

FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
S.B. No. 2398



Introduced by Senator Ramon Bong Revilla, Jr.

EXPLANATORY NOTE

In line with the government's concerted effort to promote economic reforms, it has become an undeclared policy of the government to exhaust all possible means to support the country's continued search for genuine sustainability. To achieve this end, there is a need, among others, to provide infrastructures for more efficient and cheaper transportation of inputs and outputs of industrial goods.

One of the major projects that is necessary is the provision of an international container port complex which will include an airport and seaport. This facility can best be achieved through converting the US Naval Sangley Point located in Cavite City into such a complex.

U.S. Naval Station Sangley Point was a major ship-repair and supply facility of the United States Navy, which occupied the northern portion of the Cavite City peninsula and is surrounded by Manila Bay, approximately eight miles southwest of Manila, the Philippines. Up until World War II, the station was headquarters of the U.S. Asiatic Fleet. The naval station was turned over to the Philippine government in 1971. At present, Sangley Point is being used by the Philippine Navy for ship repair and dry docking purposes.

Sangley Point has the following comparative advantages and potentials for growth: A bay location that provides potential for sea transport, existing air and port facilities which could be upgraded and improved, it has a military airport which has a concrete runway of 229 x 22 meters, and road links, which provide access to Manila and CALABARZON growth corridors.

It now becomes imperative that such notable advantages of Sangley Point be not taken for granted. The economic opportunity that Sangley Point offers to the country must not be put to waste, especially now that the country is in continuous search of possible springboards for economic take-off.

This bill seeks to convert the almost idle but very promising facility of Sangley Point into an international logistics hub to facilitate further economic growth and social development of the Province of Cavite and the Philippines, in general.

In this light, the passage of this bill is earnestly sought.


RAMON BONG REVILLA, JR.

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**AN ACT
DIRECTING THE CONVERSION OF SANGLEY POINT IN CAVITE CITY
INTO AN INTERNATIONAL LOGISTICS HUB**

*Be it enacted by the Senate and House of Representatives of the
Congress assembled:*

SECTION 1. Short Title. – This Act shall be known as the “Sangley Point
Conversion Act of 2009.”

SECTION 2. Declaration of Policy – It is hereby declared the policy of
the Government to accelerate the sound and balanced conversion into
alternative productive uses of the Sangley Point in Cavite City.

It is likewise the declared policy of the Government to enhance the
benefits to be derived from said conversion in order to promote the economic and
social development of Cavite City in particular and the country in general.

SECTION 3. The Sangley Point International Logistics Hub - In
accordance with the foregoing declared policy, there is hereby established an
international logistics hub, comprising a Container Port and Airport Complex and
an Economic Processing Zone with Cyber or Technoparks, to be known as the
Sangley Point International Logistics Hub, hereinafter known as the Hub, located
at the northern portion of the Cavite City peninsula and is surrounded by Manila
Bay, approximately eight miles away from Manila.

SECTION 4. Governing Principles. — The Sangley Point International Logistics Hub shall be managed and operated under the following principles:

(a) Under the framework and limitations of the Constitution and the applicable provisions of the financial, investment, and tourism/recreational center and free port with Local Government Code, the Hub shall be developed into and operated as a self-sustaining, commercial, industrial and logistic hub and suitable for retirement/residential purposes, in order to create employment opportunities in and around the Hub, and to effectively encourage and attract legitimate and productive foreign and local investments therein;

(b) The Hub 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 Hub, as well as provide incentives such as tax and duty-free importations of raw materials, capital and equipment. However, exportation or removal of goods from the territory of the Hub to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended, the National Internal Revenue Code of 1997, as amended, and other relevant tax laws of the Philippines;

(c) The provision of existing laws, rules and regulations to the contrary notwithstanding, no national and local taxes shall be imposed within the Hub. In lieu of said taxes, a five percent (5%) tax on gross income earned shall be paid by all business enterprises within the Hub and shall be remitted as follows: two percent (2%) to the National Government, and two percent (2%) to the Sangley Point Authority referred in Section 5 of this Act, and one percent (1%) to the Cavite City government;

(d) Existing banking laws and Bangko Sentral ng Pilipinas (BSP) rules and regulations shall apply on foreign exchange and other current account transactions (trade and non-trade), local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP;

(e) Any foreign investor who establishes a business enterprise within the Hub and who maintains capital investment of not less than One hundred fifty thousand United States dollars (US\$150,000) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, a permanent resident status within the Hub. The responsibility and authority to grant such permanent resident status is hereby delegated to the Sangley Point Authority.

