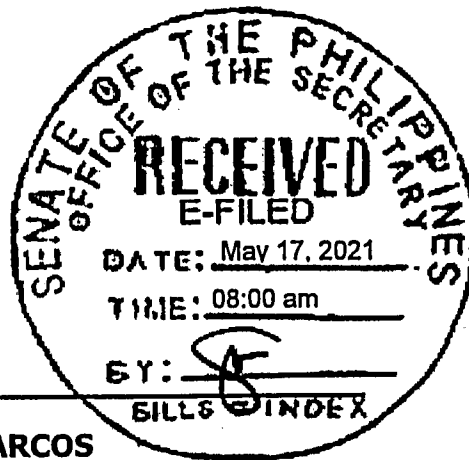


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)

SENATE
S.B. No. 2193



Introduced by **SENATOR IMEE R. MARCOS**

AN ACT ESTABLISHING THE SPECIAL ECONOMIC ZONE IN THE 4TH DISTRICT OF CEBU PROVINCE, CREATING FOR THIS PURPOSE THE 4TH DISTRICT SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Section 20 of Article II of the 1987 Philippine Constitution provides that "*The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments.*"

The United Nations Conference on Trade and Development (UNCTAD) defines Special Economic Zones (SEZs) in its World Investment Report 2019 as geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support. Currently, there are over 5,300 SEZs in over 140 economies.

According to the United Nations (UN) Habitat, SEZs have been a popular policy instrument to stimulate economic growth. It has widely been present globally in both developed and developing countries. Moreover, economies benefit from the clustering of industries either as firms in the same sector (localization economies) or as diverse firms in the same location (urbanization economies). Studies also show that a strategic location close to key infrastructure hubs, large markets and labor pools is fundamental to attracting investors into a zone. SEZs that are located in urban centers which are densely populated tend to be successful.

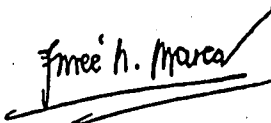
Cebu is a province of the Philippines located in the Central Visayas (Region VII) region, and consists of 7 legislative districts. The district consists of the northern city of Bogo and adjacent municipalities of Bantayan, Daanbantayan, Madrideojos, Medellin, San Remigio, Santa Fe, Tabogon and Tabela. According to the 2015 Population Census of the Philippine Statistics Authority (PSA), the district has a population of 484,198 people. The special economic zone proposes to establish its principal office in the 2nd class Municipality of Medellin, Cebu.

No doubt that the 4th district of Cebu possesses the characteristics that will most likely achieve the objectives set forth in establishing a special economic zone within its territory. The populous district have skilled residents who can benefit with the opening of establishments offering job vacancies of varying levels. In addition, many residents who used to work abroad but were forced by the pandemic to stay in the Philippines can take this opportunity to gain employment again.

During this time, when the world felt the harsh effect of the pandemic to the economy of every country, it is but fitting that countries work hand-in-hand through international trade. The Organisation for Economic Cooperation and Development (OECD) estimates that some countries will channel over 70% of their exports through SEZs, which function mostly as separate customs territories. According to the Hamburg Port Consulting (HPC), SEZs are vital to the development of international trade due to their capabilities to boost export volumes. Consequently, they represent an important element in the recovery of the economy after the pandemic.

This bill seeks to foster economic growth by creating employment opportunities, increasing industrial infrastructure investments, and facilitating foreign investments through the creation of a special economic zone in the 4th District of Cebu Province.

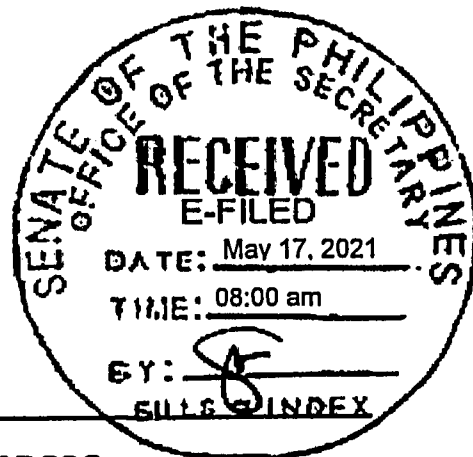
In view of the foregoing, the speedy passage of this bill is earnestly sought.


