



HOUSE OF REPRESENTATIVES

H. No. 10216

BY REPRESENTATIVES UMALI (A.), GARIN (S.), TIANGCO, YAP (E.), SALCEDA, SANGCOPAN, VERGARA, SUNTAY, MACEDA, NOGRALES (J.J.), SINGSON-MEEHAN, SUANSING (E.), BENITEZ, TAN (A.S.), ALBANO (A.), BIAZON, PADIERNOS, BAGATSING, BARONDA, CHATTO, YAP (V.), BARBERS, QUIMBO, CO (A.N.), SAGARBARRIA, GO (M.), BORDADO, ESTRELLA, GATCHALIAN, SAVELLANO, MACAPAGAL ARROYO, DE VENECIA, NIETO, ABU, DELOS SANTOS, DIMAPORO (M.K.), DY (F.), GO (E.C.), HERNANDEZ, MARIÑO, ROBES AND SARMIENTO, PER COMMITTEE REPORT NO. 1223

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 House of Representatives of the Philippines in Congress assembled:

1

CHAPTER 1

2

GENERAL PROVISIONS

3

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

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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

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1 legitimate and productive foreign investments in strategic locations in the country. It shall
2 generate employment, enhance productivity, and increase individual and family incomes,
3 thereby enhancing the quality of life of the Filipino people.

4 5 **CHAPTER II** 6 **CREATION OF THE ECONOMIC ZONE** 7

8 **SEC. 3. *Creation of the Oriental Mindoro Special Economic Zone.*** – In
9 accordance with the foregoing declared policy and subject to the concurrence of the
10 concerned local government units (LGUs) of Oriental Mindoro, there is hereby established
11 a special economic zone, hereinafter referred to as the Oriental Mindoro Ecozone. The
12 Oriental Mindoro Ecozone shall cover a particular area located in the Municipality of
13 Mansalay, Province of Oriental Mindoro, the specific metes and bounds of which shall be
14 more particularly defined in a presidential proclamation that shall be issued for this
15 purpose: *Provided*, That the lands embraced therein shall be contiguous to one another.
16

17 **SEC. 4. *Creation of the Oriental Mindoro Special Economic Zone Authority.*** –
18 There is hereby created a body corporate to be known as the Oriental Mindoro Special
19 Economic Zone Authority, hereinafter referred to as the ORMINSEZA, which shall manage
20 and operate the Oriental Mindoro Ecozone; in accordance with the provisions of this Act.
21 The corporate life of the ORMINSEZA shall expire in fifty (50) years, counted from the first
22 year after the effectivity of this Act, unless otherwise extended by Congress. It shall be
23 organized within one hundred eighty (180) days after the effectivity of this Act.
24

25 **SEC. 5. *Governing Principles.*** – The ORMINSEZA shall manage and operate the
26 Oriental Mindoro Ecozone, under the following principles:
27

- 28 a) Within the framework and limitations of the Constitution and applicable provisions of
29 Republic Act No. 7160, or the Local Government Code, as amended, the Oriental
30 Mindoro Ecozone shall be developed into and operated as a decentralized, self-
31 reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist,
32 banking, financial, and investment center with suitable residential areas;
33
34 b) The Oriental Mindoro Ecozone shall be equipped with transportation,
35 telecommunications, and other facilities needed to attract legitimate and productive
36 investments, generate linkage industries and employment opportunities for the
37 people of the Municipality of Mansalay and those in neighboring towns and cities;

