

Republic of the Philippines  
Autonomous Region in Muslim Mindanao  
REGIONAL LEGISLATIVE ASSEMBLY  
Cotabato City

FOURTH LEGISLATIVE ASSEMBLY  
(Second Regular Session)

[ MUSLIM MINDANAO AUTONOMY ACT NO. 154 ]

Begun and Held in Cotabato City, on Monday, the twenty-eight day of October, two thousand two.

AN ACT PROVIDING FOR THE LEGAL FRAMEWORK AND MECHANISM FOR THE CREATION, OPERATION, ADMINISTRATION, AND COORDINATION OF SPECIAL ECONOMIC ZONES IN THE AUTONOMOUS REGION IN MUSLIM MINDANAO (ARMM), CREATING FOR THIS PURPOSE, THE ARMM REGIONAL ECONOMIC ZONE AUTHORITY (REZA), AND FOR OTHER PURPOSES

Be it enacted by the Regional Legislative Assembly in session assembled:

CHAPTER I

PURPOSES AND OBJECTIVES; ESTABLISHMENT AND NATURE OF SPECIAL ECONOMIC ZONES; COORDINATION WITH OTHER SIMILAR SCHEMES

SECTION 1. Title. - This Act shall be known and cited as " The ARMM Special Economic Zone Act of 2003."

SEC. 2. Declaration of Policy. - It is the declared policy of the autonomous regional government to translate into practical realities the following State policies and mandates in Republic Act No. 9054 or the "Act to Strengthen and Expand the Organic Act for the Autonomous Region in Muslim Mindanao.", namely:

AUTONOMOUS REGION IN MUSLIM MINDANAO  
LEGISLATIVE OFFICE

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“Preferential Rights of Inhabitants and Their Safeguards. - The autonomous region shall provide manpower training programs, create livelihood and job opportunities, allocate equitable preferential rights to its inhabitants, and adopt laws that will safeguard the rights of workers”. (Section 9, Article III)

“Economic Zones, Centers and Ports. - The Regional Government shall encourage, promote and support the establishment of economic zones, industrial centers, ports in strategic areas, and growth centers to attract local and foreign investments and business enterprises”. (Section 2, Article XII)

- a. Incentives for Investors. - The Regional Assembly may by law grant incentives to investors in the autonomous region. The central government or national government may likewise grant incentives to investors in the autonomous region in addition to those provided by the Regional Government.”(Section 3, Article XII)
- b. “Regional Economic Zone Authority; Freeports. - The Regional Government may establish a regional economic zone authority in the autonomous region. The Regional Economic Zone Authority shall have similar powers as the Philippine Economic Zone Authority and consistent with the Special Economic Zone Act of 1995. The Regional Assembly may provide such additional powers and functions to the Regional Economic Zone Authority as may be necessary to meet the special circumstances of the autonomous region.

Once the Regional Economic Zone Authority is created by a Regional Assembly legislation, the Philippine Economic Zone Authority shall no longer authorize any other economic zone within the autonomous region. Any corporation, firm, or entity established within the autonomous region, by authority of the Philippine Economic Zone Authority, shall be placed under the jurisdiction of the Regional Economic Zone Authority and shall continue to enjoy the benefits granted to it by the Philippine Economic Zone Authority.” (Section 4, Article XII)

In pursuance of these policies, the autonomous regional government shall actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the autonomous region in order to provide jobs to the people especially those in the rural areas, increase their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment, among others, of special economic zones and free ports in suitable and



strategic locations in the autonomous region and through measures that shall effectively attract legitimate and productive foreign investments.

SEC. 3. Purposes, Intents and Objectives. - It is the purpose, intent and objectives of this Act:

- a. To establish the legal framework and mechanisms for the integration, coordination, planning and monitoring of special economic zones, industrial estates/parks, export processing zones and other economic zones;
- b. To transform selected areas in the autonomous region country into highly developed agro-industrial, industrial, commercial, tourist, banking, investment, and financial centers, where highly trained workers and efficient services will be available to commercial enterprises;
- c. To promote the flow of investors, both foreign and local, into special economic zones which will generate the employment opportunities and establish backward and forward linkages among industries in and around the economic zones;
- d. To stimulate the repatriation of Filipino capital by providing attractive climate and incentives for business activity;
- e. To promote financial and industrial cooperation between the Autonomous Region in Muslim Mindanao (ARMM) and Industrialized countries through technology-intensive industries that will modernize the Autonomous Region's industrial sector and improve productivity levels by utilizing new technological and managerial know-how; and
- f. To vest the special economic zones on certain areas thereof with the status of a free port and separate customs territory within the framework of the Constitution, the Organic Act of the Autonomous Region and the national sovereignty and territorial integrity of the Philippines.

SECTION 4. Definition of Terms. - For purposes of this Act, the following definitions shall apply to the following terms:

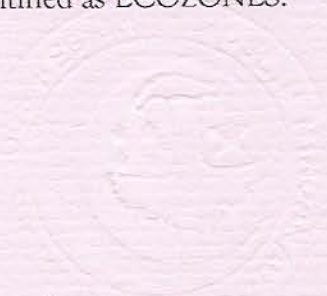




- a. Special Economic Zones (SEZ) - hereinafter referred to as the ECOZONES, are selected areas, with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and financial centers. An ECOZONE may contain any or all of the following: industrial estates (IEs), export processing zones (EPZs), free trade zones, and tourist/recreational centers.
- b. Industrial Estates (IEs) - refers to a tract of land subdivided and developed according to a comprehensive plan under a unified continuous management and with provisions for basic infrastructure and utilities, with or without pre-built standard factory buildings and community facilities for the use of the community of industries.
- c. Export processing zone (EPZ) - a specialized industrial estate located physically and / or administratively outside customs territory, predominantly oriented to export production. Enterprises located in export processing zones are allowed to import capital equipment and raw materials free from duties, taxes and other import restrictions.
- d. Free trade zone - an isolated policed area adjacent to a port of entry (as a seaport) and / or airport where imported goods may be unloaded for immediate transshipment or stored, repacked, sorted, mixed, or otherwise manipulated without being subject to import duties. However, movement of these imported goods from the free-trade area to a non-free-trade area in the country shall be subject to import duties, which may be reduced by the Regional Economic Zone Authority (REZA), by requiring the payment to the Bureau of Customs of such reduced import duties or tariff prior to movement from free trade to non-free trade areas.

Enterprises within the zone are granted preferential tax treatment, reduced import duties and tariff, and where immigration laws are more lenient.

SEC. 5. Establishment of ECOZONES. - To ensure the viability and geographic dispersal of ECOZONES through a system of prioritization, the following areas are initially identified as ECOZONES:



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- (a) Areas within those identified as Special Development Projects/Growth Zones by the Department of Trade and Industry - Autonomous Region in Muslim Mindanao (DTI-ARMM):
- 1) Parang and other potential areas in the Province of Maguindanao
  - 2) Jolo and other potential areas in the Province of Sulu
  - 3) Bongao and other potential areas in the Province of Tawi-Tawi
  - 4) The Entire Province of Basilan
  - 5) Marawi City, Malabang and other potential areas in the province of Lanao del Sur.
  - 6) Any private industrial estate which shall voluntarily apply for conversion into an ECOZONE.