IMEE R. MARCOS

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

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Introduced by **SENATOR IMEE R. MARCOS**

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

**CHAPTER I
GENERAL PROVISIONS**

1 SECTION 1. *Short Title.* – This Act shall be known as the "Cebu 4th District Special
2 *Economic Zone Act.*"

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

9 **CHAPTER II**
10 **GOVERNING STRUCTURES**

11 SEC. 3. *Creation of the Cebu 4th District Special Economic Zone Authority.* –
12 There is hereby created a body corporate to be known as the "Cebu 4th District Special
13 Economic Zone Authority" hereinafter referred to as the CEZA, which shall manage
14 and operate the Cebu 4th District Ecozone, in accordance with the provisions of this
15 act. This corporate franchise shall expire in fifty (50) years counted from the first year
16 after the effectivity of this act. Unless otherwise extended by Congress. It shall be
17 organized within one hundred eighty (180) days after the effectivity of this Act.

18 SEC. 4. *Capitalization.* – The CEZA shall have an authorized capital stock of Two
19 Billion (2,000,000,000) no par shares with a minimum issue of Ten Pesos (P10.00)

1 each. The majority shares of which shall be subscribed and paid for by the National
2 Government and the Local Government Units (LGUs) embracing the Cebu 4th District
3 Ecozone. The Board of Directions of the CEZA may, with the written concurrence of
4 the Secretary of Finance, sell shares, representing not more than forty per centum
5 (40%) of the capital stock of the CEZA to the general public under such policy as the
6 Board and the Secretary of Finance may determine. The National Government and the
7 LGUs shall in no case own less than sixty per centum (60%) of the total issued and
8 outstanding capital of the CEZA.

9 The amount necessary to subscribe and pay for the shares of the National
10 Government to the capital stock of the CEZA shall be included in the Annual General
11 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
12 allotment and other local funds.

13 **SEC. 5. *Principal Office of the CEZA.*** – The CEZA shall maintain its principal at
14 Medellin, Cebu, but it may establish branches within the Philippines as may be
15 necessary for the proper conduct of its business.

16 **SEC. 6. *Powers and Functions of the CEZA.*** – The CEZA shall have the following
17 powers and Functions:

- 18 a) To operate, administer, manage and develop the Cebu 4th District
19 Ecozone according to the principles and provisions set forth in this Act;
- 20 b) To register, regulate and supervise the enterprises in the Cebu 4th District
21 Ecozone in an efficient and decentralized manner, subject to existing laws;
- 22 c) To coordinate with LGUs and exercise general provision over the
23 development plans, activities and operations of the Cebu 4th District
24 Ecozone;
- 25 d) To regulate and undertake the establishment, construction, operation and
26 maintenance of public utilities, other services, and infrastructure in the
27 Cebu 4th District Ecozone such as, but not limited to heat, light and power,
28 shipping, barging. Stevedoring, cargo handling, hauling, warehousing,
29 storage of cargo, port services or concessions, piers, wharves, bulkheads,
30 bulk terminals, mooring areas, storage areas, roads, telecommunications
31 transport, bridges, terminals, conveyors, water supply and storage,
32 sewerage, drainage, airport operations in coordination with the Civil
33 Aviation Authority of the Philippines (CAAP), and such other services or
34 concessions or infrastructure necessary or incidental to the
35 accomplishment of the objectives of this Act;
- 36 e) To construct, acquire, own, lease, operate and maintain on its own or
37 through contracts, franchise, license, bulk purchase from the private
38 sector or permits under any of the schemes allowed in Republic Act No.
39 6957 (the Build-Operate-Transfer Law, as amended), or joint venture,

