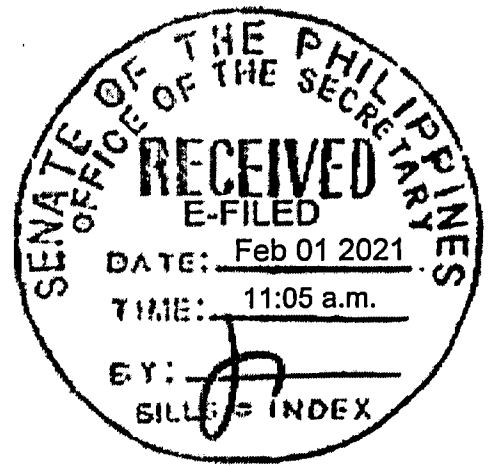


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



SENATE
S. No. 2030

Introduced by SENATOR RAMON BONG REVILLA, JR.

AN ACT
CONVERTING AND EXPANDING THE LEYTE INDUSTRIAL DEVELOPMENT
ESTATE INTO THE LEYTE ECOLOGICAL INDUSTRIAL ZONE, CREATING FOR
THIS PURPOSE THE LEYTE ECOLOGICAL INDUSTRIAL ZONE AUTHORITY,
AND APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

This bill seeks the conversion of the Leyte Industrial Development Estate (LIDE) in the municipality of Isabel, Leyte and its expansion to include other municipalities in the province of Leyte adjacent to LIDE and the Eastern Visayas Regional Growth Center (EVRGC) in the city of Tacloban into the Leyte Ecological Industrial Zone (LEIZ).

The Leyte Industrial Development Estate is a 425-hectare special economic zone established by then President Ferdinand E. Marcos in 1978 through Letter of Instruction No. 962, series of 1979. The said Letter decreed the establishment of an "industrial estate" in Isabel, Leyte, and entrusted to the Leyte Sab-a Basin Development Authority the duty and function of implementing the project. With the abolition of the Leyte Sab-a Basin Development Authority, ownership of LIDE was transferred to and is presently owned by the National Development Corporation (NDC) which is represented by the LIDE Management Corporation, the estate managers of LIDE.

The Eastern Visayas Regional Growth Center is an economic zone approved by the Philippine Economic Zone Authority, by virtue of Presidential Proclamation No. 1210 issued on April 23, 1998 by then President Fidel V. Ramos, with the City Government of Tacloban as its developer and operator. Its creation was pursuant to Section 5, paragraph (n) of Republic Act 7916, as amended, which initially identifies Tacloban City as a viable location for the establishment of an economic zone.

In 2012, the Copper Industry Roadmap was crafted with the aim to promote the integrated development and competitiveness of copper and other related industries in the region. It was later on also made part of the government's continuous rehabilitation efforts in the region after the devastation of typhoon Yolanda.

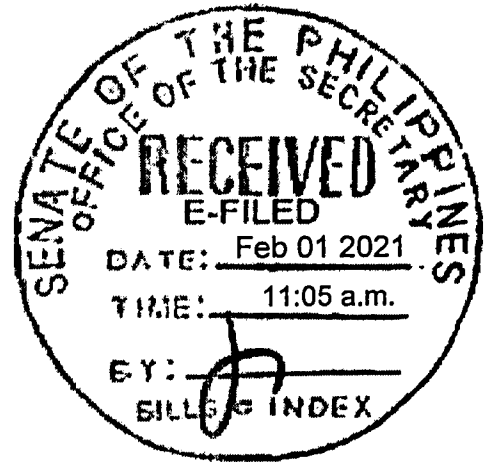
The establishment of an ecological industrial zone aims to attract more investors and businesses to locate in Leyte and the city of Tacloban, jumpstarting the revival of economic activities in the area and provide more employment opportunities. The establishment of the LEIZ and development of a copper industry cluster in Leyte will serve as our medium to long-term strategic economic objective consistent with the country's industry development goals.

