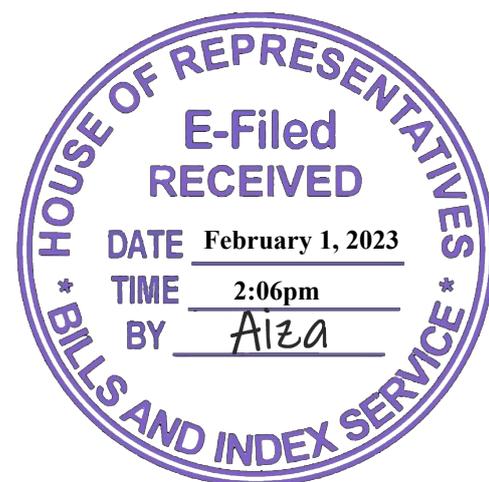




Republic of the Philippines  
House of Representatives  
Quezon City, Metro Manila

**NINETEENTH CONGRESS**  
*First Regular Session*

House Bill No. 7032



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**Introduced by Representative TEODORICO "NONONG" T. HARESCO, JR.**

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**AN ACT**  
**ESTABLISHING THE WEST AKLAN SPECIAL ECONOMIC ZONE IN WEST**  
**AKLAN, PROVINCE OF AKLAN, CREATING FOR THE PURPOSE THE WEST**  
**AKLAN SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING**  
**FUNDS THEREFOR**

**EXPLANATORY NOTE**

This bill seeks to establish a Special Economic Zone in Western Aklan encompassing the municipalities of Ibajay, Tangalan, and Malay, including the Island of Boracay. As one of the prime tourism hotspots in the Visayas, West Aklan has been a long-standing choice for foreign and domestic investments. It has also developed a vibrant agri-aquaculture and manufacturing industries which produces thousands of goods and services exported, only to the nearby provinces, but also to Metro Manila and abroad. It is also gifted with abundant and diverse natural resources, efficiently utilized based on principle of sustainable development. Furthermore, through the years of aggressive development programs, West Aklan has also developed the necessary transportation infrastructure, renewable energy sources, and skilled manpower sufficient to sustain future prospects of development.

Founded on the principle of an all-encompassing economic growth, this Bill aims to promote countryside development through the spread and diversification of economic investments currently centered and contained on a number of economic hotspots towards the less-developed yet potentially-capable areas of West Aklan. Apart from uplifting the welfare

of the rural folk, this measure also aims to decongest and prevent the cramming of people and industries from the present economic hotspots in the province, such as Boracay Island, thus promoting constant ecological balance.

The proposed West Aklan Economic Zone is envisioned as a self-subsistent center of industry, commerce and investment that will promote economic development and accelerated employment in West Aklan and nearby provinces. Likewise, it shall also provide tax-based incentives for businesses, especially to Micro Small and Medium Enterprises, within its area of operations, as well as non-tax incentives such as trade policies and grant of permanent residence status to potential investors.