These areas shall be developed through any of the following schemes:

- (i) Private initiative;
- (ii) Local government initiative with the assistance of the autonomous regional government; and
- (iii) Autonomous regional government initiative.

The metes and bounds of each ECOZONE are to be delineated and more particularly described in a proclamation to be issued by the Regional Governor of the ARMM, upon the recommendation of the Regional Economic Zone Authority (REZA), which shall be established under this Act, in coordination with the municipal and/or city council and/or the Regional Land Use Committee.

SECTION 6. Criteria for the Establishment of Other ECOZONES. - In addition to the ECOZONES identified in Section 5 of this Act, other areas may be established as ECOZONES in a proclamation to be issued by the Regional Governor of the ARMM





subject to the evaluation and recommendation of the REZA, based on a detailed feasibility and engineering study, which preferably conform to the following criteria:

- (a) The proposed area must be identified as a regional growth center in the ARMM Development Framework Plan or by the Regional Economic and Development Planning Board (REDPB);
- (b) The existence of required infrastructure in the proposed ECOZONE, such as roads, railways, telephones, ports, airports, etc., and the suitability and capacity of the proposed site to absorb such improvements;
- (c) The availability of water source and electric power supply for use of the ECOZONE;
- (d) The extent of vacant lands available for industrial and commercial development and future expansion of the ECOZONE as well as of lands adjacent to the ECOZONE available for development of residential areas for the ECOZONE workers;
- (e) The availability of skilled, semi-skilled and non-skilled trainable labor force in and around the ECOZONE;
- (f) The area must have a significant incremental advantage over the existing economic zones and its potential profitability can be established;
- (g) The area must be strategically located; and
- (h) The area must be situated where controls can easily be established to curtail smuggling activities.

Other areas which do not meet the foregoing criteria may be established as ECOZONES: *Provided*, That the said area shall be developed only through local government and/or private sector initiative under any of the schemes allowed in Republic Act No. 6957 (the build-operate-transfer law) or otherwise, and without any financial exposure on the part of the autonomous regional government; *Provided further*, That the area can be easily secured to curtail smuggling activities; *Provided further*, That the area shall be one contiguous area, as far



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practicable; *Provided, finally*, That after five (5) years the area must have attained a substantial degree of development, the indicators of which shall be formulated by the REZA.

SEC. 7. ECOZONE to be a Decentralized Agro-Industrial, Industrial, Commercial/Trading, Tourist, Investment and Financial Community. - Within the framework of the constitution, the interest of national sovereignty and territorial integrity of the Republic, ECOZONE shall be developed, as much as possible, into a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment center with minimum government intervention. Each ECOZONE shall be provided with transportation, telecommunications, and other facilities needed to generate linkage with industries and employment opportunities for its own inhabitants and those of nearby towns and cities.

The ECOZONE shall administer itself on economic, financial, industrial, tourism development and such other matters within the exclusive competence of the government.

The REZA through its principal agent, the Executive Director or ECOZONE may establish mutually beneficial economic relations and enter into economic agreements with other entities within the country, or, subject to the administrative guidance of the Regional Governor and/or the Regional Secretary of the Department of Trade and Industry-ARMM, as authorized by the Regional Governor, with foreign countries or entities, in fulfillment of Section 11, Article IX of Republic Act No. 9054.

Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the ECOZONE, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the ECOZONE. Their assets, profits and other legitimate interests shall be protected: *Provided*, That the ECOZONE through the REZA may require a minimum investment for any ECOZONE enterprise in freely convertible currencies: *Provided, further*, That the new investment shall fall under the priorities, thrusts and limits provided for in this Act.

SEC.N 8. ECOZONE to be Operated and Managed as Separate Customs Territory. - The ECOZONE shall be operated and managed as a separate customs territory ensuring free flow or movement of goods and capital within, into and exported out of the ECOZONE, as well as provide incentives such as tax and duty-free importations of raw materials, capital, equipment, other goods and commodities. However, exportation or removal of goods from the territory of the ECOZONE to the other parts of Philippine territory shall be subject to customs





duties and taxes under the Philippine Customs and Tariff Code and other relevant tax laws, *Provided, however,* That the REZA may prescribe reduced tariff, customs, import duties and other taxes for such goods moving from the ECOZONE to other parts of the country, as incentive to locators within the ECOZONE and other business enterprises registered with the REZA, by requiring the payment to the Bureau of Customs or the Bureau of Internal Revenue (BIR) of such reduced tariff, customs, import duties and other taxes prior to movement from the free trade to the non-free trade areas.

The REZA is hereby vested with the authority to issue Certificates of Origin for products manufactured or processed in each ECOZONE in accordance with the prevailing rules of origin, and the pertinent regulations of the Department of Trade and Industry-ARMM.

The Regional Secretary of the Department of Trade and Industry-ARMM shall issue Certificate of Authority to Import (CIA) and/or Import Commodity Clearance (ICC) in accordance with its administrative issuances, department orders or departmental rules and regulations to entities or business enterprises doing business in the ARMM, *Provided, however,* That the Executive Director of the REZA, in case of perishable goods or imminent loss to the business enterprise, may issue provisional Certificate of Authority to Import and/or Import Commodity Clearance to entities or business enterprises doing business in or with the ECOZONE and/or registered with the REZA, for confirmation or validation of the Regional Secretary.

In the case of Free Trade Zone areas, no import or export permit is required and only the cargo manifest or other documents for identification purposes shall be necessary for entry or removal. However, all illegal and contraband items are subject to seizure or forfeiture and the owners/possessors thereof are subject to criminal prosecution.

SEC. 9. Defense and Security. - The defense of the ECOZONE and the security of its perimeter fence shall be the responsibility of the autonomous regional government in coordination with the REZA. Military, police and other security forces sent for the purpose of defense shall not interfere in the internal affairs of any of the ECOZONE and expenditure for these military forces shall be borne by the national government. The REZA may provide and establish the ECOZONES' internal security and firefighting forces.

SECTION 10. Immigration. - Any investor within the ECOZONE whose initial investment in cash or equipment shall not be less than Seventy Five Thousand Dollars





(\$ 75,000), his/her spouse and dependent children under twenty-one (21) years of age shall be granted by the REZA temporary work and residency visas within the ECOZONE for so long as his investment in the ECOZONE subsists. For this purpose he should submit an annual report in the form duly prescribed for the purpose, to prove that he has maintained his investment in the ARMM. Should said alien withdraw his investment from the ARMM the visa issued to him shall automatically expire. They shall have freedom of ingress and egress to and from the ECOZONE without any need of special authorization from the Bureau of Immigration.