The proposed zone is expected to initially house potential locators in the field of copper wire rod casting facility, downstream copper industry such as but not limited to copper wire producers, major industrial concerns that need power, and port facilities such as steel, and copper-using industries. However, the long-term objective is to develop LEIZ into a self-sustaining and ecologically sustainable industrial, commercial and investment zone that will put in place a wide-reaching employment and investment general mechanism as well as incentives to ensure the free flow and movement of goods and commodities within the freeport area and their exportation from therein.

In this light, the immediate passage of this bill is highly recommended.


RAMON BONG REVILLA, JR.

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AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I

GENERAL PROVISIONS

1
2
3 Section 1. *Short Title.* - This Act shall be known as the "*Leyte Ecological*
4 *Industrial Zone Act*".

5 Sec. 2. *Declaration of Policy.* - It is declared the policy of the State to
6 encourage, promote and accelerate the sound and balanced industrial, economic and
7 social development of the country. The establishment of special economic zones shall
8 attract legitimate and productive foreign investments in strategic locations in the
9 country. It shall generate employment and increase productivity and individual, as
10 well as family incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II

CONVERSION AND EXPANSION OF THE ECONOMIC ZONE

11
12
13 Sec. 3. *Conversion of the Leyte Industrial Development Estate.* - The Leyte
14 Industrial Development Estate (LIDE) located in the municipality of Isabel, Province
15 of Leyte, is hereby converted into a special economic zone, consisting of an industrial

1 estate (IE), export processing zone (EPZ) and free trade zone to be known as the
2 Leyte Ecological Industrial Zone, hereafter referred to as LEIZ.

3 **Sec. 4. Expansion of the LEIZ.** – Subject to the concurrence of the affected
4 local government units of Leyte, the LEI shall be expanded to cover the following
5 areas:

6 (a) The land area that comprises the former Leyte Industrial Development
7 Estate, hereinafter referred to as the “LEIZ Core Area”;

8 (b) The land areas located within municipalities adjacent to the Municipality of
9 Isabel, Province of Leyte, hereinafter referred to as the “LEIZ Non-Core
10 Areas”; and,

11 (c) The land area covered by the Eastern Visayas Regional Growth Center,
12 hereinafter referred to as the “LEIZ Tacloban North.”

13 The areas comprising the LEIZ may be expanded or reduced when necessary.
14 For this purpose, the LEIZA, with the concurrence of the appropriate and affected local
15 government units (LGUs) and the agreement of appropriate national government
16 agencies, government-owned and –controlled corporations and instrumentalities, and
17 the approval of the LEIZA Board in accordance and in compliance with existing laws
18 and local ordinances shall have the power to acquire, procure, or expand either by
19 purchase, negotiation, condemnation proceedings, or any other arrangement, any
20 private or alienable and disposable public lands and their respective water territories
21 within the territorial jurisdiction of the Province of Leyte.

22 The metes and bounds of the LEIZ Core Area, the LEIZ Non-Core Areas and
23 the LEIZ Tacloban North shall be based on the technical description and coordinates
24 verified and approved by the Land Management Bureau, the National Mapping and
25 Resource Information Authority, and other government agencies as may be provided
26 by law.

27 In the event that the LEIZ Non-Core Area or the LEIZ Expansion Areas cover
28 economic zones of other investment promotion agencies, registered enterprises in
29 such economic zones may elect to register with the Leyte Ecological Industrial Zone
30 Authority (LEIZA) or to remain with such other investment promotion agency:
31 *Provided*, That in no case shall a registered enterprise enjoy incentives from both
32 investment promotion agencies.