1 adequate facilities and infrastructure required or needed for the operation
2 and development of the Cebu 4th District Ecozone, in coordination with
3 appropriate national and local government authorities and in conformity
4 with applicable laws thereon;

- 5 f) To approve plans, programs and projects of the Cebu 4th District Ecozone
6 to be submitted to the Regional Development Council for inclusion and
7 inputs to the overall regional development plan;
- 8 g) To operate on its own, either directly or through license to others, tourism-
9 related activities, including games, amusements, recreational and sports
10 facilities;
- 11 h) To raise or borrow, within the limitations provided by law, and subject to
12 the approval or opinion of the Monetary Board of the *Bangko Sentral ng*
13 *Pilipinas* (BSP), as the case may be, adequate and necessary funds from
14 local or foreign sources, to finance its projects and programs under this
15 Act and for this purpose, to issue bonds, promissory notes and other forms
16 of securities, and to secure the same by a guarantee, pledge, mortgage,
17 deed of trust or an assignment of all or part of its property or asset;
- 18 i) To protect, preserve, maintain and develop the forests, beaches, coral and
19 coral reefs, and maintain ecological balance within the Cebu 4th District
20 Ecozone. Notwithstanding the Authority of the CEZA to create rules for
21 such purpose, the rules and regulations of the Department of Environment
22 and Natural Resources (DENR) and other government agencies involved
23 in the above functions shall be implemented by the CEZA;
- 24 j) To create, operate and/or contract to operate such functional units or
25 offices of the CEZA as it may deem necessary;
- 26 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire,
27 own or otherwise dispose of personal and/or real property of whatever
28 nature; sue and be sued; and otherwise carry out its functions and duties
29 as provided for in this Act;
- 30 l) To issue certificate of origin for products manufactured or processed in
31 the Cebu 4th District Ecozone in accordance with prevailing rules of origin
32 and the pertinent regulations of the Philippine Economic Zone Authority
33 (PEZA), the Department of Trade and Industry (DTI) and/or the
34 Department of Finance (DOF);
- 35 m) To establish one-stop shops for the issuance of all necessary permits,
36 clearances, licenses, and other similar certifications to conduct such
37 activities intended to improve the ease of doing business within the Cebu
38 4th District Ecozone, in coordination with government agencies having
39 jurisdiction over activities therein. *Provided*, that all government agencies

1 are directed to provide and extend utmost and full cooperation to the Cebu
2 4th District Ecozone in the establishment of such one-stop shops;

- 3 n) To provide internal security to the Cebu 4th District Ecozone in
4 coordination with the National government and affected LGU. For this
5 purpose, the CEZA shall provide and establish its own internal security and
6 firefighting forces or hire others to provide the same. Military forces sent
7 by the national government for the purpose of defense shall not interfere
8 in the internal affairs of the Cebu 4th District Ecozone and expenditures
9 for these military forces shall be borne by the National Government;
- 10 o) To exercise such powers as may be essential. Necessary or incidental to
11 the powers granted to it hereunder, as well as those that shall enable it
12 to carry out, implement and accomplish the purpose, objectives and
13 policies of this Act; and
- 14 p) To issue rules and regulations consistent with the provisions of this Act as
15 may be necessary to accomplish and implement the purpose, objectives
16 and policies provided herein.

17 **SEC. 7. Board of Directors of the CEZA.** –The powers of the CEZA shall be vested
18 in and exercised by a Board of Directors, hereinafter referred to as the Board, which
19 shall be composed of the following:

- 20 a) The chairperson, who shall at the same time be the administrator of the
21 CEZA
- 22 b) A Vice-Chairperson, who shall come from among the members of the
23 Board
- 24 c) Members consisting of:
- 25 1) The Governor or his/her representative from the Provincial
26 Government of Cebu
- 27 2) The Mayors of the Municipalities covered by the ecozone
- 28 3) One (1) representative from the domestic investors
- 29 4) One (1) representative from the foreign investors
- 30 5) One (1) representative from the workers working in the Cebu 4th
31 District Ecozone

32 The representative from the Provincial Government and the mayors of the
33 municipalities covered by the ecozone shall serve as ex-officio members of the Board,
34 whose term in the Board corresponds to their term as elected officials.