The REZA shall issue working visas renewable every two (2) year to foreign executives and other aliens, possessing highly-technical skills which no Filipino within the ECOZONE possesses, as certified by the *Department of Labor and Employment*-ARMM. The names of aliens granted temporary resident and working visas by the REZA shall be reported to the Bureau of Immigration within thirty (30) days after issuance thereof.

## CHAPTER II

### GOVERNING STRUCTURES

SEC. 11. The Regional Economic Zone Authority (REZA) Board. There is hereby created a body corporate to be known as the Regional Economic Zone Authority (REZA) attached to the Department of Trade and Industry - ARMM. The board shall have an executive director who shall be appointed by the Regional Governor upon recommendation of the Regional Secretary of the DTI-ARMM, to serve for a term of six (6) years, unless sooner removed for cause, with provision for re-appointment. In case of removal for cause, the replacement shall serve only the unexpired portion of the term. The executive director shall be of proven probity and integrity, and a degree holder in any of the following fields: economics, business, public administration, law, accounting, management or their equivalent, and with at least five (5) years relevant working experience, preferably in the field of financial and legal management or public administration and with civil service eligibility, or its equivalent (R.A.1080).

The executive director shall be assisted by three (3) deputy directors each for policy and planning, administration and operation, who shall be appointed by the Regional Governor, upon the recommendation of the REZA Board, to serve for a term of six (6) years each, unless sooner removed for a cause, on a staggered basis; such that on the first year, only one deputy director shall be appointed, on the second year another deputy director shall be appointed and



Page 10  
MMAA 154

so on until the positions of deputy directors shall be filled up: The deputy directors shall be of proven probity and integrity, and a degree holder in any of the following fields: economics, business, public administration, law, accounting, management or their equivalent, and with a five (5) year relevant working experience and civil service eligibility.

The Board shall be composed of fifteen (15) members as follows: the ARMM Regional Secretary of the Department of Trade and Industry as Chairman, the Executive Director of the Regional Economic Zone Authority as Vice-Chairman, the ARMM Regional Secretaries of the Department of Labor and Employment, the Department of Interior and Local Government, the Department of Environment and Natural Resources, the Department of Agriculture, the Department of Public Works and Highways, the Department of Transportation and Communications, ARMM Regional Treasurer, the Chairman of the Regional Board of Investments, three (3) members of the Regional Legislative Assembly (RLA), one (1) representative from the labor sector, and one (1) representative from the investors/business sector in the ECOZONE to be appointed by the Regional Governor. In case of the unavailability of the Regional Secretary of the Department of Trade and Industry-ARMM to attend a particular board meeting, the Executive Director of the REZA shall act as Chairman.

In case urgent action is needed or in the exigency of the service, the Executive Director may convene or call in executive session or meeting a majority of the members of the Board. The decisions taken in executive session or meeting shall stand unless revoked by the regular Board. The members of the Board who are cabinet secretaries except the Chairman, may designate their permanent representatives in case of absence or unavailability. The REZA Management Committee headed by the Executive Director is hereby created and the REZA Board may delegate some of its functions thereto, in appropriate case, in which case, the performance of such delegated functions shall no longer require Board approval and confirmation.

Members of the Board shall receive a per diem of not less than the amount equivalent to the representation and transportation allowances of the members of the Board and/or as maybe determined by the Department of Budget and Management. *Provided, however,* That the per diem collected per month does not exceed the equivalent of four (4) meetings.





SEC. 12. Functions and Powers of the REZA Board. -The REZA Board shall exclusively be a policy making body, restricted to policy-making, and shall not interfere in the day-to-day or administrative operations of the REZA or in the formulation and enforcement of regulations implementing its policies, which operations and regulations are the primary responsibility of the Executive Director. Hence, the REZA Board shall have the following functions and powers:

- (a) Set the general policies on the establishment and operations of the ECOZONES, industrial estates, export processing zones, free trade zones, and the like;
- (b) Review proposals for the establishment of ECOZONES based on the set criteria under Section 6 and endorse to the Regional Governor the establishment of the ECOZONES, industrial estates, export processing zones, free trade zones and the like. Thereafter, it shall facilitate and assist in the organization of said entities;
- (c) Regulate and undertake the establishment, operation and maintenance of ports, airfields, utilities, other services and infrastructure in the ECOZONE, such as heat, light and power, water supply, telecommunication, transport, print and media facilities, toll roads and bridges, port services, etc., and to fix just, reasonable and competitive rates, charges and fees therefore;
- (d) Approve the annual budget of the REZA and the ECOZONE development plans, with concurrence of the Regional Governor, which budget shall be appropriated by the Regional Legislative Assembly. In case of delay in the approval of the annual budget of the REZA, it may operate on the basis of the budget of the preceding year until such time as the annual budget is approved;
- (e) Issue rules and regulations to implement the provisions of this Act in so far as its power and functions are concerned;
- (f) Exercise its powers and functions as provided for in this Act; and
- (g) Render annual reports to the Regional Governor and the Regional Legislative Assembly.



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SEC. 13. General Powers and Functions of the Authority - The REZA shall have the following powers and functions as exercised through its agents and the Executive Director:

- (a) To operate, administer, manage and develop the ECOZONE according to the principles and provisions set forth in this Act;
- (b) To register, regulate and supervise the enterprises in the ECOZONE in an efficient and decentralized manner;
- (c) To coordinate with local government units and exercise general supervision over the development, plans, activities and operations of the ECOZONES, industrial estates, export processing zones, free trade zones, and the like;
- (d) In coordination with the local government units concerned and appropriate agencies, to construct, acquire, own, lease, operate and maintain on its own or through contract, franchise, license, bulk purchase from the private sector and build-operate-transfer scheme or joint venture, adequate facilities and infrastructure, such as light and power systems, water supply and distribution systems, telecommunication and transportation, print and media facilities, buildings, structures, warehouses, roads, bridges, ports and other facilities for the operation and development of the ECOZONE, including shipping and related business, stevedoring and port terminal services or concessions, incidental thereto and airport operations in coordination with the Civil Aeronautics Board, and fix just and reasonable rates, fares, charges and other prices therefore;
- (e) To create, operate and/or contract to operate such agencies and functional units or offices of the authority as it may deem necessary;
- (f) To adopt, after and use a corporate seal; make contracts, lease, own or otherwise dispose of personal or real property; sue and be sued; and otherwise carry out its duties and functions as provided for in this Act;
- (g) To coordinate the formulation and preparation of the development plans of the different entities mentioned above;
- (h) To coordinate with the Regional Planning and Development Office (RPDO), the Department of Trade and Industry - ARMM and the local government units and appropriate government agencies for policy and program formulation and implementation;



- (i) To monitor and evaluate the development and requirements of entities in subsection (a) and recommend to the local government units or other appropriate authorities the location, incentives, basic services, utilities and infrastructure required or to be made available for said entities; and

Within the limitation provided by law, to raise and/or borrow the necessary funds from local and international financial institutions and to issue bonds, promissory notes and other securities for that purpose and to secure the same guarantee, pledge, mortgage, deed of trust, or assignment of its properties held by the REZA for the purpose of financing its projects and programs within the framework and limitations of this Act.