1 **Sec. 5. *Governing Principles.*** – The LEIZ shall be managed and operated by
2 the Leyte Ecological Industrial Zone Authority, hereafter referred to as the LEIZA,
3 under the following principles:

- 4 a) Within the framework and limitations of the Constitution and applicable
5 provisions of the Local Government Code, the LEIZ shall be developed into
6 and operated as a decentralized, self-reliant and self-sustaining industrial,
7 commercial and trading, agro-industrial, tourist, banking, financial and
8 investment center with suitable residential areas;
- 9 b) The LEIZ shall be provided with transportation, telecommunication and
10 other facilities needed to attract legitimate and productive investments,
11 generate linkage industries and employment opportunities for the people of
12 Leyte and its neighboring towns and cities;
- 13 c) The LEIZ may establish mutually beneficial economic relations with other
14 entities or enterprises within the country or, subject to the administrative
15 guidance of the Department of Foreign Affairs (DFA), the Philippine
16 Economic Zone Authority (PEZA), and the Department of Trade and Industry
17 (DTI), with foreign entities or enterprises.
- 18 d) Foreign citizens and companies owned by non-Filipinos in whatever
19 proportion may set up enterprises in the LEIZ, either by themselves or in a
20 joint venture with Filipinos in any sector of industry, international trade and
21 commerce within the LEIZ;
- 22 e) The LEIZ shall be managed and operated as a separate customs territory
23 thereby ensuring the free flow or movement of goods and capital within,
24 into and out of its territory, and shall likewise provide incentives such as tax
25 and duty-free importations of raw materials, capital and equipment to
26 registered enterprises located therein. However, exportation or removal of
27 goods from the territory of the LEIZ to the other parts of the Philippine
28 territory shall be subject to customs duties and taxes under Republic Act
29 No. 10863, otherwise known as the "Customs Modernization and Tariff Act"
30 and other relevant tax laws of the Philippines;
- 31 f) Goods manufactured by a LEIZ enterprises shall be made available for
32 immediate retail sale in the domestic market, subject to the payment of

1 corresponding taxes on raw materials and other regulations that may be
2 formulated by the LEIZA together with the PEZA, the Bureau of Customs
3 (BOC) and the DTI. However, in order to protect domestic industries, a
4 negative list of industries shall be drawn up and regularly updated by PEZA.
5 Enterprises engaged in industries included in such negative list shall not be
6 allowed to sell their products locally;

- 7 g) The defense of the LEIZ and the security of its perimeter shall be the
8 responsibility of the national government in coordination with the LEIZA and
9 the LGUs.

10 **CHAPTER III**

11 **GOVERNING STRUCTURES**

12 *Sec. 6. Creation of the Leyte Ecological Industrial Zone Authority (LEIZA). –*

13 There is hereby created a body corporate to be known as the "Leyte Ecological
14 Industrial Zone Authority", hereinafter referred to as the LEIZA, which shall manage
15 and operate the Leyte Ecological Industrial Zone, in accordance with the provisions of
16 this Act. This corporate franchise shall expire in fifty (50) years counted from the first
17 year after the effectivity of this Act, unless otherwise extended by Congress. It shall
18 be organized within one hundred eighty (180) days after the effectivity of this Act.

19 *Sec. 7. Capitalization. –* The LEIZA shall have an authorized capital stock of
20 Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00)
21 each, the majority shares of which shall be subscribed and paid for by the National
22 Government and the LGUs embracing the LEIZ. The Board of Directors of the LEIZA
23 may, with the written concurrence of the Secretary of Finance, sell shares,
24 representing not more than forty per centum (40%) of the capital stock of the LEIZA
25 to the general public under such policy as the Board and the Secretary of Finance may
26 determine. The National Government and the LGUs shall in no case own less than
27 sixty per centum (60%) of the total issued and outstanding capital of the LEIZA.

28 The amount necessary to subscribe and pay for the shares of the National
29 Government to the capital stock of the LEIZA shall be included in the annual General
30 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
31 allotment and other local funds.

1 **Sec. 8. *Principal Office of the LEIZA.*** – The LEIZA shall maintain its principal
2 office in Tacloban City, but it may establish offices within the Philippines as may be
3 necessary for the proper conduct of its business.