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



TEODORICO T. HARESCO, JR



24 of Boracay, in the Municipality of Malay. The specific metes and bounds of the West Aklan  
25 Ecozone shall be more particularly defined in a presidential proclamation that shall be issued  
26 for this purpose: *Provided*, That the lands embraced therein shall be public lands and  
27 contiguous to one another.  
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29 **SECTION 4. *Creation of the West Aklan Special Economic Zone Authority (WASEZA).*** -  
30 There is hereby created a corporate body to be known as the “West Aklan Special Economic  
31 Zone Authority”, hereinafter referred to as the WASEZA, which shall manage and operate the  
32 West Aklan Ecozone, in accordance with the provisions of this Act. This corporate franchise  
33 shall expire in fifty (50) years counted from the first year after the effectivity of this Act, unless  
34 otherwise extended by Congress. It shall be organized within one hundred eighty (180) days  
35 after the effectivity of this Act.  
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37 **SECTION 5. *Governing Principles.*** - The West Aklan Ecozone shall be managed and  
38 operated by the WASEZA, created under Section 4 of this Act, under the following principles:  
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- 40 a) Within the framework and limitations of the Constitution and applicable provisions of  
41 the Local Government Code, the West Aklan Ecozone shall be developed into and  
42 operated as a decentralized, self-reliant and self-sustaining industrial,  
43 commercial/trading, agro-industrial, tourist, banking, financial and investment center  
44 with suitable residential areas;
- 45 b) The West Aklan Ecozone shall be provided with transportation, telecommunications  
46 and other facilities needed to attract legitimate and productive investments, generate  
47 linkage industries and employment opportunities for the people of West Aklan and its  
48 neighboring towns and cities;
- 49 c) The West Aklan Ecozone may establish mutually beneficial economic relations with  
50 other entities or enterprises within the country or, subject to the administrative guidance  
51 of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority  
52 (PEZA), and the Department of Trade and Industry (DTI), with foreign entities or  
53 enterprises;
- 54 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may  
55 set up enterprises in the West Aklan Ecozone, either by themselves or in a joint venture  
56 with Filipinos in any sector of industry, international trade and commerce within the  
57 West Aklan Ecozone;
- 58 e) The West Aklan Ecozone shall be managed and operated as a separate customs territory  
59 thereby ensuring the free flow or movement of goods and capital within, into and out  
60 of its territory, and shall likewise provide incentives such as tax and duty- free  
61 importations of raw materials, capital, and equipment to registered enterprises located  
62 therein. However, exportation or removal of goods from the territory of the West Aklan  
63 Ecozone to other parts of the Philippine territory shall be subject to customs duties and  
64 taxes under Republic Act No. 10863, otherwise known as the “Customs Modernization  
65 and Tariff Act” and other relevant tax laws of the Philippines;
- 66 f) The areas comprising the West Aklan Ecozone may be expanded or reduced when  
67 necessary. For this purpose, the West Aklan Ecozone, in consultation with the LGUs,

68 shall have the power to acquire either by purchase, negotiation or condemnation  
69 proceedings, any private land within or adjacent to the West Aklan Ecozone for the  
70 following purposes: (1) consolidation of lands for zone development; (2) acquisition of  
71 right of way to the West Aklan Ecozone; and (3) the protection of watershed areas and  
72 natural assets valuable to the prosperity of the West Aklan Ecozone;

- 73 g) Goods manufactured by a West Aklan Ecozone enterprise shall be made available for  
74 immediate retail sale in the domestic market, subject to the payment of corresponding  
75 taxes on raw materials and other regulations that may be formulated by the WASEZA  
76 together with the PEZA, the Bureau of Customs (BOC) and the DTI. However, in order  
77 to protect domestic industries, a Negative List of industries shall be drawn up and  
78 regularly updated by PEZA. Enterprises engaged in industries included in such  
79 Negative List shall not be allowed to sell their products locally;
- 80 h) The defense of the West Aklan Ecozone and the security of its perimeter fence shall be  
81 the responsibility of the national government in coordination with the WASEZA and  
82 the LGUs.

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84 **SECTION 6. Capitalization.** – The WASEZA shall have an authorized capital stock of Two  
85 Billion (2,000,000,000.00) no par shares with a minimum issue of Ten Pesos (₱10.00) each,  
86 the majority shares of which shall be subscribed and paid for by the National Government and  
87 the LGUs embracing the West Aklan Ecozone. The Board of Directors of the WASEZA may,  
88 with the written concurrence of the Secretary of Finance, sell shares, representing not more  
89 than forty *per centum* (40%) of the capital stock of the WASEZA to the general public under  
90 such policy as the Board and the Secretary of Finance may determine. The National  
91 Government and the LGUs shall in no case own less than sixty *per centum* (60%) of the total  
92 issued and outstanding capital of the WASEZA.

93

94 The amount necessary to subscribe and pay for the shares of the National Government  
95 to the capital stock of the WASEZA shall be included in the annual General Appropriations  
96 Act. For LGUs, the funds shall be taken from their internal revenue allotment and other local  
97 funds.

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99 **SECTION 7. Principal Office of the WASEZA.** - The WASEZA shall maintain its principal  
100 offices at Ibajay, Tangalan, and Malay, Province of Aklan, but it may establish branches within  
101 the Philippines as may be necessary for the proper conduct of its business.