SEC. 14. Powers and Functions of the Executive Director. - The executive director shall be the overall coordinator of the policies, plans and programs of the ECOZONES. As such, he shall provide overall supervision over and general direction to the development and operations of these ECOZONES. He shall determine the structure and the staffing pattern and personnel complement of the REZA and establish provincial offices, when necessary, subject to the approval of the REZA Board.

In addition, he shall have the following specific powers and responsibilities:

- (a) To safeguard all the lands, buildings, records, monies, credits and other properties and rights of the ECOZONES;
- (b) To ensure that all revenues of the ECOZONE are collected and applied in accordance with its budget;
- (c) To ensure that the investors/firms, industrial estates and employees of the ECOZONES are properly discharging their respective duties;
- (d) To give such information and recommend such measures to the Board, as he shall deem advantageous to the ECOZONE;
- (e) To submit to the Board, the ongoing and proposed projects, work and financial program, annual budget of receipts, and expenditures of the ECOZONE;
- (f) To represent the ECOZONE in all its business matters and sign on its behalf after approval of the Board, all its bonds, borrowings, contracts, agreements and obligations made in accordance with this Act;





- (g) To acquire jurisdiction, as he may deem proper, over the protests, complaints, and claims of the residents and enterprises in the ECOZONE concerning administrative matters;
- (h) To recommend to the Board the grant, approval, refusal, amendment or termination of the ECOZONE franchises, licenses, permits, contracts, and agreements in accordance with the policies set by the board;
- (i) To require owners of houses, buildings or other structures constructed without the necessary permit whether constructed on public or private lands, to remove or demolish such houses, buildings, structures within sixty (60) days after notice and upon failure of such owner to remove or demolish such house, building or structure within said period, the executive director or his authorized representative may summarily cause its removal or demolition at the expense of the owner, any existing law, decree, executive order and other issuances or part thereof to the contrary notwithstanding;
- (j) To take such emergency measures as may be necessary to avoid fires, floods and mitigate the effects of storms and other natural or public calamities;
- (k) To accept any local or foreign investment, business or enterprise in the ECOZONE, subject only to such rules and regulations to be promulgated by the REZA without prejudice to the nationalization requirements provided for in the Constitution;
- (l) To prepare and make out plans for the physical and economic development of the ECOZONE, including zoning and land subdivision, issue such rules and regulations which shall be submitted to the Board for its approval, and;
- (m) To perform such other duties and exercises such powers as may be prescribed by the Board, and to implement the policies, rules and regulations set by the REZA.

SEC. 15. Administration of each ECOZONE. - Except for privately-owned, managed or operated ECOZONES, each ECOZONE shall be organized, administered, managed by the ECOZONE executive committee composed of the following:

- a) The executive director of the REZA or any of his deputy directors.





- b) The administrator who shall be appointed by the REZA Board upon recommendation of the executive director, and who shall be responsible for the day to day operations of the ECOZONE.
- c) One (1) deputy administrator to be appointed by the Board upon recommendation of the executive director.

The administrator and the deputy administrator shall be of proven probity and integrity, and a degree holder in any of the following fields: economics, business, public administration, law, accounting, management, engineering or their equivalent, with at least four (4) years relevant working experience and with civil service eligibility. The residents of the area, where the ECOZONE is located and/or those with graduate level degrees, such as Masters in Public Administration, or professional board passers shall be given priority in hiring.

An ECOZONE advisory body shall be created with the following members:

- (1) The president of the association of investors in the ECOZONE;
- (2) The governor of the province where the ECOZONE is located, who shall be the Chairman of the body;
- (3) The mayor/s of the municipality/ies or city/ies where the ECOZONE is located;
- (4) The president of an accredited labor union in the ECOZONE;
- (5) The representatives of the business sector in the periphery of the ECOZONE; and
- (6) Representatives of the REZA.

The ECOZONE advisory body shall have the following functions:

- a. Advise the ECOZONE management on matters pertaining to policy initiatives; and
- b. Assist the ECOZONE management in settling problems arising between labor and any enterprise in the ECOZONE.





Privately-owned ECOZONES shall retain autonomy and independence but shall be monitored by the REZA for the implementation of incentives and operations for adherence to the law.

SEC. 16. Personnel. - The REZA Board of Directors shall provide for an organization and staff of officers and employees of the REZA, and upon recommendation of the executive director with the approval of the Regional Secretary of the Department of Trade and Industry-ARMM, appoint and fix the remunerations and other emoluments: *Provided*, That the Board shall have exclusive and final authority to promote, transfer, assign and reassign officers of the REZA, any provision of existing law to the contrary notwithstanding: *Provided, further*, That the executive director may carry out removal of such officers and employees.

All positions in the REZA shall be governed by a compensation, position classification system and qualification standards approved by the executive director with the concurrence of the Board of Directors based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan may be comparable with the prevailing compensation plans in the Subic Bay Metropolitan Authority (SBMA), Clark Development Corporation (CDC), Bases Conversion and Development Authority (BCDA) and the private sector and shall be subject to periodic review by the Board no more than once every two (2) years without prejudice to yearly merit reviews or increases based on productivity and profitability. The REZA shall therefore be exempt from existing laws, rules, and regulations on compensation, position classification and qualification standards. It shall however endeavor to make its systems conform as closely as possible with the principles under Republic Act No. 6758.

The REZA officers and employees including all Members of the Board shall not engage directly or indirectly in partisan activities or take part in any election, except to vote.

No officer or employee of the REZA subject to Civil Service laws and regulations shall be removed or suspended except for cause, as provided by law.

SECTION 17. Investigation and Inquiries. - Upon a written formal complaint made under oath, which on its face provides reasonable basis to believe that some anomaly or irregularity might have been committed, the REZA or the administrator of the ECOZONE concerned, shall have the power to inquire into the conduct of firms or employees of the ECOZONE and to conduct investigations, and for that purpose may subpoena witnesses,

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administer oaths, and compel the production of books, papers, and other evidences: *Provided*, That to arrive at the truth, the investigator (s) may grant immunity from prosecution to any person whose testimony or whose possessions of documents or other evidence is necessary or convenient to determine the truth in any investigation conducted by him or under the authority of the REZA or the administrator of the ECOZONE concerned.

SEC. 18. Prohibition Against Holding Any Other Office. - The executive director, deputy directors, administrators, officials and staff or assistants of the REZA shall not hold any other office or employment within or outside the REZA during their tenure. They shall not, during their tenure, directly or indirectly, practice any profession, participate in any business, or be financially interested in any contract with, or in any franchise, or special privilege granted by the REZA or autonomous regional government, or any subdivision, agency, or instrumentality thereof, including any government-owned-controlled corporation, or its subsidiary.