4 **Sec. 9. *Powers and Functions of LEIZA.*** – The LEIZA shall have the following
5 powers and functions:

- 6 a) To operate, administer, manage and develop the LEIZ according to the
7 principles and provisions set forth in this Act;
- 8 b) To register, regulate and supervise the enterprises in the LEIZ in an efficient
9 and decentralized manner, subject to existing laws;
- 10 c) To coordinate with LGUs and exercise general supervision over the
11 development plans, activities and operations of the LEIZ;
- 12 d) To regulate and undertake the establishment, construction, operation and
13 maintenance of public utilities, other services, and infrastructure in the LEIZ
14 such as light and power, shipping, barging, stevedoring, cargo handling,
15 hauling, warehousing, storage of cargo, port services or concessions, piers,
16 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
17 telecommunications, transport, bridges, terminals, conveyors, water supply
18 and storage, sewerage, draining, airport operations in coordination with the
19 Civil Aviation Authority of the Philippines (CAAP), and such other services or
20 concessions or infrastructure necessary or incidental to the accomplishment
21 of the objectives of this Act;
- 22 e) To construct, acquire, own, lease, operate and maintain on its own or
23 through contracts, franchise, licenses, bulk purchase from the private sector
24 or permits under any of the schemes allowed in Republic Act No. 6957,
25 otherwise known as the "Build-Operate-Transfer Law" as amended, or joint
26 venture, adequate facilities and infrastructure required or needed for the
27 operation and development of the LEIZ, in coordination with appropriate
28 national and local government authorities and in conformity with applicable
29 laws thereon;
- 30 f) To approve plans, programs and projects of the LEIZ to be submitted to the
31 Regional Development Council (RDC) for inclusion and inputs to the overall
32 regional development plan;

- 1 g) To operate on its own, either directly or through licenses to others, tourism-
2 related activities, including games, amusements, recreational and sports
3 facilities, subject to the approval and supervision of the Philippine
4 Amusement and Gaming Corporations (PAGCOR);
- 5 h) To raise or borrow, within the limitation provided by law, and subject to the
6 approval or opinion of the Monetary Board of the Bangko Sentral ng Pilipinas
7 (BSP), as the case may be, adequate and necessary funds from local or
8 foreign sources, to finance its projects and programs under this Act and for
9 this purpose, to issue bonds, promissory notes and other forms of securities,
10 and to secure the same by guarantee, pledge, mortgage, deed of trust or
11 an assignment of all or part of its property or assets;
- 12 i) To protect, preserve, maintain and develop the forests, beaches, coral and
13 coral reefs, and maintain ecological balance within the LEIZ.
14 Notwithstanding the power of the LEIZA to create rules for such purpose,
15 the rules and regulations of the Department of Environment and Natural
16 Resources (DENR) and other government agencies involved in the above
17 functions shall be implemented by the LEIZA.
- 18 j) To create, operate or contract to operate such functional units or offices of
19 the LEIZA as it may deem necessary.
- 20 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own
21 or otherwise dispose of personal and real property of whatever nature, sue
22 and be sued, and otherwise carry out its functions and duties as provided
23 for in this Act;
- 24 l) To issue certificates of origin for products manufactured or processed in the
25 LEIZ in accordance with prevailing rules of origin and the pertinent
26 regulations of the PEZA, the DTI and the Department of Finance (DOF);
- 27 m) To establish one-stop shops for the issuance of all necessary permits,
28 clearances, licenses, and other similar certifications to conduct such
29 activities intended to improve the ease of doing business within the LEIZ, in
30 coordination with government agencies having jurisdiction over activities
31 therein: *Provided, That* all government agencies are directed to provide

1 and extend utmost and full cooperation to the LEIZA in the establishment
2 of such one-stop shops;

3 n) To provide internal security to the LEIZ in coordination with the National
4 Government and affected LGU. For this purpose, the LEIZA shall provide
5 and establish its own internal security and firefighting forces or hire others
6 to provide the same. Military forces deployed to the LEIZ by the National
7 Government for the purpose of defense in times of aggression, terrorism,
8 insurgency, rebellion and similar acts shall not interfere in the internal affairs
9 of the LEIZ and expenditures for these military forces shall be borne by the
10 National Government;

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

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

18 Sec. 10. *Board of Directors of the LEIZA.* – The powers of the LEIZA shall be
19 vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
20 which shall be composed of the following:

21 a) The Chairperson, who shall at the same time be the administrator of the
22 LEIZA;

23 b) Four (4) members consisting of:

24 1) The Governor or a duly-authorized representative from the Provincial
25 Government of Leyte;

26 2) The mayor of the municipality covered by the ecozone;

27 3) One (1) representative from the investor's group; and

28 4) One (1) representative from among the workers in the LEIZ.