Such foreign investor and his or her spouse, dependents, and unmarried children below the age of twenty-one (21) years, shall have the freedom of ingress and egress to and from the Hub without need of any special authorization from the Bureau of Immigration.

Likewise, the Sangley Point Authority, referred herein Section 5, shall issue working visas renewable every two (2) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, as certified by the Department of Labor and Employment.

The names of foreigners granted permanent resident status and working visas by the Sangley Point Authority shall be reported to the Bureau of Immigration within thirty (30) days from such grant.

The foregoing is without prejudice to a foreigner acquiring permanent resident status in the Philippines in accordance with applicable immigration, retirement, and other related laws; and

(f) Except as otherwise provided herein, the local government units totally or partially embraced within the Hub shall retain and maintain their basic autonomy and identity. Cavite City shall operate and function in accordance with Republic Act No. 7160, otherwise known as the Local Government Act of 1991, insofar as the areas within its jurisdiction covered in this Act are concerned.

Section 5. Creation of the Sangley Point Authority. — A body corporate to be known as the Sangley Point Authority, hereinafter referred to as the SPA, is hereby created to manage and operate, in accordance with the provisions of this Act, the Sangley Point International Logistics Hub. This corporate franchise shall expire in fifty (50) years counted from the first day of the fifth (5th) calendar year after the effectivity of this Act, unless otherwise extended by Congress.

Section. 6. Powers and Functions of the Sangley Point Authority. — The Sangley Point Authority shall have the following powers and functions:

(a) To adopt, change, use a corporate seal; to contract, lease, buy, sell, acquire, own and dispose, movable and immovable as well as personal and real property of whatever nature (including but not limited to shares of stock or participation in private corporations or in limited partnerships, or in joint ventures with limited liability), bonds, precious metals in bullions, ingots, and easily convertible foreign exchange; to sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act; and to exercise the power of eminent domain for public use and public purpose;

(b) Within the limitation provided by law, to raise or borrow adequate and necessary funds from local or foreign sources to finance its projects and programs under this Act, and for that purpose to issue bonds, promissory notes, and other form of securities, and to secure the same by a guarantee, pledge, mortgage, deed of trust, or an assignment of all or part of its property or assets;

(c) To approve, accept, accredit and allow any local or foreign business, enterprise or investment in the Hub subject only to such rules and regulations as SPA may promulgate from time to time in conformity with the provisions of this Act and the limitations provided in the Constitution;

(d) To authorize or undertake, on its own or through others, and regulate the establishment, operation and maintenance of public utilities, services, and infrastructure in the Hub such as shipping, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport and ports operations in coordination with the Civil Aeronautics Board and Philippine Ports Authority, and such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act: *Provided, however,* That the private investors in the Hub shall be given priority in the awarding of contracts, franchises, licenses, or permits for the establishment, operation and maintenance of utilities, services and infrastructure in the Hub;

(e) To construct, acquire, own, lease, operate and maintain on its own or through others by virtue of contracts, franchises, licenses, or permits under the build-operate-transfer scheme or under a joint venture with the private

sector any or all of the public utilities and infrastructure required or needed in the Hub, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

(f) To operate on its own, either directly or through a subsidiary entity, or license to others, tourism-related activities, including games, amusements, recreational and sports facilities such as horse racing, dog racing, gambling casinos, golf courses, and others, under priorities and standards set by the SPA;

(g) To form, establish, organize and maintain subsidiary corporations, as its business and operations may require, whether under the laws of the Philippines or not;

(h) To adopt, implement and enforce reasonable measures and standards to control pollution within the Hub;

(i) To provide security for the Hub in coordination with the national and local governments. For this purpose, SPA may establish and maintain its own security force and firefighting capability or hire others to provide the same;

(j) To plan, program and undertake the adjustment, relocation, or resettlement of population within the Sangley Point military reservations and their extensions as may be deemed necessary and beneficial by the SPA, in coordination with the appropriate agencies and local government units.