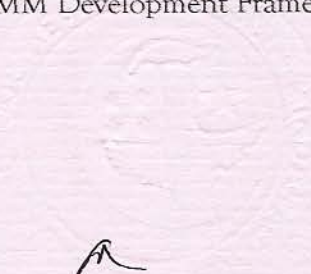
SEC. 19. Disbursement of Funds. - No money shall be paid out of the funds of any ECOZONE except in pursuance of the budget as formulated and approved by the REZA.

SEC. 20. Full Disclosure of Financial and Business Interests. - Every member of the Board of the REZA, the executive director, the deputy directors, administrators, deputy administrators and their staff shall, upon assumption of office, make full disclosure of their financial and business interests, and submit their respective statements of assets and liabilities annually to the Office of the Ombudsman.

### CHAPTER III

#### OPERATIONS WITHIN THE ECOZONE

SECTION 21. Development Strategy of the ECOZONE. - The strategy and priority of development of each ECOZONE established pursuant to this Act shall be formulated by the REZA, in coordination with the Department of Trade and Industry-ARMM and the Regional Economic & Development Planning Board: *Provided*, That such development strategy is consistent with the priorities of the autonomous regional government as outlined in the ARMM Development Framework Plan.



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It shall be the policy of the autonomous regional government and the REZA to encourage and provide incentives and facilities and infrastructure in the ECOZONE, using any of the schemes allowed in Republic Act No. 6957 (the build-operate-transfer law) or such other schemes as the Regional Legislative assembly may adopt into law.

SEC. 22. Survey of Resources. – The REZA shall, in coordination with appropriate authorities and neighboring cities and municipalities, immediately conduct a survey of the physical, natural assets and potentialities of the ECOZONE areas under its jurisdiction.

SEC. 23. Fiscal Incentives. – Business establishments operating within the ECOZONE shall be entitled to the fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, or the fiscal incentives provided by the ARMM Regional Board of Investments and such other incentives as may be provided by the Regional Legislative Assembly in an ARMM Omnibus Investment Code, or otherwise.

Furthermore, tax credits for exporters using local materials as inputs shall enjoy the same benefits provided for in the Export Development Act of 1994.

The fiscal incentives to business enterprises operating within the ECOZONE shall be evaluated and approved by the REZA Board.

Aside from the incentives mentioned in the preceding paragraphs, the REZA may grant the following incentives to registered enterprises to the extent of the activity/project, or as may be applicable:

**A. INCOME TAX HOLIDAY OR NET OPERATING LOSS CARRYOVER**

**INCOME TAX HOLIDAY (ITH)** – Registered enterprises shall be entitled to an income tax holiday from the start of their commercial operation to the extent of their activity under the following categories:

Category A – All activities listed in the ARMM Investment Priority Plan, which includes inter alia, domestic-oriented activities located within the ARMM shall be entitled to four (4) years income tax holiday.



Category B - Export-oriented activities located within the ARMM or domestic oriented activities producing/rendering distinct or new products/services shall be entitled to six (6) years income tax holiday.

Category C - Export-oriented activities or domestic oriented activities within the ARMM with (a) backward and forward linkages or strong potential for export development; and (b) listed in the ARMM Investment Priority Plan shall be entitled to eight (8) years income tax holiday.

Enterprises with existing operations that qualify for registrations shall be limited to their incremental capacities and/or incremental sales value for ITH availment.

Category D - The foregoing categories notwithstanding, an additional four (4) years shall be granted for "strategic projects". Strategic Projects refer to activities, which exhibit high social economic returns and comply with any of the following conditions:

- (a) Project would create high value-added;
- (b) Project would generate sizable employment;
- (c) Project would require large investments; or
- (d) Project would use new and internationally accepted high level of technology.

A project shall be determined and approved as "STRATEGIC" by a decision of the REZA Board.

NET OPERATING LOSS CARRYOVER - The net operating loss of the business or enterprise during the first five (5) years from start of commercial operation which had not been previously offset as deduction from gross income shall be carried over for the next five (5) consecutive taxable years from the gross income immediately following the year of such loss; Provided however, That operating loss resulting from availment of incentives provided in this Code shall not be entitled to NOLCO.

Registered enterprises availing of the Income Tax Holiday (ITH) as herein provided shall not be entitled to avail of the Net Operating Loss Carry Over (NOLCO) and vice-versa. Registered enterprises shall have the option to avail of the ITH or NOLCO at the time of registration, but once the option is made, no amendment shall be allowed.





B. CAPITAL EQUIPMENT INCENTIVES - Importations of capital equipment, spare parts, product consumables, or those required for pollution abatement and control including consignment thereof, by registered export-oriented enterprises upon the effectivity of this law shall be exempt to the extent of one hundred percent (100%) of the taxes and custom duties; Provided, That the importation thereof shall be used exclusively by the registered enterprise in its registered activity; Provided further, That importation of source documents by enterprises engaged in information technology shall likewise be fully exempt for the period herein.

C. INCENTIVES ON BREEDING STOCKS AND GENETIC MATERIALS - Importation of breeding stocks and genetic materials within ten (10) years from the date of registration of commercial operation of the enterprise shall be exempt from all taxes and duties: Provided, that such breeding stocks and genetic materials are: (a) reasonably needed in the registered activity; and (b) approved by the Board.

D. EXEMPTION FROM REAL PROPERTY TAX ON MACHINERY AND EQUIPMENT - ECOZONE registered enterprises shall be fully exempt from the payment of the real property tax on equipment and machineries imposed under the Local Government Code.

E. TAX TREATMENT OF MERCHANDISE IN THE ZONE -

(1) Except as otherwise provided in this Code, foreign and domestic merchandise, raw materials, supplies, articles, equipment, machineries, spare parts and wares of every description, except those prohibited by law, brought into the zone to be sold, stored, broken up, repacked, assembled, installed, sorted, cleaned, graded, or otherwise processed, manipulated, manufactured, mixed with foreign or domestic merchandise whether directly or indirectly related in such activity, shall not be subject to customs and internal revenue laws and regulations nor to local ordinances, the provisions of law to the contrary notwithstanding.

(2) Merchandise purchased by a registered zone enterprise from the customs territory and subsequently brought into the zone, shall be considered as export sales and the exported thereof shall be entitled to the benefits allowed by law for such transaction.





(3) Domestic merchandise on which all internal revenue taxes have been paid, if subject thereto, and foreign merchandise previously imported on which duty of tax has been paid, or which have been admitted free of duty and tax, may be taken into the zone from the customs territory of the Philippines and be brought back thereto free of quotas, duty or tax.