29 The Vice-Chairperson shall be selected from among the members of the Board.

30 The Governor or his representative and the Mayor of the municipality covered
31 by the ecozone shall serve as ex-officio Board members, and their respective terms of
32 office in the Board shall correspond to their incumbency as elected officials.

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

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

11 The members of the Board, except the ex-officio members, shall each receive
12 per diem at rates to be determined by the Department of Budget and Management
13 (DBM) in accordance with existing rules and regulations: *Provided, however,* That the
14 total per diem collected each month shall not exceed the equivalent per diem for four
15 (4) meetings. Unless and until the President of the Philippines has fixed a higher
16 amount of per diem, the members of the Board shall receive per diem of not be more
17 than Ten thousand pesos (P10,000.00) for every Board meeting.

18 Sec. 11. *Organization and Personnel.* – The Board of Directors of the LEIZA
19 shall provide for its organization and staff. The Board shall appoint and fix the
20 remuneration and other emoluments of its officers and employees in accordance with
21 existing laws on compensation and position classification. The Board shall have
22 exclusive and final authority to promote, transfer, assign, reassign, or remove officers
23 of the LEIZA, any provision of existing law to the contrary notwithstanding. The
24 Chairperson-Administrator shall carry out the decisions of the Board.

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

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

30 Sec. 12. *Powers and Duties of the Chairperson-Administrator.* – The
31 Chairperson-Administrator shall have the following powers and duties:

- 1 a) To direct and manage the affairs of the LEIZA in accordance with the policies
2 of the Board;
- 3 b) To establish the internal organization of the LEIZA under such conditions
4 that the Board may prescribe;
- 5 c) To submit an annual budget and necessary supplemental budget to the
6 Board for its approval;
- 7 d) To submit within thirty (30) days after the close of each fiscal year an annual
8 report to the Board and such other reports as may be required;
- 9 e) To submit to the Board for its approval, policies, systems, procedures, rules
10 and regulations that are essential to the operation of the LEIZ;
- 11 f) To recommend to the Board the remuneration and other emoluments of its
12 officers and employees in accordance with existing laws on compensation
13 and position classification;
- 14 g) To create a mechanism in coordination with relevant agencies for the
15 promotion of industrial peace, the protection of the environment, and the
16 advancement of the quality of life in the LEIZ; and,
- 17 h) To perform such other duties as may be assigned by the Board or which are
18 necessary or incidental to the office.

19 Sec. 13. *Legal Counsel.* – The LEIZA shall have its own internal legal counsel
20 under the supervision of the Government Corporate Counsel. When the exigencies of
21 businesses and operations demand it, the LEIZA may engage the services of an outside
22 counsel either on a case to case or fixed retainer basis.

23 **CHAPTER IV**

24 **INCENTIVES TO ECOZONE ENTERPRISES / INVESTORS**

25 Sec. 14. *Investors Visa.* – Any foreign national who invests an amount of Two
26 hundred thousand US dollars (US\$200,000.00) either in cash and/or equipment, in a
27 registered enterprise shall be entitled to an investor's visa: *Provided,* That the foreign
28 national has the following qualifications:

- 29 a) Must be at least eighteen (18) years of age;
- 30 b) Must not have been convicted by final judgment of a crime involving moral
31 turpitude;
- 32 c) Must not be afflicted with any loathsome, dangerous or contagious disease;

- 1 d) Must not have been institutionalized for any mental disorder or disability;
2 and,
3 e) Must establish his financial capability and capacity through verifiable and
4 credible evidence.