- 1 c) The Oriental Mindoro Ecozone may establish mutually beneficial economic relations
2 with other entities or enterprises within the country or, subject to the administrative
3 guidance of the Department of Foreign Affairs, the Philippine Economic Zone
4 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign
5 entities or enterprises;
6
- 7 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
8 set up enterprises in the Oriental Mindoro Ecozone, either by themselves or in a joint
9 venture with Filipinos in any sector of industry, international trade and commerce
10 within the Oriental Mindoro Ecozone;
11
- 12 e) The Oriental Mindoro Ecozone shall be managed and operated as a separate
13 customs territory thereby ensuring the free flow or movement of goods and capital
14 within, into and out of its territory, and shall likewise provide incentives subject to
15 Title XIII of the National Internal Revenue Code, as amended. However, exportation
16 or removal of goods from the territory of the Oriental Mindoro Ecozone to the other
17 parts of the Philippine territory shall be subject to customs duties and taxes under
18 Republic Act No. 10863, otherwise known as the “Customs Modernization and Tariff
19 Act” and other relevant tax laws of the Philippines;
20
- 21 f) The areas comprising the Oriental Mindoro Ecozone may be expanded or reduced
22 when necessary through a presidential proclamation issued for the said purpose. For
23 this purpose, the ORMINSEZA, in consultation with the LGUs, shall have the power
24 to acquire either by purchase, negotiation or condemnation proceedings, any private
25 land within or adjacent to the Oriental Mindoro Ecozone for the following purposes:
26 (1) consolidation of lands for zone development; (2) acquisition of right of way to the
27 Oriental Mindoro Ecozone; and (3) the protection of watershed areas and natural
28 assets valuable to the prosperity of the Oriental Mindoro Ecozone;
29
- 30 g) Goods manufactured by an Oriental Mindoro Ecozone enterprise shall be made
31 available for immediate retail sale in the domestic market, subject to the payment of
32 corresponding taxes on raw materials and other regulations that may be formulated
33 by the ORMINSEZA together with the PEZA, the Bureau of Customs, the Bureau of
34 Internal Revenue, and the DTI. However, in order to protect domestic industries, a
35 Negative List of industries shall be drawn up and regularly updated by the PEZA.
36 Enterprises engaged in industries included in such Negative List shall not be allowed
37 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:

- 1 a) To operate, administer, manage, and develop the Oriental Mindoro Ecozone
2 according to the principles and provisions set forth in this Act;
3
- 4 b) To register, regulate, and supervise the enterprises in the Oriental Mindoro Ecozone
5 in an efficient and decentralized manner, subject to existing laws;
6
- 7 c) To coordinate with LGUs and exercise general supervision over the development
8 plans, activities, and operations of the Oriental Mindoro Ecozone;
9
- 10 d) To regulate and undertake the establishment, construction, operation, and
11 maintenance of public utilities, other services, and infrastructure in the Oriental
12 Mindoro Ecozone such as light and power, shipping, barging, stevedoring, cargo
13 handling, hauling, warehousing, storage of cargo, port services or concessions,
14 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
15 telecommunications, transport, bridges, terminals, conveyors, water supply and
16 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation
17 Authority of the Philippines, and such other services or concessions or infrastructure
18 necessary or incidental to the accomplishment of the objectives of this Act;
19
- 20 e) To construct, acquire, own, lease, operate, and maintain on its own or through
21 contracts, franchise, licenses, bulk purchase from the private sector or permits under
22 any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build-
23 Operate-Transfer Law”, as amended, or joint venture, adequate facilities and
24 infrastructure required or needed for the operation and development of the Oriental
25 Mindoro Ecozone, in coordination with appropriate national and local government
26 authorities and in conformity with applicable laws thereon;
27
- 28 f) To approve plans, programs, and projects of the Oriental Mindoro Ecozone to be
29 submitted to the Regional Development Council for inclusion in the regional
30 development plan;
31
- 32 g) To operate on its own, either directly or through licenses to others, tourism-related
33 activities, including games, amusements, recreational and sports facilities, subject
34 to the approval and supervision of the Philippine Amusement and Gaming
35 Corporation;
36
- h) To raise or borrow, within the limitation provided by law, and subject to the approval

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

7
8 i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral
9 reefs, and maintain ecological balance within the Oriental Mindoro Ecozone.
10 Notwithstanding the power of the ORMINSEZA to create rules for such purpose, the
11 rules and regulations of the Department of Environment and Natural Resources and
12 other government agencies involved in the above functions shall be implemented by
13 the ORMINSEZA;

14
15 j) To create, operate or contract to operate such functional units or offices of the
16 ORMINSEZA as it may deem necessary;

17
18 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or
19 otherwise dispose of personal or real property of whatever nature; sue and be sued;
20 and otherwise carry out its functions and duties as provided for in this Act;