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

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

Section 7. Board of Directors of SPA. — The powers of the Sangley Point Authority shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of nine (9) members, to wit:

Chairman:	<i>Chairman</i> of the Philippine Reclamation Authority
Co-Chairman:	<i>Mayor</i> of Cavite City or his authorized representative
Members:	<p><i>Secretary</i> : Department of Transportation and Communication or his authorized representative</p> <p><i>Secretary</i> : Department of National Defense or his authorized representative</p> <p><i>Director General</i> : National Economic and Development Authority or his authorized representative</p> <p><i>Secretary</i> : Department of Trade and Industry or his authorized representative</p> <p><i>Secretary</i> : Department of Environment and Natural Resources or his authorized representative</p> <p><i>Secretary</i> : Department of Public Works and Highways or his authorized representative</p> <p><i>Director General</i> : Philippine Economic Zone Authority or his Authorized representative</p>

Members of the Board shall receive a reasonable per diem which shall not be less than the amount equivalent to the representation and transportation allowances of the members of the Board and/or as may be determined by the Department of Budget and Management: *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 per diem for the members of the Board, such per diem shall not be more than Ten thousand pesos (P10,000.00) for every Board meeting.

Section 8. Administrative and Chief Executive Officer. — The President of the Philippines shall appoint a full-time professional and competent administrator and chief executive officer for the SPA whose compensation shall be determined by its Board and shall be in accordance with the revised compensation and position classification system. The administrator as chief executive officer of SPA shall be responsible to the Board and the President of the Philippines for the efficient management and operation of the Hub.

Section 9. Capitalization. — The SPA shall have an authorized capital stock of two billion pesos (P2,000,000,000) divided into 200,000,000 with a minimum issue value of Ten pesos (P10.00) per share. The national government shall initially subscribe and fully pay three hundred million (300,000,000) shares of such capital stock. The initial amount necessary to subscribe and pay for the shares of stock shall be included in the General Appropriations Act of the year following its enactment into law and thereafter. The Board of Directors of SPA may, from time to time and with the written concurrence of the Secretary of Finance, increase the issue value of the shares representing the capital stock of the SPA. The Board of Directors of SPA, with the written concurrence of the Secretary of Finance, may sell shares representing not more than forty per centum (40%) of the capital stock of the SPA to the general public with such annual dividend policy as the Board and the Secretary of Finance may determine. The national government shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital stock of the SPA.

Section 10. Supervision. — The Hub shall be under the direct control and supervision of the Office of the President of the Philippines for purposes of policy direction and coordination.

Section 11. Relationship with the Local Government Units — In case of any conflict between the Hub and the local government unit totally or partially embraced within the Hub, on matters affecting the Hub, other than in defense and security matters, the decision of SPA shall prevail.

Section 12. Legal Counsel. — The SPA and the corporations in which SPA owns a majority of the issued capital stock shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its businesses and operations demand it, the SPA may engage the services of an outside counsel either on a case to case basis or on a fixed retainer.

Section 13. Auditor. — The Commission on Audit shall appoint a representative who shall be a full-time auditor of the SPA and its subsidiaries, and assign such number of personnel as may be necessary to assist said representative in the performance of his or her duties. The salaries and emoluments of the assigned auditor and personnel of the Commission on Audit shall be in accordance with the revised compensation and position classification system. The Commission on Audit shall render an annual report to the President of the Philippines and to Congress on the business activities, transactions and operations of the SPA.

Section 14. Mechanism for those affected by the Conversion. — There shall be designated a relocation for affected military camps and other facilities, either within the Sangley Point Area or outside, consistent to existing laws, and regulations. Provided further that an appropriation to support the relocation cost of the combined facilities of the Philippine Navy and the Philippine Air Force which shall come from the proceeds of the lease, joint venture and transactions entered into by the Authority.

Section 15. Separability Clause. — If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Section 16. Repealing Clause. — All laws, executive orders or issuances, or any parts thereof which are inconsistent herewith are hereby repealed or amended accordingly.

Section 17. Effectivity Clause. — This Act shall take effect fifteen (15) days upon its publication in at least two (2) newspapers of general circulation.

Approved;