35 The chairperson and members of the Board, except the ex-officio members, shall
36 be appointed by the President of the Philippines to serve for a term of six (6) years.
37 Unless sooner separated from service due to death, voluntary resignation or removal
38 for cause. In case of death, resignation or removal for cause, the replacement shall
39 serve only the unexpired portion of the term.

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

6 The members of the Board shall receive per diem at rates to be determined by
7 the Department of Budget and Management (DBM) in accordance with existing rules
8 and regulations: *Provided, however,* that the total per diem collected each month shall
9 exceed the equivalent per diem for four (4) meetings. Unless and until the President
10 of the Philippines has fixed a higher per diem for the members of the Board, such per
11 diem shall not be more than ten thousand pesos (P10,000.00) for every Board
12 meeting.

13 **SEC. 8. Powers and Duties of the Chairperson-Administrator.** – The Chairperson-
14 Administrator shall have the following powers and duties:

- 15 a) To direct and manage the affairs of the CEZA in accordance with the
16 policies of the Board;
- 17 b) To establish the internal organization of the CEZA under such conditions
18 that the Board may prescribe;
- 19 c) To submit an annual budget and necessary supplemental budget to the
20 Board for its approval;
- 21 d) To submit within thirty (30) days after the close of each fiscal year an
22 annual report to the Board and such other reports as may be required;
- 23 e) To submit to the Board for its approval, policies, systems, procedures,
24 rules and regulations that are essential to the operation of the Cebu 4th
25 District Ecozone;
- 26 f) To recommend to the Board the remuneration and other emoluments of
27 its officers and employees in accordance with existing laws on
28 compensation and position classification;
- 29 g) To create a mechanism in coordination with relevant agencies for the
30 promotion of industrial peace, the protection of the environment, and the
31 advancement of the quality of life in the Cebu 4th District Ecozone; and
32 h) To perform such other duties as may be assigned to him by the Board or
33 which are necessary or incidental to his office.

34 **SEC. 9. Organization and Personnel.** – The Board of Directors of the CEZA shall
35 provide for its organization and staff. The Board shall appoint and fix the remuneration
36 and other emoluments of its offices and employees in accordance with existing laws
37 on compensation and position classification. The Board shall have exclusive and final
38 authority to promote, transfer, assign, reassign or remove officers of the CEZA, any
39 provision of existing law to the contrary notwithstanding. The chairperson-
40 administrator may carry out removal of such officers and employees.

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

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

6 **SEC. 10. *Legal Counsel.*** – The CEZA shall have its own internal legal counsel
7 under the supervision of the government corporate counsel. When the exigencies of
8 its businesses and operations demand it, the CEZA may engage the services of an
9 outside counsel either on a case to case or on a fixed retainer basis.

10 **SEC. 11. *Legal Office.*** – The CEZA shall have and maintain its own internal legal
11 office, appropriate in number under the supervision of the Government Corporate
12 Counsel. When the exigencies of its businesses and operations demand, the CEZA may
13 engage the services of an outside counsel either on a case to case or a fixed retainer
14 basis.

15 **CHAPTER III** 16 **CREATION OF THE ECONOMIC ZONE**

17 **SEC. 12. *Creation of the Cebu 4th District Special Economic Zone.*** – In
18 accordance with the foregoing declared policy and subject to the concurrence of the
19 concerned local government units of the 4th District of Cebu affected by the Zone,
20 there is hereby established a Special Economic Zone, hereinafter referred to as the
21 Cebu 4th District Ecozone. The Cebu 4th District Ecozone shall cover the entire area
22 of Curva and Tindog in the Municipality of Medellin Province of Cebu. The specific
23 metes and bounds of the Cebu 4th District Ecozone shall be more particularly defined
24 in a presidential proclamation that shall be issued for this purpose; *Provided*, that the
25 lands embraced therein shall be public lands and contiguous to one another.