21
22 l) To issue certificates of origin for products manufactured or processed in the Oriental
23 Mindoro Ecozone in accordance with prevailing rules of origin and the pertinent
24 regulations of the PEZA, the DTI, and the Department of Finance (DOF);

25
26 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
27 licenses, and other similar certifications to conduct such activities intended to
28 improve the ease of doing business within the Oriental Mindoro Ecozone, in
29 coordination with government agencies having jurisdiction over activities therein:
30 *Provided*, That all government agencies are directed to provide and extend utmost
31 and full cooperation to the ORMINSEZA in the establishment of such one-stop
32 shops;

33
34 n) To ensure that the area covered by the Oriental Mindoro Ecozone is secure at all
35 times: *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine
36 National Police (PNP) shall not interfere in the internal affairs of the ORMINSEZA
37 except to provide the necessary security and defense, or law enforcement

1 assistance, as the case may be: *Provided, finally*, That expenses of the AFP or the
2 PNP in the Oriental Mindoro Ecozone shall be borne by the national government;

- 3
- 4 o) To exercise such powers as may be essential, necessary or incidental to the powers
5 granted to it by this Act, as well as those that shall enable it to carry out, implement
6 and accomplish the purposes, objectives, and policies set forth in this Act; and
7
- 8 p) To issue rules and regulations consistent with the provisions of this Act as may be
9 necessary to accomplish and implement the purposes, objectives, and policies
10 provided herein.

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12 **SEC. 10. Board of Directors of the ORMINSEZA.** – The powers of the
13 ORMINSEZA shall be vested in and exercised by a Board of Directors, hereinafter referred
14 to as the Board, which shall be composed of the following:

- 15
- 16 a) A Chairperson, who shall at the same time be the administrator of the ORMINSEZA;
17 b) A Vice-Chairperson who shall be elected from among the members of the Board of
18 Directors;
19 c) Members, consisting of:
20 1) The Governor of the Province of Oriental Mindoro or a duly-authorized
21 representative from the Provincial Government of Oriental Mindoro;
22 2) One (1) of the mayors of the municipalities covered by the ecozone;
23 3) One (1) representative from the investors' group; and
24 4) One (1) representative from among the workers in the Oriental Mindoro Ecozone.
25

26 The Governor or the Governor's duly authorized representative and the mayors of
27 the municipalities within the ecozone shall serve as *ex officio* members of the Board,
28 whose terms in the Board shall correspond to their terms as elected officials.
29

30 The Chairperson-Administrator and the members of the Board, except for the
31 representatives of the investors and workers groups and the *ex officio* members, shall be
32 appointed by the President of the Philippines to serve for a term of six (6) years, unless
33 sooner separated from service due to death, voluntary resignation or removal for cause.
34 In case of death, resignation or removal for cause, their replacements shall serve only the
35 unexpired portion of the respective terms. No person shall be appointed as a member of
36 the Board unless the person is a Filipino citizen, of good moral character, of proven probity
37 and integrity, and a degree holder in any of the following fields: economics, business,

1 public administration, law, management or their equivalent, and with at least ten (10) years
2 relevant working experience, preferably in the field of management or public
3 administration.

4
5 The members of the Board, except the *ex officio* members, shall each receive *per*
6 *diem* allowance at rates to be determined by the Department of Budget and Management
7 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
8 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings
9 unless and until the President of the Philippines has fixed a higher rate for the *per diem*
10 allowance for the members of the Board, such allowance shall not be more than Ten
11 thousand pesos (Php10,000.00) for every Board meeting.

12
13 **SEC. 11. Organization and Personnel.** – The Board of Directors of the
14 ORMINSEZA shall provide for its organization and staff. The Board shall appoint and fix
15 the remuneration and other emoluments of its officers and employees in accordance with
16 existing laws on compensation and position classification. The Board shall have exclusive
17 and final authority to promote, transfer, assign, reassign, or remove officers of the
18 ORMINSEZA any provision of existing law to the contrary notwithstanding. The
19 Chairperson-Administrator shall execute the decisions of the Board.