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103 **SECTION 8. Powers and Functions of the WASEZA.** - The WASEZA shall have the  
104 following powers and functions:

- 105 a) To operate, administer, manage, and develop the West Aklan Ecozone according to the  
106 principles and provisions set forth in this Act,  
107 b) To register, regulate, and supervise the enterprises in the West Aklan Ecozone in an  
108 efficient and decentralized manner, subject to existing laws;  
109 c) To coordinate with LGUs and exercise general supervision over the development plans,  
110 activities and operations of the West Aklan Ecozone;

- 111 d) To regulate and undertake the establishment, construction, operation and maintenance  
112 of public utilities, other services, and infrastructure in the West Aklan Ecozone such as  
113 light and power, shipping, barging, stevedoring, cargo handling, hauling, warehousing,  
114 storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk  
115 terminals, mooring areas, storage areas, roads, telecommunications, transport, bridges,  
116 terminals, conveyors, water supply, and storage, sewerage, drainage, airport operations  
117 in coordination with the Civil Aviation Authority of the Philippines (CAAP), and such  
118 other services or concessions or infrastructure necessary or incidental to the  
119 accomplishment of the objectives of this Act;
- 120 e) To construct, acquire, own, lease, operate and maintain on its own or through contracts,  
121 franchise, licenses, bulk purchase from the private sector or permits under any of the  
122 schemes allowed in Republic Act No. 6957, otherwise known as the “Build-Operate-  
123 Transfer Law” as amended, or joint venture, adequate facilities and infrastructure  
124 required or needed for the operation and development of the West Aklan Ecozone, in  
125 coordination with appropriate national and local government authorities and in  
126 conformity with applicable laws thereon;
- 127 f) To approve plans, programs, and projects of the West Aklan Ecozone to be submitted  
128 to the Regional Development Council for inclusion and inputs to the overall regional  
129 development plan;
- 130 g) To operate on its own, either directly or through licenses to others, tourism-related  
131 activities, including games, amusements, recreational and sports facilities, subject to  
132 the approval and supervision of the Philippine Amusement and Gaming Corporation  
133 (PAGCOR);
- 134 h) To raise or borrow, within the limitation provided by law, and subject to the approval  
135 or opinion of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the case  
136 may be, adequate and necessary funds from local or foreign sources, to finance its  
137 projects and programs under this Act and for this purpose, to issue bonds, promissory  
138 notes and other forms of securities, and to secure the same by a guarantee, pledge,  
139 mortgage, deed of trust or an assignment of all or part of its property or assets;
- 140 i) To protect, preserve, maintain, and develop the forests, beaches, coral and coral reefs,  
141 and maintain ecological balance within the West Aklan Ecozone. Notwithstanding the  
142 power of the WASEZA to create rules for such purpose, the rules and regulations of the  
143 Department of Environment and Natural Resources (DENR) and other government  
144 agencies involved in the above functions shall be implemented by the WASEZA;
- 145 j) To create, operate or contract to operate such functional units or offices of the  
146 WASEZA as it may deem necessary;
- 147 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or otherwise  
148 dispose of personal or real property of whatever nature, to sue and be sued, and to carry  
149 out its functions and duties as provided for in this Act;
- 150 l) To issue certificates of origin for products manufactured or processed in the West Aklan  
151 Ecozone in accordance with prevailing rules of origin and the pertinent regulations of  
152 the PEZA, the DTI and the Department of Finance (DOF);
- 153 m) To establish one-stop shops for the issuance of all necessary permits, clearances,  
154 licenses, and other similar certifications to conduct such activities intended to improve

155 the ease of doing business within the West Aklan Ecozone, in coordination with  
156 government agencies having jurisdiction over activities therein: *Provided*, That all  
157 government agencies are directed to provide and extend utmost and full cooperation to  
158 the WASEZA in the establishment of such one-stop shops;

- 159 n) To ensure that the area covered by the West Aklan Ecozone is secure at all times:  
160 *Provided*, That in the event that the assistance of the AFP or PNP is necessary, the AFP  
161 or PNP shall not interfere in the internal affairs of the WASEZA, except to provide the  
162 necessary security and defense, or law enforcement assistance, as the case may be:  
163 *Provided finally*, That expenses of the AFP or PNP in the West Aklan Ecozone shall be  
164 borne by the national government;
- 165 o) To exercise such powers as may be essential, necessary or incidental to the powers  
166 granted to it hereunder, as well as those that shall enable it to carry out, implement and  
167 accomplish the purposes, objectives and policies of this Act; and
- 168 p) To issue rules and regulations consistent with the provisions of this Act as may be  
169 necessary to accomplish and implement the purposes, objectives and policies provided  
170 herein.
- 171 q) To perform such other functions as may be provided by law.