F. EXEMPTION FROM LOCAL TAXES AND LICENSES -

(1) Notwithstanding the provisions of law to the contrary, zone registered enterprise shall, to the extent of their construction, operation or production inside the zone be exempt from the payment of any and local government imposts, fees, licenses or taxes.

(2) Production equipment or machineries, not attached to real estate, used directly or indirectly, in the production, assembly or manufacture of the registered product of the zone registered enterprise shall be exempt from real property taxes.

SEC. 24. Exemption from National and Local Taxes.- Except for real property taxes on land owned by developers, no taxes, local and national, shall be imposed on business establishments operating within the ECOZONE. In lieu thereof, charges and fees amounting to three percent (3%) of the gross revenue earned by all businesses and enterprises within the ECOZONE shall be paid and remitted to the Autonomous Regional Government; another one percent (1%) of such gross revenue shall be paid and remitted to the municipalities and cities affected by the declaration of the zone in proportion to their population, area and other factors as determined by the REZA. In addition, there is hereby established a development fund of one percent (1%) of the gross revenue earned by all businesses and enterprises within the ECOZONE to be utilized for the development of the host Province and municipalities outside the ECOZONE.

The one percent (1%) share of the municipalities and cities affected by the declaration of the ECOZONE shall be directly remitted by the business establishments to the treasurer's office of the municipalities or cities where the enterprise is located in proportion to their population, area and other factors as determined by the REZA.

However, a portion of the revenues earned shall be retained by the REZA in trust as development funds. The percentage of which shall be determined annually under the Local Fund Appropriations Act by the RLA. For the first five (5) years of operation of the REZA





wherein it has actual revenues to be remitted to the autonomous regional government, the amount shall be 20% of the 5% of the gross revenues earned by ECOZONE locators.

In case of conflict between national, regional and local laws with respect to tax exemption privileges in the ECOZONE, the same shall be resolved in favor of the latter;

SECTION 25. Applicable National and Local Taxes. - All persons in the ECOZONE shall be subject to national, regional and local taxes under the National Internal Revenue Code, Revenue Code of the ARMM and the Local Government Code of the ARMM.

SEC. 26. Domestic Sales. - Goods manufactured by an ECOZONE enterprise shall be made available for immediate retail sales in the domestic market, subject to payment of corresponding taxes on the raw materials and other regulations that may be adopted by the Board of the REZA.

However, in order to protect the domestic industry, there shall be a negative list of industries that will be drawn up by the REZA. Enterprises engaged in the industries included in the negative list shall not be allowed to sell their products locally. Said negative list shall be regularly updated by the REZA.

The REZA, in coordination with *Department of Trade and Industry-ARMM*, shall jointly issue the necessary implementing rules and guidelines for the effective implementation of this section.

SEC. 27. Applicability of Banking Laws and Regulations. - Existing banking laws and *Bangko Sentral ng Pilipinas* (BSP) rules and regulations shall apply to banks and financial institutions to be established in the ECOZONE and to other ECOZONE registered enterprises. Among other pertinent regulations, these include those governing foreign exchange and other current account transactions (trade and non-trade) local and foreign borrowings, foreign investments, establishment and operation local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP: *Provided, however*, That banking and finance shall be liberalized with the establishment of foreign currency depository units of local commercial banks and offshore banking units of foreign banks with minimum Central Bank regulation.

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SEC. 28. After Tax Profits. - Without prior Bangko Sentral approval, after tax profits and other earnings of foreign investments in the enterprises in the ECOZONE may be remitted outward in the equivalent foreign exchange through any of the banks licensed by the Bangko Sentral ng Pilipinas in the ECOZONE: *Provided, however,* That such foreign investments in said enterprises have been previously registered with the Bangko Sentral.

SEC. 29. Eminent Domain. - The areas comprising an ECOZONE may be expanded or reduced when necessary. For this purpose, the REZA, subject to the concurrence of the Regional Governor, shall have the power to acquire, either by purchase, negotiation or condemnation proceedings, any private lands within or adjacent to the ECOZONE for:

- a. Consolidation of lands for zone development purposes;
- b. Acquisition of right of way to the ECOZONE; and
- c. The protection watershed areas and natural assets valuable to the property of the ECOZONE.

If in the establishment of publicly-owned ECOZONE, any person or group of persons who has been legally occupying a parcel of land within the Zone has to be evicted, the REZA shall provide the person or group of persons concerned with proper disturbance compensation: *Provided, however,* That in the case of displaced agrarian reform beneficiaries, they shall be entitled to the benefits under the Comprehensive Agrarian Reform Law, including but not limited to Section 36 of Republic Act No. 3844, in addition to a home lot in the relocation site, and preferential employment in the project being undertaken.

SEC. 30. Leases of Lands and Buildings. - Lands and buildings in each ECOZONE may be leased to foreign investors for a period not exceeding fifty (50) years renewable once for a period of not more than twenty-five (25) years, as provided for under Republic Act No. 7652, otherwise known as the Investors' Lease Act. The leasehold right acquired under long term contracts may be sold, transferred or assigned, subject to conditions set forth under Republic Act No. 7652.

SEC. 31. Land Conversion. - Agricultural lands may be converted for residential, commercial, industrial and other non-industrial purposes, subjects to the conditions set forth under Republic Act No. 6657 and other existing laws of the ARMM.





SEC. 32. Shipping and Shipping Register. - Private shipping and related business including private container terminals may operate freely in the ECOZONE, subject only to such minimum reasonable regulations of local application which the REZA may prescribe.

The REZA shall, in coordination with the Department of Transportation and Communications-ARMM and the Department of Trade and Industry-ARMM, maintain a shipping register for each ECOZONE as a business register of convenience for ocean-going vessels and issue related certification.

Ships of all sizes, descriptions and nationalities shall enjoy access to the ports of the ECOZONE, subject only to such reasonable requirement as may be prescribed by the REZA in coordination with the appropriate agencies of the autonomous regional government.

SEC. 33. Protection of Environment. The REZA, in coordination with the appropriate agencies, shall take concrete and appropriate steps and enact the proper measure for the protection of the local environment. It shall issue the Environmental Clearance Certificate or ECC for projects, investments or locators in the ECOZONE. However, until such time as the REZA has developed the personnel and expertise for evaluation of ECC, it may utilize and obtain ECC from the Department of Environment and Natural Resources-ARMM.

SEC. 34. Termination of Business. - Investors in the ECOZONE who desire to terminate business or operations shall comply with such requirements and procedures which the REZA shall set, particularly those relating to the clearing of debts. The assets of the closed enterprise can be transferred and the funds can be remitted out of the ECOZONE subject to the rules, guidelines and procedures prescribed jointly by the Bangko Sentral ng Pilipinas, the Department of Finance and the REZA.

SEC. 35. Registration of Business Enterprises. - Business enterprises within a designated ECOZONE shall register with the REZA to avail of all incentives and benefits provided for in this Act.

SECTION 36. One Stop Shop Center. - the REZA shall establish a one stop shop center for the purpose of facilitating the registration of new enterprises in the ECOZONE. Thus, all appropriate government agencies that are involved in registering, licensing or issuing permits to investors shall assign their representatives to the ECOZONE to attend to investors' requirements



SEC. 37. Halal Certification Board. - The REZA shall establish a Halal Certification Board in every ECOZONE, which shall be composed of representatives coming from Ulama and religious sectors as provided under the Implementing Rules and Regulations as may be formulated by the REZA.

#### CHAPTER IV

#### INDUSTRIAL HARMONY IN THE ECOZONES

SEC. 38. Labor and Management Relations. - Except as otherwise provided in this Act, labor and management relations in the ECOZONE shall be governed by the existing Labor Code of the Philippines. Employees and personnel in the ECOZONE enterprises shall receive salaries and benefits and shall enjoy working conditions not less than those provided under the Philippine Labor Code and other relevant laws, issuances, rules and regulations of the autonomous regional government and the Department of Labor and Employment-ARMM.

SEC. 39. Promotion of Industrial Peace. - In the pursuit of industrial harmony in the ECOZONE, a tripartite body composed of one (1) representative each from the Department of Labor and Employment-ARMM, Department of Trade and Industry-ARMM, labor sector and business and industry sectors shall be created in order to formulate a mechanism under a social pact for the enhancement and preservation of industrial peace in the ECOZONE within thirty (30) days after the effectivity of this Act.

SEC. 40. Master Employment Contracts. - The REZA, in coordination with the Department of Labor and Employment-ARMM, shall prescribe a master employment contract for all ECOZONE enterprise staff members and workers, the terms of which provide salaries and benefits not less than those provided under this Act, the Philippine Labor Code, as amended, and other relevant issuances of the autonomous regional government.

SEC. 41. Percentage of Foreign Nationals. - Employment of foreign nationals hired by ECOZONE enterprises in a supervisory, technical or advisory capacity shall not exceed ten percent (10%) of its workforce without the express authorization of the Regional Secretary of the Department of Labor and Employment-ARMM.





SEC. 42. Migrant Worker. - The REZA, in coordination with the Department of Labor and Employment-ARMM, shall promulgate appropriate measures and programs leading to the expansion of services of the ECOZONE to help the local governments of nearby areas meet the needs of the migrants workers.

SEC. 43. Incentive Scheme. - An additional deduction equivalent to one-half (1/2) of the value of training expenses incurred in developing skilled or unskilled labor or for managerial or other management development programs incurred by enterprises in the ECOZONE as well as, one-half (1/2) the value or cost of research and development conducted by ECOZONE enterprises on its products or core business activity can be deducted from the autonomous regional government's share of three percent (3%) as provided in Section 24 of this Act.

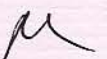
Another deduction equivalent to one half (1/2) of the value of the provision for and development of facilities, utilities and infrastructures of the ECOZONE as provided in Section 12 (c) and Section 13 (d) of this Act, incurred by enterprises in the ECOZONE can be deducted from the autonomous regional government's share of three percent (3%) as provided in Section 24 of this Act.

The REZA, the Department of Labor and Employment-ARMM, and the Department of Trade and Industry-ARMM, shall jointly make a review of the incentive scheme provided in this section every two (2) years or when circumstances so warrant.

## CHAPTER V

### AUTONOMOUS REGIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 44. Relationship with the Regional Economic & Development Planning Board (REDPB). - The REZA shall determine the development goals for the ECOZONE within the framework of the ARMM development plans, policies and goals, and the administrator shall, upon approval by the REZA Board, submit the ECOZONE plans, programs and projects to the REDPB for inclusion in and as inputs to the overall regional development plan.





SEC. 45. Relationship with the Local Government Units. - Except as herein provided, the local government units comprising the ECOZONE shall retain their basic autonomy and identity. The cities shall be governed by their respective charters and the municipalities shall operate and function in accordance with MMA Act No. 25, otherwise known as the Local Government Code of the ARMM.

SEC. 46. Relationship of REZA to Privately-Owned Industrial Estates. - Privately-owned industrial estates shall retain their autonomy and independence and shall be monitored by the REZA for the implementation of incentives.

## CHAPTER VI

### TRANSITORY PROVISIONS

SEC. 47. Appropriation. - Upon the effectivity of this Act, such sum as may be necessary for its Capital Outlay, Maintenance, Operating and Other Expenses (MOOE) and Personnel Services (PS) shall be provided in the submission of the ARMM budget to the Department of Budget and Management for inclusion in the General Appropriations Act (GAA) of Congress, to be treated as an equity of the autonomous regional government.

Additional funding shall come from the following:

- a) The annual subsidies, appropriations from the local funds of the ARMM;
- b) The proceeds from the rent of lands, buildings, and other properties of the ECOZONE concerned;
- c) The proceeds from fees, charges and other revenue-generating instruments which the REZA is authorized to impose and collect under this Act;
- d) The proceeds from bonds which the REZA authorized to float both domestic and abroad; and
- e) The advance income, rentals, license fees, and other charges which the REZA is authorized to impose under this Act and which an investor is willing to advance payment for.

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SEC. 48. Transitory Mechanisms for the Initial Organization of the REZA. - Within one (1) year from the approval of this Act, the Department of Trade and Industry ARMM shall organize the REZA as an attached agency to it, by drafting and submitting the necessary Capital Outlay, Maintenance, Operating and Other Expenses (MOOE) and Personnel Services (PS) of the REZA for inclusion in the ARMM Budget for the succeeding year as provided in Section 47 of this Act.

Within the period of one (1) year from the approval of this Act, while the REZA is being organized by the Department of Trade and Industry-ARMM as an attached agency to it, and until such time as the regular budget of the REZA is approved by Congress, it shall exercise the powers and functions of the REZA, as provided for in this Act. As such, the Regional Governor may task it to organize ECOZONES and recommend to the Regional Governor the issuance of proclamation for the establishment of ECOZONES within the autonomous region. All line agencies and other government instrumentalities under the ARMM shall give priority assistance to the Department of Trade and Industry-ARMM for the establishment of ECOZONES within the autonomous region.

SEC. 49. Organization of the Polloc, Parang, Maguindanao ECOZONE and ARMM Regional Agro-Industrial Growth Center (RAIGC), establishing a Task Force therefore. - Section 5 (f) of Chapter 1 of Republic Act No. 7916 as amended, or the Philippine Special Economic Zone Act of 1995 established "So much as may be necessary of that portion of Polloc, Parang in the Province of Maguindanao" as an ECOZONE. As such, there is hereby created a : "Task Force for the Organization of the Polloc ECOZONE as a Model ECOZONE for the ARMM, and the establishment of the RAIGC within the Polloc ECOZONE, or Task Force Polloc ECOZONE, for short."