26 **SEC. 13. *Governing Principles.*** – The Cebu 4th District Special Economic Zone
27 shall be managed and operated by the Cebu 4th District Special Economic Zone
28 Authority hereinafter referred to as the CEZA, created under Section 3 of this Act,
29 under the following principles:

- 30 a) Within the framework and limitations of the Constitution and applicable
31 provisions of the Local Government Code, the Cebu 4th District Ecozone
32 shall be developed into and operated as a decentralized, self-reliant and
33 self-sustaining industrial, commercial/trading, agro-industrial, tourist,
34 banking, financial and investment center with suitable residential areas.
- 35 b) The Cebu 4th District Ecozone shall be provided with transportation,
36 telecommunications and other facilities needed to attract legitimate and
37 productive investments, generate linkage industries and employment
38 opportunities for the people of Cebu and its neighboring towns and cities.

- 1 c) The Cebu 4th District Ecozone may establish a mutually beneficial
2 economic relations with other entities or enterprises within the country or,
3 subject to the administrative guidance of the Department of Foreign
4 Affairs (DFA), the PEZA, and/or the Department of Trade and Industry
5 (DTI), with foreign entities or enterprises.
- 6 d) Foreign citizens and companies owned by non-Filipinos in whatever
7 proportion may set up enterprises in the Cebu 4th District Ecozone, either
8 by themselves or in a joint venture with Filipinos in any sector of industry,
9 international trade and commerce within the Cebu 4th District Ecozone.
- 10 e) The Cebu 4th District Ecozone shall be managed and operated as a
11 separate customs territory thereby ensuring the free flow or movement of
12 goods and capital within, into and out of its territory, and shall likewise
13 provide incentives such as tax and duty-free importations of raw materials,
14 capital and equipment to registered enterprises located therein. However,
15 exportation or removal of goods from the territory of the Cebu 4th District
16 Ecozone to the other parts of the Philippine territory shall be subject to
17 customs duties and taxes under the Customs and Tariff Code and other
18 relevant tax laws of the Philippines.
- 19 f) The areas comprising the Cebu 4th District Ecozone may be expanded or
20 reduced when necessary. For this purpose, the CEZA, in consultation with
21 the LGUs, shall have the power to acquire either by purchase, negotiation
22 or condemnation proceedings, any private land within or adjacent to the
23 Cebu 4th District Ecozone for the following purpose: (1) consolidation of
24 lands for zone development; (2) acquisition of right of way to the Cebu
25 4th District Ecozone; and (3) the protection of watershed areas and
26 natural assets valuable to the prosperity of the Cebu 4th District Ecozone.
- 27 g) Goods manufactured by a Cebu 4th District Ecozone enterprise shall be
28 made available for immediate retail sale in the domestic market, subject
29 to the payment of corresponding taxes on raw materials and other
30 regulations that may be formulated by the CEZA together with the PEZA,
31 the Bureau of Customs (BOC) and the DTI. However, in order to protect
32 domestic industries, a negative list of industries shall be drawn up and
33 regularly updated by PEZA enterprises engaged in industries included in
34 such negative list shall not be liable to sell their products locally.
- 35 h) The defense of the Cebu 4th District Ecozone and the security of its
36 perimeter fence shall be the responsibility of the national government in
37 coordination with the CEZA and the LGUs.

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CHAPTER IV
INCENTIVES TO ECOZONE ENTERPRISES/ INVESTORS

SEC. 14. *Investors Visa.* — Any foreign national who invests an amount of two hundred thousand US dollars (USD 200,000.00), either in cash and/or equipment, in a registered enterprise shall be entitled to an investor's visa: *Provided*, that the foreign national has the following qualifications:

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

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

The authority to issue visas and work permits shall remain with the Bureau of Immigration (BI) and the Department of Labor and Employment (DOLE), respectively: *Provided*, that the BI and the DOLE shall implement measures to expedite the processing of such visas and permits for workers in the Cebu 4th District Ecozone and coordinate with the CEZA for the purpose of improving ease of doing business.

SEC. 15. *Fiscal Incentives.* — Registered enterprises operating within the Cebu 4th District Ecozone may be entitled to the existing pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987; and/or those that may be further granted as the need and necessity arises by the appropriate government department, agency or office: *Provided*, that in the administration, implementation and monitoring of incentives, the CEZA may impose its own conditions not otherwise prohibited by this ACT: *Provided, further*, that the CEZA shall not be limited to the conditions provided under Republic Act No. 7916, Republic Act No. 8748 or any other related issuance, rule or regulation.

SEC. 16. *Imposition of Tax Rate of Five Percent (5%) on Gross Income Earned.*
— No taxes, local and national, shall be imposed on business establishments operating

1 within the Cebu 4th District Ecozone, including income, withholding, donor's,
2 percentage, and documentary stamp taxes. In lieu thereof, and subject to Section 18
3 of this Act, said business establishments shall pay five percent (5%) final tax on their
4 gross income earned: *Provided*, that the proceeds from such final tax shall be shared
5 by instrumentalities of the government in accordance with the following percentages:

- 6 a) Three per centum (3%) to the National Government
- 7 b) Two per centum (2%) shall be directly remitted by the business
8 establishments to the treasurer's office of the municipality or city where
9 the enterprise is located

10 The CEZA shall have the authority to grant income tax holiday and net operating
11 loss carry over subject to Section 18 of this Act and conditions as it may have imposed
12 pursuant to Section 15 of this act.

13 **SEC. 17. Administration, Implementation and Monitoring of Incentives.** – For the
14 proper administration, implementation, and monitoring of tax incentives provided
15 under this law, the following are herein mandated:

- 16 a) The CEZA shall be responsible for the administration, management,
17 enforcement and implementation of the incentives granted to registered
18 enterprises: *Provided*, that the BOC shall set up and establish a customs
19 controlled area outside the gate of the Cebu 4th District Ecozone to
20 facilitate payment of taxes on goods entering the Philippine customs
21 territory: *Provided further*, That notwithstanding the limitations of this Act,
22 the CEZA and BOC may coordinate and jointly implement measures on
23 border protection; and
- 24 b) In the interest of enhancing transparency in the management and
25 accounting of tax incentives in the Cebu 4th District Ecozone, the CEZA
26 shall comply with the provisions of Republic Act No. 10708, otherwise
27 known as the "The Tax Incentives Management and Transparency Act
28 (TIMTA)" and its implementing rules and regulations.

29 **SEC. 18. Duration of Incentives.** – Fiscal incentives under this Act shall be
30 terminated after a cumulative period of twenty (20) years from date of registration or
31 start of commercial operation, whichever is applicable, except that it could be
32 extended with regard to industries deemed indispensable to national development and
33 interest.

34 **SEC. 19. Sequential Availment of Incentives.** – Registered enterprises may enjoy
35 the income tax holiday (ITH) granted by the CEZA prior to the availment of the five
36 percent (5%) final tax on gross income earned incentive: *Provided*, that in the event
37 a registered enterprise elects to avail of the final tax incentive, such registered
38 enterprise shall be barred from availing the ITH incentive.

1 Registered enterprises, if eligible, may register for incentives with other
2 investment promotion agencies: *Provided*, that registered enterprises electing to avail
3 of the incentives of other promotion agencies shall not be able to avail of the incentives
4 of the Cebu 4th District Ecozone until the expiration of the incentives with such other
5 investment promotion agencies.

6 SEC. 20. *Extension of Period of Availment.* – In the event that a registered
7 enterprise has suffered cessation or suspension of operations due to force majeure,
8 which has impaired its viability or profitability, the CEZA may extend the period of
9 validity of the incentives extended to such registered enterprise.

10 SEC. 21. *Banking Rules and Regulations.* – Banks and financial institutions to be
11 established in the Cebu 4th District Ecozone shall be under the supervision of the
12 Bangko Sentral ng Pilipinas (BSP) and subject to existing banking laws, rules and
13 regulations.

14 SEC. 22. *Remittances.* – In the case of foreign investments, a duly registered
15 entity or enterprise within the Cebu 4th District Ecozone shall have the right to remit
16 earnings from the investment in the currency in which the investment was originally
17 made and at the exchange rate prevailing at the time of remittance, subject to the
18 provisions of Republic Act No. 7653, otherwise known as “The New Central Bank Act”.

19 **CHAPTER V**
20 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

21 SEC. 23. *Supervision and Control.* – For the purposes of policy direction and
22 coordination, the CEZA shall be under the direct control and supervision of the Office
23 of the President of the Philippines.

24 SEC. 24. *Regional Development Council.* – The CEZA shall determine the
25 development goals for the Cebu 4th District Ecozone within the framework of national
26 development plans, policies and goals. The Chairperson & administrative shall, upon
27 approval by the Board, submit the Cebu 4th District Ecozone plans, programs and
28 projects to the Regional Development Council for inclusion and inputs to the overall
29 regional development plan.

30 SEC. 25. *Relationship with Local Government Units.* – Except as herein provided,
31 the LGUs comprising the Cebu 4th District Ecozone shall retain their basic autonomy
32 and identity. The Municipality of Medellin, Cebu shall operate and function in
33 accordance with the framework of the 1987 Constitution, Local Government Code of
34 1991, and Republic Act No. 7898, as amended by Republic Act No. 10349, applicable
35 provisions of the Local Government Code, and this Act.

36 In case of any conflict between the CEZA and the LGUs and the National
37 Government on matters affecting the Cebu 4th District Ecozone, other than national
38 defense and security matters, the decision of the CEZA shall prevail.

1 SEC. 26. *Interpretation/Construction.* – The powers, authorities and functions
2 that are vested in the CEZA are intended to establish national self-sufficiency and self-
3 reliance in the advancement of and protection of the national integrity, enhancement
4 of national security, decentralization of governmental functions and authority, and
5 promote an efficient and effective working relationship among the CEZA, the National
6 Government and the LGUs. Any interpretation of this Act shall consider such
7 intentions. In the event of conflict of interpretation and provided the intentions cannot
8 be harmonized, the provisions of this Act shall be construed in favor of an
9 interpretation that would tend to protect national security.

10 SEC. 27. *Audit.* – The Commission on Audit shall appoint a full-time auditor in
11 the CEZA or may assign such number of personnel as may be necessary in the
12 performance of their functions.

13 **CHAPTER VI**
14 **MISCELLANEOUS**

15 SEC. 28. *Implementing Rules and Regulations.* – The DTI, DOF and the National
16 Economic Development Authority (NEDA) shall formulate the implementing rules and
17 regulations of the Act within ninety (90) days after its approval. Such rules and
18 regulations shall take effect fifteen (15) days after its publication in a newspaper of
19 general circulation in the Philippines.

20 SEC. 29. *Applicability Clause.* – Insofar as these are consistent with the provisions
21 of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916, otherwise
22 known as "The Special Economic Zone Act of 1995", as amended, shall likewise apply
23 to the Cebu 4TH District Ecozone.

24 SEC. 30. *Separability Clause.* – If, for any reason or reasons, any part or provision
25 of this Act shall be declared as unconstitutional or invalid, the other parts or provisions
26 hereof which are not affected thereby shall continue to be in full force and effect.

27 SEC. 31. *Repealing Clause.* – All provisions of existing laws, orders, rules and
28 regulations or parts thereof which are in conflict or inconsistent with the provisions of
29 this Act are hereby repealed, amended or modified accordingly.

30 SEC. 32. *Effectivity.* – This act shall take effect fifteen (15) days after its
31 publication in the *Official Gazette* or in two (2) newspaper of general circulation.

Approved,