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173 **SECTION 9. Board of Directors of the WASEZA.** – The powers of the WASEZA shall be  
174 vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which  
175 shall be composed of the following:

- 176  
177 a) The Chairperson, who shall at the same time be the administrator of the WASEZA;
- 178 b) Six (6) members consisting of:
- 179 1) The Governor or a duly-authorized representative from the Provincial Government  
180 of Aklan;
  - 181 2) Two (2) mayors, as elected by the West Aklan League of Mayors;
  - 182 3) One (1) representative from the Congressional District Office;
  - 183 4) One (1) representative from the investor's group; and
  - 184 5) One (1) representative from among the workers in the West Aklan ecozone.

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186 The Vice-Chairperson shall be selected from among the members of the Board.  
187 Government of Aklan;

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189 The representative from the Provincial Government and the mayors of the  
190 municipalities covered by the ecozone shall serve as *ex-officio* members of the Board, whose  
191 terms in the Board correspond to their terms as elected officials.

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193 The Chairperson-Administrator and the members of the Board, except the *ex-officio*  
194 members, shall be appointed by the President of the Philippines to serve for a term of six (6)  
195 years, unless sooner separated from service due to death, voluntary resignation or removal for  
196 cause. In case of death, resignation or removal for cause, their replacements shall serve only  
197 the unexpired portion of the respective terms.

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The Chairperson-Administrator must be a Filipino citizen, of good moral character, of proven probity and integrity, and a degree- holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least ten (10) years relevant working experience, preferably in the field of management or public administration.

The members of the Board, except the ex-officio members, shall each receive per diem at rates to be determined by the Department of Budget and Management (DBM) in accordance with existing rules and regulations: Provided, however, That the total per diem collected each month shall not exceed the equivalent per diem for four (4) meetings. Unless and until the President of the Philippines has fixed a higher amount of per diem, the members of the Board shall receive per diem of not be more than Ten thousand pesos (₱10,000.00) for every Board meeting.

**SECTION 10. *Organization and Personnel.*** – The Board of Directors of the WASEZA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification. The Board shall have exclusive and final authority to promote, transfer, assign, reassign, or remove officers of the WASEZA, any provision of existing law to the contrary notwithstanding. The Chairperson-Administrator shall carry out the decisions of the Board.

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

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

**SECTION 11. *Powers and Duties of the Chairperson-Administrator.*** – The Chairperson-Administrator shall have the following powers and duties:

- a) To direct and manage the affairs of the WASEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the WASEZA under such conditions that the Board may prescribe;
- c) To submit an annual budget and necessary supplemental budget to the Board for its approval;
- d) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- e) To submit to the Board for its approval, policies, systems, procedures, rules, and regulations that are essential to the operation of the West Aklan Ecozone;
- f) To recommend to the Board the remuneration and other emoluments of its officers and

- 241 employees in accordance with existing laws on compensation and position  
242 classification;
- 243 g) To create a mechanism in coordination with relevant agencies for the promotion of  
244 industrial peace, the protection of the environment, and the advancement of the quality  
245 of life in the West Aklan Ecozone; and
- 246 h) To perform such other duties as may be assigned by the Board or which are necessary  
247 or incidental to the office.

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249 **SECTION 12. *Legal Counsel.*** – The WASEZA shall have its own internal legal counsel under  
250 the supervision of the Government Corporate Counsel. When the exigencies of businesses and  
251 operations demand it, the WASEZA may engage the services of an outside counsel either on a  
252 case to case or on a fixed retainer basis.