The Regional Secretary of the Department of Trade and Industry-ARMM shall be the chairman of Task Force Polloc ECOZONE and its members shall be composed of the following: the ARMM Regional Secretaries of the Department of Agrarian Reform, Department of Agriculture, Department of Environment and Natural Resources, Department of Transportation and Communication, the General Manager of the Regional Port Authority and the Port Manager of the Port of Polloc, the Executive Director of the Regional Planning and Development Office (RPDO), the Mayor of Parang, Maguindanao, one (1) representative from the business enterprises located in Polloc, and one (1) representative from the landowners or real estate owners in the area. The Department of Trade and Industry-ARMM shall act as its secretariat.





SEC. 51. Proclamation by the Regional Governor delineating the metes and bounds of the Polloc ECOZONE and Terminal Report of Task Force Polloc ECOZONE. - Upon the accomplishment of the requirements as provided in Section 50 of this Act within the period of one (1) year, or otherwise, the Regional Secretary of the Department of Trade and Industry-ARMM shall recommend to the Regional Governor of the ARMM the issuance of a proclamation delineating the metes and bounds of the Polloc ECOZONE. In no case shall the power of the Regional Governor to proclaim the ECOZONE upon recommendation of the Regional Secretary of the DTI-ARMM be curtailed by the failure or delay in the submission of the requirements as provided in Section 50 of this Act. The Task Force Polloc ECOZONE shall prepare and submit to the Regional Governor and the Regional Legislative Assembly a Terminal Report after the completion of the Polloc ECOZONE for future reference in the establishment of other ECOZONES in the autonomous region.

SEC. 52. Authority of the Regional Governor to Advance Initial Funding. - Subject to existing laws, the Regional Governor of the ARMM is hereby authorized to advance out of the savings of the Office of the Regional Governor or from the current local funds of the ARMM, such funds as may be necessary to effect the initial organization of the REZA and the establishment of the Polloc ECOZONE, such funds, as far as practicable, shall be administered by the Department of Trade and Industry-ARMM, which shall not be less than Three Million Pesos (P3,000,000.00), to be reimbursed by the REZA once it is organized at reasonable term and conditions.

Subject to existing laws, the Regional Governor through the Regional Secretary of the Department of Trade and Industry-ARMM, as Chairman of Task Force Polloc ECOZONE, may obtain funding assistance from aid agencies or donor institutions, foreign countries or entities, including business enterprises, for the purpose of this section.

SEC. 53. Applicability of Regional Laws.- Laws passed by the Regional Legislative Assembly shall prevail vis-à-vis ECOZONE rules, regulations and standards, unless there is a clear intent in this Act or other Acts of the Regional Legislative Assembly to vest the ECOZONE specific power and privileges not otherwise allowed under existing laws.

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SEC. 50. Objectives of Task Force Polloc ECOZONE - Task Force Polloc ECOZONE shall consolidate all the areas to be covered by the ECOZONE, and determine its metes and bounds which include other adjacent areas subject to the resolution to join which shall be passed by the Sanguniang Bayan of the Municipality of Parang. The Port of Polloc in Parang, Maguindanao together with adjacent properties of the Regional Port Authority, shall form the nucleus or the core area of the ECOZONE, *Provided, however,* That the Regional Port Authority shall continue to operate the Port of Polloc in coordination with the REZA until such time as the ECOZONE and Freeport of Polloc is organized or established after which it shall be turned over to the Freeport Administration. In case of conflict, the ECOZONE rules and regulations shall prevail.

After the consolidation of the land area and waters of the ECOZONE: the Department of Agrarian Reform-ARMM shall issue the Land Use Conversion Clearance Certificate for the ECOZONE in coordination with the Municipality of Parang, Maguindanao; the Department of Agriculture-ARMM shall issue the Certification that the proposed area is not covered by Administrative Order No. 20 and that such land has ceased to be economically feasible for agricultural purposes; the Municipality of Parang, Maguindanao shall issue the Certification specifying that the proposed land use is in accordance with the land use plan duly approved by the legislative council, as well as, a Certification from its water district, if it has one or otherwise, attesting that the identified source of water for the use of the ECOZONE shall not cause water supply problem for the adjacent communities; and the Department of Environment and Natural Resources-ARMM shall issue the Environmental Clearance Certificate (until such time as the REZA can issue said certificate) for the ECOZONE.

The Department of Trade and Industry-ARMM, in coordination with the Task Force members, shall prepare the following documents, as far as practicable, or may hire consultants to do the following work :

- Detailed project feasibility and engineering study (Master Development/Overall Plan);
- Technical description of the area (s) sought to be delineated as an ECOZONE including survey returns duly approved by the Land Management Bureau of the Department of Environment and Natural Resources-ARMM
- Pro-forma contract between the ARMM through the Department of Trade and Industry-ARMM and locators which shall include provision for the continuous maintenance of the ECOZONE.

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Page 31  
MMAA 154

SEC. 54. Ipso-Facto Clause. - All privileges, benefits, advantages or exemptions granted to special economic zones under Republic Act No. 7227, or the Bases Conversion Act, and Republic Act No. 7916 as amended, or the Philippine Special Economic Zone Act of 1995, shall Ipso-facto be accorded to special economic zones already created or to be created under this Act.

SEC. 55. Separability Clause. - The provision of this Act are hereby declared separable, and in the event one or more of such provisions or part thereof are declared unconstitutional, such declaration of unconstitutionality shall not affect the validity of the other provisions thereof.

SEC. 56. Interpretation / Construction. - The powers, authorities and functions that are vested in the Regional Economic Zone Authority (REZA) and the ECOZONES concerned are intended to establish decentralization of government functions and authority as well as an efficient and effective working relationship between the ECOZONE, and the autonomous regional government and the local government units.

SEC. 57. Repealing Clause. - All regional laws, acts, decrees, executive orders, proclamations and / or administrative regulations which are inconsistent with the provisions of this Act, are hereby amended, modified, superseded or repealed accordingly.

SEC. 58. Implementing rules and Regulations. - The Department of Trade and Industry-ARMM, during the interim period while the REZA is being organized as an attached agency to it, shall promulgate the Implementing Rules and Regulations of this Act. Upon the organization of the REZA, the Board of the REZA may adopt such Implementing Rules and Regulations or amend it with two-thirds or more of its members voting in favor.



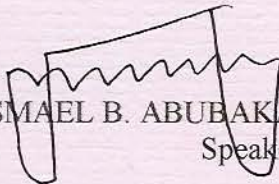
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SEC. 59. Effectivity – This Act shall take effect after fifteen (15) days following its publication in two (2) newspapers of regional or national circulation.


APPROVED.

  
ISMAEL B. ABUBAKAR, JR.  
Speaker

This Act was passed by the Regional legislative Assembly on August 15, 2003.

  
DATU MAMA M. AMPATUAN  
Secretary-General 

APPROVED:

  
PAROUK S. HUSSIN  
Regional Governor  
Date: \_\_\_\_\_