20
21 The officers and employees of the ORMINSEZA, including all members of the
22 Board, shall not engage directly or indirectly in partisan activities nor take part in any
23 election, except to vote.

24
25 No officer or employee of the ORMINSEZA, shall be removed or suspended except
26 for cause, as provided by civil service rules and regulations.

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

- 29
30 a) To direct and manage the affairs of the ORMINSEZA in accordance with the
31 policies of the Board;
32
33 b) To establish the internal organization of the ORMINSEZA under such conditions
34 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;

- 1 d) Must not have been confined in an institution for any mental disorder or disability;
2 and
3 e) Must be financially capable as borne out by credible and verifiable evidence.
4

5 With an investor's visa, an alien shall be entitled to reside in the Philippines while
6 the investment subsists. The alien investor shall submit an annual report, in the form duly
7 prescribed for the purpose, to prove that the investment in the country subsists. Should
8 said alien investor withdraw the investments from the Philippines, then the investor's visa
9 issued to said alien shall automatically expire and be withdrawn.
10

11 The authority to issue visas and work permits shall remain with the Bureau of
12 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
13 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
14 of such visas and permits for workers in the Oriental Mindoro Ecozone and coordinate
15 closely with the ORMINSEZA to facilitate the conduct of business operations.
16

17 **SEC. 15. *Fiscal Incentives.*** – Registered enterprises of the Oriental Mindoro
18 Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax
19 Incentives) of the National Internal Revenue Code, as amended.
20

21 **SEC. 16. *Banking Rules and Regulations.*** – Banks and financial institutions to
22 be established in the Oriental Mindoro Ecozone shall be under the supervision of the BSP
23 and subject to existing banking laws, rules and regulations.
24

25 **SEC. 17. *Remittances.*** – In the case of foreign investments, a duly registered
26 entity or enterprise within the Oriental Mindoro Ecozone shall have the right to remit
27 earnings from the investment in the currency in which the investment was originally made
28 and at the exchange rate prevailing at the time of remittance, subject to the provisions of
29 Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.
30

31 **CHAPTER IV**

32 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

33

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

1 **SEC. 19. *Relationship with Local Government Units.*** – Except as herein
2 provided, the LGUs comprising the Oriental Mindoro Ecozone shall retain their basic
3 autonomy and identity. The Municipality of Mansalay, Province of Oriental Mindoro, shall
4 operate and function in accordance with the framework of the Constitution, the Local
5 Government Code of 1991, as amended, and this Act.

6
7 In case of any conflict among the ORMINSEZA, the LGUs and the national
8 government on matters affecting the Oriental Mindoro Ecozone, other than national
9 defense and security matters, the decision of the ORMINSEZA shall prevail.

10
11 **SEC. 20. *Audit.*** – The Commission on Audit shall appoint a full-time auditor for the
12 ORMINSEZA AND may assign such number of personnel as may be necessary to assist
13 the auditor in the performance of the auditor's functions.

14
15 **CHAPTER V**
16 **MISCELLANEOUS**

17
18 **SEC. 21. *Interpretation and Construction.*** – The powers, authorities and
19 functions that are vested in the ORMINSEZA are intended to establish national self-
20 sufficiency and self-reliance in the advancement of and protection of the national integrity,
21 enhancement of national security, decentralization of governmental functions and
22 authority, and promotion of an efficient and effective working relationship among the
23 ORMINSEZA, the national government and the LGUs. Any interpretation of this Act shall
24 consider such intentions. In the event of conflict of interpretation and provided the
25 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of
26 an interpretation that shall protect national security.

27
28 **SEC. 22. *Applicability Clause.*** – Insofar as they are consistent with the
29 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
30 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise
31 apply to the Oriental Mindoro Ecozone.

32
33 **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from
34 effectivity of this Act, the DTI shall, in coordination with the DOF and the National
35 Economic and Development Authority, formulate rules and regulations for the effective
36 implementation of the provisions of this Act.

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

4
5 **SEC. 25. *Repealing Clause.*** – All laws, executive orders or issuances or any part
6 thereof, which are inconsistent herewith, are hereby repealed or amended 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,