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254 **CHAPTER III**  
255 **INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS**

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257 **SECTION 13. *Investors Visa.*** - Any foreign national who invests an amount of Two  
258 hundred thousand US dollars (US\$200,000.00), either in cash or equipment, in a registered  
259 enterprise shall be entitled to an investor's visa: *Provided*, That the foreign national has the  
260 following qualifications:

- 261 a) Must be at least eighteen (18) years of age;
- 262 b) Must not have been convicted by final judgment of a crime involving moral  
263 turpitude;
- 264 c) Must not be afflicted with any loathsome, dangerous or contagious disease;
- 265 d) Must not have been institutionalized for any mental disorder or disability; and
- 266 e) Must establish his financial capability and capacity through verifiable and credible  
267 evidence.

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269 As a holder of investor's visa, an alien shall be entitled to reside in the Philippines while  
270 the investment subsists. For this purpose, the alien should submit an annual report, in the form  
271 duly prescribed for the purpose, to prove that the investor has maintained the investment in the  
272 country. Should said alien withdraw the investments from the Philippines, then the investor's  
273 visa issued to said alien shall automatically expire and be withdrawn.

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275 The authority to issue visas and work permits shall remain with the Bureau of  
276 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:  
277 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing of  
278 such visas and permits for workers in the West Aklan Ecozone and coordinate with the  
279 WASEZA for the purpose of improving ease of doing business.

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281 **SECTION 14. *Fiscal Incentives.*** - Registered enterprises operating within the West Aklan  
282 Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives)  
283 of the National Internal Revenue Code, as amended.

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**SECTION 15. *Banking Rules and Regulations.*** – Banks and financial institutions to be established in the West Aklan Ecozone shall be under the supervision of the Bangko Sentral ng Pilipinas (BSP) and subject to existing banking laws, rules and regulations.

**SECTION 16. *Remittances.*** - In the case of foreign investments, a duly registered entity or enterprise within the West Aklan Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

#### **CHAPTER IV NATIONAL GOVERNMENT AND OTHER ENTITIES**

**SECTION 17. *Supervision and Control.*** - For purposes of policy direction and coordination, the WASEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

**SECTION 18. *Development Goals of the West Aklan Ecozone.*** - The WASEZA shall determine the development goals of the West Aklan Ecozone within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the West Aklan Ecozone plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

**SECTION 19. *Relationship with Local Government Units.*** – Except as herein provided, the LGUs comprising the West Aklan Ecozone shall retain their basic autonomy and identity. The Municipality of Magsaysay and San Jose, Province of West Aklan, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

In case of any conflict among the WASEZA, the LGUs and the National Government on matters affecting the West Aklan Ecozone, other than national defense and security matters, the decision of the WASEZA shall prevail.

**SECTION 20. *Audit.*** - The Commission on Audit (COA) shall appoint a full-time auditor in the WASEZA or may assign such number of personnel as may be necessary in the performance of their functions.

#### **CHAPTER V MISCELLANEOUS**

**SECTION 21. *Interpretation/Construction.*** - The powers, authorities and functions that are vested in the WASEZA are intended to establish national self-sufficiency and self-reliance in the advancement of and protection of the national integrity, enhancement of national security,

328 decentralization of governmental functions and authority, and promotion of an efficient and  
329 effective working relationship among the WASEZA, the National Government and the LGUs.  
330 Any interpretation of this Act shall consider such intentions. In the event of conflict of  
331 interpretation and provided the intentions cannot be harmonized, the provisions of this Act  
332 shall be construed in favor of an interpretation that would tend to protect national security.

333

334 **SECTION 22. *Applicability Clause.*** – Insofar as they are consistent with the provisions of this  
335 Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise known as "The  
336 Special Economic Zone Act of 1995", as amended, shall likewise apply to the West Aklan  
337 Ecozone.

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339 **SECTION 23. *Implementing Rules and Regulations.*** - The National Economic and  
340 Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate the  
341 implementing rules and regulations of this Act within ninety (90) days after its approval.

342

343 **SECTION 24. *Separability Clause.*** - If any provision of this Act shall be held  
344 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full  
345 force and effect.

346

347 **SECTION 25. *Repealing Clause.*** – Any law, presidential decree or issuance, executive order,  
348 letter of instruction, administrative order, rule, or regulation contrary to or inconsistent with  
349 the provisions of this Act is hereby repealed, modified, or amended accordingly.

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

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354 *Approved,*