5 A foreign national may reside in the Philippines while the investment subsists.
6 To prove this, the foreign national shall submit an annual report, in the form duly
7 prescribed for the purpose. Should said investments be withdrawn from the
8 Philippines, the investor's visa issued to said foreign national shall automatically expire
9 and be withdrawn.

10 The authority to issue visas and work permits shall remain with the Bureau of
11 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
12 *Provided*, That he BI and the DOLE shall implement measures to expedite the
13 processing of such visas and permits for workers in the LEIZ and coordinate with the
14 LEIZA for the purpose of improving ease of doing business.

15 **Sec. 15. *Fiscal Incentives.*** – Registered enterprises of the LEIZ may be entitled
16 to existing pertinent fiscal incentives granted under Executive Order No. 226, as
17 amended, otherwise known as the Omnibus Investments Code of 1987.

18 **Sec. 16. *Administration, Implementation and Monitoring of Incentives.*** – In the
19 interest of enhancing transparency in the management and accounting of tax
20 incentives in the LEIZ, and ensuring the proper administration, management,
21 enforcement, implementation and monitoring of tax incentives, the LEIZA shall comply
22 with the provisions of Republic Act No. 10708, otherwise known as the "Tax Incentives
23 Management and Transparency Act "(TIMTA)" and its implementing rules and
24 regulations.

25 The BOC shall set up and establish a customs-controlled area outside the
26 premises of the LEIZ to facilitate payment of taxes on goods entering the Philippine
27 customs territory: *Provided*, That notwithstanding the limitations in this Act, the LEIZA
28 and BOC may coordinate and jointly implement measures on border protection.

29 **Sec. 17. *Banking Rules and Regulations.*** – Banks and financial institutions to
30 be established in the LEIZ shall be under the supervision of the BSP and subject to
31 existing banking laws, rules and regulations.

1 National Government and the LGUs. Any interpretation of this Act shall consider such
2 intentions. In the event of conflict of interpretation and provided the intentions cannot
3 be harmonized, the provisions of this Act shall be construed in favor of an
4 interpretation that would tend to protect national security.

5 Sec. 24. *Applicability Clause.* – Insofar as they are consistent with the
6 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
7 otherwise known as “The Special Economic Zone Act of 1995”, as amended, shall
8 likewise apply to the LEIZ.

9 Sec. 25. *Transitory Provisions.* – All properties, assets, funds, rights,
10 obligations, and liabilities of LIDE are hereby transferred to the LEIZA except for the
11 liabilities that are not properly accounted for as per the reports coming from the
12 Commission on Audit, which shall be retained by the National Development Company.

13 The LEIZA shall carry out the transfer herein provided in a manner that will
14 ensure the least disruption of ongoing operations of the LIDE. The qualified and
15 necessary personnel of the LIDE shall be transferred to and absorbed by the LEIZA:
16 *Provided,* That the tenure, rank, salaries and privileges of such personnel are not
17 reduced or adversely affected. The personnel whose services are not retained by the
18 LEIZA shall be granted separation pay and retirement and other benefits they are
19 entitled to under existing laws, rules and regulations.

20 In the period prior to the actual assumption of duties by the LEIZA, all officers
21 and employees of the LIDE shall continue to exercise their functions and discharge
22 their duties and responsibilities. The LIDE shall be deemed abolished upon the
23 organization of LEIZA.

24 Sec. 26. *Implementing Rules and Regulations.* – The National Economic and
25 Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate
26 the implementing rules and regulations of this Act within ninety (90) days after its
27 approval.

28 Sec. 27. *Separability Clause.* – If any provision of this Act shall be held
29 unconstitutional or invalid, the other provisions not otherwise affected shall remain in
30 full force and effect.

1 **Sec. 28. *Repealing Clause.*** – All laws, executive orders or issuances or any part
2 thereof, which are inconsistent herewith, are hereby repealed or amended
3 accordingly.

4 **Sec. 29. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
5 publication in the *Official Gazette* or in a newspaper of general circulation.

6 ***Approved,***