit. - The Commission on Audit shall appoint a full-time auditor for the CFDEZA and may assign such number of personnel as may be necessary to assist the auditor in the performance of the auditor's functions.

CHAPTER VI MISCELLANEOUS

SECTION 31. Interpretation and Construction. - The powers, authorities, and functions that are vested in the CFDEZA are intended to enhance national security, encourage self-sufficiency, foster meaningful decentralization of government functions and authority, and promote the efficient and effective collaboration among the CFDEZA, the national government, and the LGU of the Municipality of Medellin. Any interpretation of this Act shall consider such intentions. In the event of conflict of interpretation and provided the intentions cannot be harmonized, the provisions of this Act shall be construed in favor of an interpretation that shall protect national security.

SECTION 32. Applicability Clause. - Insofar as they are consistent with the provisions of this Act, the provisions of Section 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 Cebu Fourth District Ecozone.

SECTION 33. Implementing Rules and Regulations. - Within Sixty (60) days from the effectivity of this Act, the Department of Trade and Industry (DTI) shall, in coordination with the Department of Finance (DOF) and the Department of Economy, Planning, and Development (DepDev), formulate rules and regulations for the effective implementation of the provisions of this Act.

SECTION 34. Separability Clause. - If any provisions of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 35. Repealing Clause. - All laws, executive orders or issuance's or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SECTION 36. Effectivity. - This Act shall take effect Fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved.