



SENATE

S. No. 2900

(In Substitution of S. Nos. 207, 764, 1301, and 1632, taking into
consideration H. No. 7764)

PREPARED JOINTLY BY THE COMMITTEES ON ECONOMIC
AFFAIRS; NATIONAL DEFENSE AND SECURITY, PEACE,
UNIFICATION AND RECONCILIATION; WAYS AND MEANS;
AND FINANCE, WITH SENATORS DELA ROSA, ANGARA,
ESTRADA, REVILLA JR., ZUBIRI, AND VILLAR (M) AS
AUTHORS THEREOF

AN ACT ESTABLISHING A SPECIAL DEFENSE
ECONOMIC ZONE (SpeDEZ) INSIDE THE
GOVERNMENT ARSENAL DEFENSE INDUSTRIAL
ESTATE LOCATED IN CAMP GEN. ANTONIO
LUNA, LAMAO, MUNICIPALITY OF LIMAY,
PROVINCE OF BATAAN, CREATING FOR THIS
PURPOSE THE SPECIAL DEFENSE ECONOMIC
ZONE AUTHORITY (SpeDEZA) AND
APPROPRIATING FUNDS THEREFOR

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

- 1 SECTION 1. *Short Title.* – This Act shall be known
2 as the “Special Defense Economic Zone Act”.

1 SEC. 2. *Declaration of Policy.* – It shall be the
2 policy of the State to develop a self-reliant and
3 independent national economy effectively controlled
4 by Filipinos. The State recognizes the indispensable
5 role of the private sector, encourages the participation
6 of private enterprise, and provides incentives to
7 needed investments. Further, the State actively
8 encourages, promotes, and accelerates the sound and
9 balanced industrial, economic, and social development
10 of the country through the establishment of special
11 economic zones in suitable and strategic locations. In
12 so doing, the State is able to attract legitimate and
13 productive foreign investments that provide jobs
14 especially to those in the rural areas; and improve
15 productivity, family incomes, and the quality of living
16 conditions of the people.

17 The State, pursuant to the Armed Forces of the
18 Philippines (AFP) Modernization Act, shall, as far as

1 practicable, prioritize the engagement of Filipino
2 contractors and suppliers in the implementation of
3 the AFP Modernization Program. In instances where
4 foreign contractors or suppliers are engaged,
5 preference shall be given to those willing to localize a
6 substantial portion or the entirety of their production
7 within the Philippines.

8 The State hereby adopts a policy to develop the
9 defense industry and its capability to produce
10 advanced weaponry and equipment for the country's
11 defense forces, and for their export to other countries,
12 in line with Republic Act No. 12024, or the "Self-
13 Reliant Defense Posture Revitalization Act".

14 SEC. 3. *Creation of the Special Defense Economic*
15 *Zone.* – The Special Defense Economic Zone (SpeDEZ)
16 in Camp General Antonio Luna, Lamao, Municipality
17 of Limay in the Province of Bataan, shall be
18 established for investments in defense, military, law

1 enforcement, and defense-related advanced
2 technologies, information and communications
3 technology, research and development, and their
4 support industries. For purposes of this Act, the term
5 “defense” shall include public safety and external
6 defense.

7 The SpeDEZ shall cover the Government Arsenal
8 Industrial Estate inside Camp General Antonio Luna
9 located in Limay, Bataan, measuring approximately
10 three hundred seventy (370) hectares, including: the
11 seventy (70)-hectares of land where the Government
12 Arsenal (GA), created under Republic Act No. 1884, or
13 “An Act to Establish A Government Arsenal, Provide
14 for its Operation and for Other Purposes”, operates;
15 the portions allocated for the expansion of the GA;
16 areas where existing manufacturing facilities for
17 defense materiel and equipment are located; and all
18 other areas which may be declared as part of the

1 SpeDEZ, subject to compliance with Section 5(h) of
2 this Act: *Provided*, That the GA shall remain a line
3 bureau of the Department of National Defense (DND).
4 Except for necessary coordination on matters of
5 mutual and higher security concerns due to the
6 nature of their respective mandates, the operations of
7 the GA shall remain independent of the management
8 of the SpeDEZ, and the Special Defense Economic
9 Zone Authority (SpeDEZA), as created by this Act,
10 shall not interfere with the activities conducted in the
11 seventy (70)-hectare area where the GA maintains
12 and operates its buildings and structures: *Provided*,
13 *further*, That neither the SpeDEZ nor the GA shall be
14 expanded or operated to the prejudice of the other.
15 The GA and the SpeDEZ shall continuously
16 coordinate to ensure smooth and seamless operations:
17 *Provided, finally*, That investors who intend to do
18 business in the GA area may do so only upon written

1 consent of the GA prior to registration with the
2 SpeDEZA.

3 The areas covered by the SpeDEZ, including its
4 expansion areas, shall be owned by the SpeDEZA and
5 titled in its name, excluding the area maintained by
6 the GA.

7 SEC. 4. *Creation of the Special Defense Economic*
8 *Zone Authority.* – The Special Defense Economic Zone
9 Authority (SpeDEZA), which shall be a government
10 instrumentality with corporate powers, shall be
11 created as a specialized and independent corporate
12 body that shall manage and operate the SpeDEZ, in
13 accordance with the provisions of this Act and Title
14 XIII of Republic Act No. 8424, or the “National
15 Internal Revenue Code of 1997”, as amended.

16 Notwithstanding Section 3 of Republic Act No.
17 7656, or “An Act Requiring Government-Owned or
18 Controlled Corporations to Declare Dividends under

1 Certain Conditions to the National Government, and
2 for other Purposes”, all dividends remitted by the
3 SpeDEZA shall, within the first fifteen (15) years from
4 the effectivity of this Act, be exclusively utilized for
5 the AFP Modernization Program, the Self-Reliant
6 Defense Posture Program of the national government,
7 and the pension benefits of AFP retirees: *Provided,*
8 That after such fifteen (15)-year period, the dividends
9 remitted by the SpeDEZA shall accrue to the general
10 fund of the national government.

11 *SEC. 5. Governing Principles.* – The SpeDEZ
12 shall be managed and operated under the following
13 principles:

14 (a) Within the framework and limitations of the
15 Constitution, Republic Act No. 1884, Republic Act No.
16 7898, as amended by Republic Act No. 10349,
17 Republic Act No. 10697, or the “Strategic Trade
18 Management Act”, Executive Order No. 303, Series of

2004, and applicable provisions of the Local Government Code, the SpeDEZ shall be developed and operated as a hub for decentralized, self-reliant, and self-sustaining industrial, commercial, trading, research, development, engineering, information and communications technology, space technology, and financial investment exclusive for defense, military, and law enforcement commercial activities and investments, with provision for suitable residential, educational, recreational, and commercial areas;

(b) Notwithstanding the autonomy provided in Section 5(a) of this Act, the national and local governments may continue to provide the SpeDEZ with transportation, telecommunications, and other facilities needed to attract investments and generate linkages with industries and employment opportunities for the people of Bataan and its neighboring towns and cities: *Provided, That the*

1 autonomy and self-reliance of the SpeDEZ shall not
2 hinder assistance or partnerships with other
3 government units and instrumentalities: *Provided,*
4 *further,* That no assistance or partnership shall be
5 construed as a waiver of the autonomy of the SpeDEZ;

6 (c) The SpeDEZA may establish mutually
7 beneficial economic defense relations with other
8 investment promotion agencies, entities, or
9 enterprises within the country or abroad: *Provided,*
10 That the SpeDEZA shall seek clearance from the
11 DND and administrative guidance from the
12 Department of Foreign Affairs (DFA) on relations
13 with foreign entities or enterprises;

14 (d) Foreign nationals and foreign-owned
15 enterprises up to the percentage allowed by law may,
16 by themselves or in joint venture with Filipinos or the
17 GA, set up enterprises in the defense and security
18 industry within the territorial jurisdiction of the

1 SpeDEZ, subject to the approval of the SpeDEZA:
2 *Provided*, That the SpeDEZA may require individual
3 locators to be subject to the provisions and limitations
4 under Republic Act No. 10697 or the Strategic Trade
5 Management Act (STMA), Republic Act No. 7042 or
6 the Foreign Investments Act (FIA), and the Regular
7 Foreign Investment Negative List issued by the
8 President: *Provided, further*, That the SpeDEZA may
9 require a minimum investment in freely convertible
10 currencies from any enterprise seeking to locate in the
11 SpeDEZ. All investments in the SpeDEZ shall fall
12 under the priorities, thrusts, and limits in this Act:
13 *Provided, finally*, That all investments that do not
14 directly or indirectly encourage defense, military, and
15 law enforcement projects or activities; do not support
16 or cater to the locators, employees, and residents shall
17 be prohibited from doing business within the SpeDEZ.

1 (e) Subject to the limitations in this Act and its
2 implementing rules and regulations, the SpeDEZ
3 shall be managed and operated as a separate customs
4 territory ensuring free flow and movement between
5 registered business enterprises of necessary goods,
6 products, and capital, except those expressly
7 prohibited by law, within, into, and out of the SpeDEZ
8 territory, subject to Sections 294(D) and (E), and
9 Sections 295(C) and (D) of Republic Act No. 8424
10 (NIRC), as amended: *Provided*, That in accordance
11 with Sections 301 and 817 of Republic Act No. 10863,
12 or the “Customs Modernization and Tariff Act
13 (CMTA)”, the Bureau of Customs (BOC) shall
14 continue to exercise border protection and authority
15 over the customs territory adjacent to the SpeDEZ
16 and shall consult, coordinate, and cooperate with the
17 SpeDEZA to enhance its protection and control

1 capacity and ensure compliance with customs laws
2 and regulations;

3 (f) The sale, export, or removal of goods and
4 services from the SpeDEZ territory to the other parts
5 of the Philippines shall be subject, as applicable, to
6 customs duties and taxes under the CMTA, as
7 amended, and the Republic Act No. 8424 (NIRC), as
8 amended: *Provided*, That all taxes arising from the
9 sale of goods and services for defense and security
10 purposes from the SpeDEZ to the AFP, Philippine
11 National Police (PNP), and other uniformed services
12 shall be chargeable to the tax expenditure fund under
13 the General Appropriations Act: *Provided, further*,
14 That subject to Title VI of the CMTA, customs transit
15 to and from the SpeDEZ, through the Port of Lamao
16 or other ports as may be designated by the SpeDEZA,
17 shall also be tax and duty-free;

1 (g) As far as practicable, enterprises located in
2 the SpeDEZ shall source a percentage of their raw
3 material requirements from those produced within
4 the Philippines as determined by the SpeDEZA;

5 (h) The areas comprising the SpeDEZ may be
6 expanded or reduced when necessary to improve its
7 investment promotion capacity, ensure public order
8 and safety, consolidate lands for development, acquire
9 necessary right-of-way or access, protect and
10 safeguard watershed areas or maintain and improve
11 water yield for the benefit of the SpeDEZ and LGUs,
12 manage solid and water waste in compliance with
13 existing national laws and local ordinances, and
14 promote the public good.

15 For this purpose, the SpeDEZA, with the
16 concurrence of the appropriate and affected LGUs, in
17 compliance with existing national laws and local
18 ordinances, shall have the power to acquire, procure,

1 increase, or otherwise expand, either by purchase,
2 negotiation, or condemnation proceedings, any private
3 or public land and their respective water territories
4 within the concerned local government: *Provided,*
5 That when applicable, the municipal waters of up to
6 fifteen (15) kilometers from the low water mark area
7 of the edge of the SpeDEZ shall be deemed included in
8 the territorial jurisdiction of the SpeDEZ: *Provided,*
9 *further,* That the SpeDEZA and the relevant LGUs
10 shall utilize immediate and responsive mechanisms,
11 best practices, and suitable environmental protection
12 programs for land and coastal zone management to
13 address any abuse and/or exploitation of the natural
14 environment within the territorial jurisdiction of the
15 SpeDEZ: *Provided, finally,* That any provision of
16 existing laws, ordinances, executive orders,
17 proclamations, rules, or regulations to the contrary
18 notwithstanding, all lands that form part of the

1 SpeDEZ including its expansion areas are hereby
2 converted to agricultural lands and, as such, are
3 declared as alienable and disposable, and may be used
4 for industrial, commercial, residential, or other lawful
5 uses, in accordance with the Constitution to ensure
6 that other inalienable lands shall not be included,
7 subject to vested private rights;

8 (i) Products and goods researched and
9 developed, engineered, or manufactured by registered
10 enterprises may be made available in the domestic
11 market, subject to the limitations in this Act and its
12 implementing rules and regulations, payment of
13 corresponding tariffs, customs duties, and taxes on
14 raw materials, and subject to approval by the DND or
15 the PNP in accordance with Republic Act No. 10697
16 and the Regular Foreign Investment Negative List,
17 other regulations that may be formulated by the
18 SpeDEZA, and other applicable regulations and

1 limitations imposed in accordance with law by the
2 DND, AFP, PNP, Bangko Sentral ng Pilipinas (BSP),
3 Department of Finance (DOF), BOC and the
4 Department of Trade and Industry (DTI): *Provided,*
5 That in cooperation with the SpeDEZA, the DND and
6 PNP shall implement measures to improve ease and
7 cost of doing business within the SpeDEZ and
8 enhance the investment promotion capacity of the
9 SpeDEZA: *Provided, further,* That to protect domestic
10 industries, a negative list shall be drawn up and
11 regularly updated by the SpeDEZA: *Provided, finally,*
12 That enterprises engaged in industries included in
13 such negative list shall not be allowed to sell their
14 products locally, notwithstanding the registration of
15 such enterprises in the SpeDEZ;

16 (j) Subject to Section 6(o) of this Act, the
17 defense of the SpeDEZ and the security of its
18 perimeter fence shall be the responsibility of the

1 national government, through the AFP and the GA or
2 the PNP, as appropriate, in coordination with the
3 SpeDEZA;

4 (k) Nothing in this provision shall compel local
5 defense enterprises to register with the SpeDEZA or
6 prevent them from availing similar benefits and
7 incentives through other investment promotion
8 agencies: *Provided*, That defense industries located in
9 other economic zones under the other investment
10 promotion agencies shall get clearance or certification
11 from the DND prior to their registration. Pursuant to
12 this, the DND, in coordination with the SpeDEZA,
13 shall establish a unit within the DND to screen and
14 vet defense enterprises for national security clearance
15 and issue the corresponding certification prior to their
16 registration with the SpeDEZA or other investment
17 promotion agencies;

(l) In no case shall defense enterprises be allowed to avail incentives from two (2) or more investment promotion agencies;

(m) For purposes of this Act, “defense enterprise” refers to a Filipino- or foreign-owned enterprise engaged in the development, production, manufacturing, assembly, servicing, or operation of materiel in the Philippines. Foreign-owned defense enterprise is defined as to the allowable percentage of foreign-ownership for defense industries as provided by existing laws; and

(n) For purposes of this Act, “materiel” refers to military technology, weapon systems, arms, ammunition, combat clothing, armor, vehicles, and other similar military equipment and materials.

SEC. 6. *Powers and Functions of the SpeDEZA.* –

The SpeDEZA shall have the following functions:

(a) Adopt, alter, and use a corporate seal;

1 (b) Contract, lease, buy, sell, acquire, own, and
2 dispose properties of whatever nature: *Provided*, That
3 real properties that form part of the original Camp
4 General Antonio Luna shall not be disposed of or
5 encumbered: *Provided, further*, That expansion areas
6 may be disposed of or encumbered by the SpeDEZA;

7 (c) Sue and be sued in order to carry out its
8 duties, responsibilities, privileges, powers, and
9 functions as granted and provided in this Act;

10 (d) Exercise the power of eminent domain for
11 public use and public purpose;

12 (e) Operate, administer, manage, and develop
13 the SpeDEZ according to the principles and provisions
14 set forth in this Act, in accordance with Executive
15 Order No. 525, Designating the Public Estates
16 Authority as the Agency Primarily Responsible for All
17 Reclamation Projects, as amended;

(f) Establish SpeDEZ in other suitable areas in the Province of Bataan and other areas in the country: *Provided*, That areas outside the Province of Bataan shall be subject to the approval of the President and the issuance of a necessary proclamation;

(g) Register, regulate, and supervise entities and enterprises in the SpeDEZ in a competent and efficient manner that, as far as practicable, balances ease of doing business and sound restriction or regulation of activities. The SpeDEZA may also register, regulate, and supervise defense-related enterprises outside of the SpeDEZ territory as defined in Section 3 and Section 5(h) of this Act: *Provided*, That the SpeDEZA shall submit a quarterly report to the DND on the profile of locators and other SpeDEZ-registered enterprises ;

(h) Formulate and exercise general and sole supervision over the implementation of the

development plans, activities, and operations of the
SpeDEZ: *Provided*, That the SpeDEZA may
coordinate with LGUs when necessary to promote
development in the SpeDEZ;

(i) Regulate, authorize, or undertake on its own
or through others, the establishment, construction,
operation, and maintenance of public utilities,
services, and infrastructure in the SpeDEZ such as
shipping, barging, stevedoring, cargo handling,
hauling, warehousing, port services or concessions,
piers, wharves, bulkheads, bulk terminals, mooring
areas, storage areas, roads, bridges, reclamation
projects, terminals, conveyors, water supply and
storage, sewerage, drainage, and airport operations in
coordination with the Philippine Ports Authority
(PPA), the Civil Aviation Authority of the Philippines
(CAAP), and other relevant government agencies, and
such other services, or concessions, or infrastructure

1 necessary or incidental to the accomplishment of the
2 objectives of this Act: *Provided*, That the SpeDEZ-
3 registered enterprises shall be given priority in the
4 awarding of contracts, franchises, licenses, or permits
5 for the establishment, operation, and maintenance of
6 utilities, services, and infrastructure in the SpeDEZ;

7 (j) Recognize, regulate, and register microgrid
8 systems as an integral part of the energy, data, digital
9 assets, communications, water, and other utilities
10 landscape to enhance and promote resiliency in
11 renewable energy, data, digital assets,
12 communications, water and other utilities in areas
13 within the SpeDEZ;

14 (k) Issue licenses, set fees, and regulate the
15 establishment, operation, and maintenance of
16 utilities, educational and medical institutions,
17 infrastructure related to military, defense and law
18 enforcement investments, and other services in the

1 SpeDEZ such as heat, light and power, water supply,
2 telecommunications, mobile, internet and other data
3 facilities, transport, toll roads and bridges, and port
4 services, and to fix just, reasonable, and competitive
5 rates, fares, charges, and prices thereof;

6 (l) Construct, acquire, own, lease, operate, and
7 maintain, on its own or through contracts, franchises,
8 licenses, bulk purchase, build-operate-transfer
9 scheme or joint venture with the private sector, any or
10 all of the public utilities and infrastructure needed for
11 the operation and development of the SpeDEZ,
12 including transportation, access, and connection to
13 and out of the SpeDEZ, in coordination with
14 appropriate national and local government authorities
15 and in conformity with applicable laws;

16 (m) Raise or borrow adequate and necessary
17 funds from local or foreign sources, within the
18 limitation provided by law, and subject to the

1 approval or opinion of the Monetary Board of the BSP,
2 as the case may be, to finance its projects and
3 programs under this Act, and for this purpose, to
4 issue bonds, promissory notes, and other forms of
5 securities, and to secure the same by a guarantee,
6 pledge, mortgage, deed of trust, or assignment of all
7 or part of its property or assets, subject to Section 6(b)
8 of this Act;

9 (n) Enter into Public-Private Partnership
10 contracts, such as build-operate-transfer schemes or
11 any of its variants, management contracts, joint
12 ventures, co-production, or similar agreements with
13 local or foreign entities for the management and
14 operation of the SpeDEZ, a portion thereof, or any
15 enterprise registered therein to ensure its viability;

16 (o) Ensure that the area covered by the SpeDEZ
17 is secure at all times: *Provided*, That when the
18 assistance of the AFP or PNP is necessary, the AFP or

1 PNP shall not interfere in the internal affairs of the
2 SpeDEZA, except to provide the necessary security
3 and defense or law enforcement assistance, as the
4 case may be: *Provided, further,* That expenses of the
5 AFP or PNP in the SpeDEZ shall be borne by the
6 national government;

7 (p) Protect, preserve, maintain, and develop the
8 forests, beaches, coral, and coral reefs, and maintain
9 ecological balance within the SpeDEZ: *Provided,* That
10 notwithstanding the authority of the SpeDEZA to
11 create rules for such purpose, the rules and
12 regulations of the Department of Environment and
13 Natural Resources (DENR) and other government
14 agencies involved in the above functions shall be
15 implemented by the SpeDEZ: *Provided, further,* That
16 the DENR shall continue to have primary authority
17 and responsibility over environmental protection. The
18 monitoring and issuance of permits, certificates,

1 clearances, and all other issuances related to the
2 environment shall remain under its jurisdiction;

3 (q) Create, operate, or contract to operate such
4 functional units or offices of the SpeDEZA as it may
5 deem necessary;

6 (r) Issue certificates of origin for products
7 manufactured or processed in the SpeDEZ;

8 (s) Issue rules and regulations necessary to
9 implement and accomplish the purposes, objectives,
10 and policies provided herein, in consultation with the
11 DND, DTI, DOF, and other relevant government
12 agencies;

13 (t) Appropriately zone the SpeDEZ and provide
14 for buffer zones, when necessary, and reserve areas
15 for housing;

16 (u) To improve the ease of doing business,
17 establish one-stop shops for the issuance of all
18 necessary permits, clearances, licenses, and other

1 similar certifications required to conduct business
2 within the SpeDEZ, in coordination with relevant
3 government agencies having jurisdiction over such
4 issuances or those not otherwise solely reserved to the
5 SpeDEZA: *Provided*, That all government agencies
6 are directed to provide and extend utmost and full
7 cooperation to the SpeDEZA in the establishment of
8 such one-stop shops; and

9 (v) Perform such other functions as may be
10 provided by law.

11 SEC. 7. *Board of Directors of the SpeDEZA.* – The
12 powers of the SpeDEZA shall be vested in and
13 exercised by a Board of Directors, hereinafter referred
14 to as the Board, which shall be composed of the
15 following:

16 (a) The Secretary of the DND who shall be the
17 *ex officio* Chairperson;

(b) The Administrator of the SpeDEZA as Vice-Chairperson who shall preside over the meetings of the Board in the absence of the Chairperson;

(c) Members who shall include the following:

(1) Secretary or a designated representative of the DOF;

(2) Secretary or a designated representative of the DTI;

(3) Assistant Secretary for Plans and Programs (ASPP) of the DND;

(4) Assistant Secretary for Acquisition, Installations and Logistics (ASAIL) of the DND;

(5) Director of the GA;

(6) One (1) representative from the investors within the SpeDEZ;

(7) One (1) representative from the workers employed in the SpeDEZ;

(8) One (1) representative from the Province of Bataan;

(9) One (1) representative from the Municipality of Limay, Bataan;

(10) One (1) representative from the legislative district covering the area of the SpeDEZ; and

(11) One (1) independent director who is retired and/or honorably discharged from any of the major services of the AFP, with at least the rank of Brigadier General or Commodore, with proven expertise in defense and security strategies, to be recommended by the SpeDEZA Board.

The President shall appoint one-third (1/3) of the Board members from the list submitted by the Government Commission for Government-Owned or -Controlled Corporations (GCG).

In the event that the position of the ASPP or ASAIL of the DND, or Director of the GA becomes

1 vacant, the designated Acting ASPP, ASAIL, or
2 Director of the GA shall serve as member of the
3 Board.

4 In the absence of the Chairperson and Vice-
5 Chairperson, the members present in a meeting
6 constituting a quorum shall elect the Presiding Officer
7 for that particular meeting. The Presiding Officer
8 shall not have voting rights except to break a tie.
9 Vacant seats shall not be considered in determining
10 the presence of a quorum.

11 Except for the *ex-officio* members, members of
12 the Board shall be appointed by the President of the
13 Philippines for a term of six (6) years, unless sooner
14 separated from the service due to death, voluntary
15 resignation, or removal for cause. In case of death,
16 resignation, or removal for cause, the replacement
17 shall serve only the remaining portion of the term.

1 All members of the Board shall be Filipino
2 citizens, of good moral character, and of proven
3 probity and integrity. Except for the *ex-officio*
4 members, and the representative from the workers
5 employed in the SpeDEZ, members of the Board are
6 required to be degree holders in any of the following
7 fields: economics, business, public administration,
8 law, management, military science, or their
9 equivalent, and with at least ten (10) years of relevant
10 work experience preferably in the field of
11 management or public administration.

12 Each member of the Board, except the *ex-officio*
13 members, shall receive a *per diem* at rates to be
14 determined by the Department of Budget and
15 Management (DBM) in accordance with existing rules
16 and regulations: *Provided*, That the total per diem
17 collected each month shall not exceed the equivalent
18 *per diem* for four (4) meetings.

1 SEC. 8. *Administrator of the the SpeDEZA.* – The

2 SpeDEZA shall have an Administrator, with a rank of
3 Department Undersecretary who shall be appointed
4 by the President of the Philippines. The
5 Administrator shall be at least forty (40) years of age,
6 of proven probity and integrity, and a degree holder in
7 any of the following fields: economics, business, public
8 administration, law, management, or their
9 equivalent, with at least ten (10) years of relevant
10 work experience preferably in the field of business,
11 management, or public administration.

12 SEC. 9. *Powers and Duties of the Administrator.* –

13 The Administrator shall have the following powers
14 and duties:

15 (a) Direct and manage the affairs of the
16 SpeDEZA in accordance with the policies of the Board;

1 (b) Establish the internal organization of the
2 SpeDEZA under such conditions that the Board may
3 prescribe;

4 (c) Submit an annual budget and necessary
5 supplemental budget to the Board for its approval;

6 (d) Within thirty (30) days after the close of each
7 fiscal year, submit an annual report to the Board and
8 such other reports as may be required;

9 (e) Submit to the Board for approval, policies,
10 systems, procedures, rules, and regulations that are
11 essential to the operation of the SpeDEZA;

12 (f) Create a mechanism for coordination with
13 relevant agencies for the promotion of industrial
14 peace, the protection of the environment, and the
15 advancement of the quality of life in the SpeDEZ;

16 (g) Preside over the meetings of the SpeDEZA
17 Board in the absence of the Chairperson;

1 (h) Directly administer and supervise the
2 operations and day-to-day business activities of the
3 SpeDEZA;

4 (i) Execute, on behalf of the SpeDEZA, all
5 contracts, agreements, and other instruments
6 affecting its interests as duly approved by the Board;
7 and

8 (j) Perform such other duties assigned by the
9 Board or which are necessary or incidental to his/ her
10 office.

11 SEC. 10. *Principal Office of the SpeDEZA.* – The
12 SpeDEZA shall maintain its principal office in Camp
13 Gen. Antonio Luna, Limay, Bataan, but may establish
14 liaison offices within the Philippines as may be
15 necessary for the proper conduct of its business.

16 SEC. 11. *Organization and Personnel.* – The
17 SpeDEZA Board shall provide for an organizational
18 structure and appoint employees, subject to Civil

1 Service laws and the Revised Administrative Code of
2 1987. Upon the recommendation of the Chairperson
3 and Administrator of the SpeDEZA and with the
4 approval of the DBM Secretary, the Board shall
5 appoint and fix the remuneration and other
6 emoluments of its officers and employees in
7 accordance with existing laws on compensation and
8 position classification: *Provided, That the*
9 Chairperson and Administrator shall exercise
10 administrative supervision over the SpeDEZA
11 employees.

12 The SpeDEZA officers and employees , including
13 all members of the Board, shall not engage directly or
14 indirectly in partisan activities or take part in any
15 election, except to vote.

16 No SpeDEZA officer or employee, shall be
17 removed or suspended except for lawful cause, subject
18 to civil service laws and regulations .

1 SEC. 12. *Special Labor Center.* – A Special Labor
2 Center shall be established within the SpeDEZ. The
3 Center shall endeavor to study and amicably settle
4 professional, labor relations issues and disputes,
5 interpret employment service contracts, and monitor
6 work, workplace hygiene and safety standards within
7 the SpeDEZ, particularly of the duly registered
8 entities and enterprises. The Center shall consist of
9 offices for labor; industrial health and safety;
10 inspection/investigative and disputes; and
11 enforcement.

12 To support the economic and employment
13 generation thrusts of the LGUs, the SpeDEZA shall
14 implement policies and programs that prioritize the
15 residents of stakeholder LGUs for employment in the
16 SpeDEZ. Registered enterprises shall, as far as
17 practicable, source all their labor needs from the
18 stakeholder LGUs of the SpeDEZ, subject to existing

1 laws and regulations: *Provided*, That, for the purpose
2 of this Act, LGUs within whose territorial
3 jurisdictions the SpeDEZ is located, shall refer to all
4 local governments which: (a) derive a share in the five
5 percent (5%) final tax imposition within the SpeDEZ,
6 (b) host expansion areas of the SpeDEZ in accordance
7 with Section 5(h) or Section 6(f) of this Act, or (c) host
8 registered enterprises of the SpeDEZ pursuant to
9 Section 6(h) of this Act;

10 The SpeDEZA and, as far as practicable, the
11 locators and registered enterprises of the SpeDEZ
12 shall prioritize for employment, qualified former
13 personnel of the GA who have been terminated or
14 removed from the service, due to the modernization of
15 the GA.

16 SEC. 13. *Investor's Visa*. – Any foreign national
17 who invests an amount of Two hundred fifty thousand
18 US dollars (US\$250,000.00), either in cash and/or

1 equipment, in a SpeDEZA-registered enterprise shall
2 be entitled to an investor's visa: *Provided*, That the
3 foreign national has the following qualifications:

4 (a) at least eighteen (18) years of age;

5 (b) not convicted by final judgment of a crime
6 involving moral turpitude;

7 (c) not afflicted with any dangerous or highly
8 contagious disease;

9 (d) not previously institutionalized for any
10 mental disorder or disability; and

11 (e) financially capable as established by
12 verifiable and credible evidence.

13 As a holder of investor's visa, a foreign national
14 shall be entitled to reside in the Philippines while the
15 investment subsists. For this purpose, the foreign
16 national shall submit an annual report, in the form
17 duly prescribed for the purpose, to prove that the
18 investor has maintained the investment in the

country. Should said foreign national withdraw the investments from the Philippines, the investor's visa 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 SpeDEZ and coordinate with the SpeDEZA to improve ease of doing business.

SEC. 14. *Fiscal Incentives.* – Enterprises registered with the SpeDEZA may be entitled to the fiscal incentives under Title XIII (Tax Incentives) of Republic Act No. 8424 (NIRC), as amended.

SEC. 15. *Administration, Implementation and Monitoring of Incentives.* – For the proper administration, implementation, and monitoring of

1 tax incentives provided under this Act, the SpeDEZA
2 shall:

3 (a) Be responsible for the administration and
4 implementation of the incentives granted to its
5 registered enterprises, subject to the oversight and
6 regulatory functions of the Fiscal Incentives Review
7 Board (FIRB). The SpeDEZA shall adopt and
8 implement systems and procedures affecting trade
9 and customs policies. The BOC shall establish a
10 customs-controlled area outside of the SpeDEZ to
11 facilitate payment of taxes on goods entering the
12 Philippine customs territory; and

13 (b) Submit to the FIRB its annual tax
14 expenditures based on the tax incentives granted to
15 its registered enterprises pursuant to Title XIII of
16 Republic Act No. 8424 (NIRC), as amended. The FIRB
17 shall create a single database of all incentives
18 provided by the governing authority, monitor the

incentives granted, and submit an annual report to the President.

SEC. 16. *Revenue Sharing.* — The five percent (5%) Special Corporate Income Tax (SCIT) collected from SpeDEZA-registered enterprises pursuant to Title XIII of Republic Act No. 8424 (NIRC), as amended, shall be divided as follows:

(a) Three percent (3%) to the national government;

(b) One percent (1%) to the Province of Bataan, or the host province, in case the business enterprise is not located within the Province of Bataan; and

(c) One percent (1%) to the host city/municipality.

Provided, That for a period of fifteen (15) years from the effectivity of this Act, the three percent (3%) share of the national government shall be allocated as follows: one percent (1%) to the AFP pension fund and

1 two percent (2%) to the SpeDEZA: *Provided, further,*
2 That the national government and local government
3 shares shall be directly remitted to the Bureau of
4 Internal Revenue (BIR) and local treasurer,
5 respectively.

6 SEC. 17. *Banking Rules and Regulations.* –
7 Banks and financial institutions established in the
8 SpeDEZ shall be under the supervision of the BSP
9 and subject to existing banking laws, rules, and
10 regulations.

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

1 SEC. 19. *Multi-Year Contracts and Other*
2 *Contractual Arrangements.* – The DND, the AFP, the
3 Philippine Coast Guard (PCG), the PNP, and other
4 uniformed services shall procure their defense
5 equipment and materiel, whenever available and
6 practicable, from defense manufacturers and
7 suppliers registered with the SpeDEZA, to spur the
8 development of the SpeDEZ as a self-reliant and self-
9 sustaining defense investment hub where duly
10 qualified and selected locators are provided with
11 guaranteed market access. For this purpose, the
12 DND, AFP, PCG, and PNP, and other uniformed
13 services shall be authorized to enter into multi-year
14 contracts and other multi-year contractual
15 arrangements with SpeDEZA-registered
16 manufacturers or suppliers of defense equipment or
17 materiel, subject to existing laws, rules, regulations
18 and guidelines.

1 In implementing this section, the SpeDEZA,
2 DND, AFP, PCG, and PNP shall jointly formulate the
3 mechanics for the selection of manufacturers or
4 suppliers to be awarded with multi-year contracts:
5 *Provided*, That as a condition precedent for such
6 award, the manufacturing or distribution operations
7 of the manufacturer or supplier must be registered
8 with the SpeDEZA or located in the SpeDEZ.

9 SEC. 20. *Countertrade*. – Whenever applicable
10 and practicable, any of the countertrade
11 arrangements defined in Executive Order No. 120,
12 series of 1993, should be explored in pursuing
13 defense-related acquisitions. The SpeDEZA, in
14 consultation with the DND, DTI, and other concerned
15 offices, shall identify or develop a list of goods and
16 services or industries which may be subject to a
17 countertrade.

1 SEC. 21. *Capitalization.* – The SpeDEZA shall
2 have an authorized capital stock of Three billion pesos
3 (P3,000,000,000.00) no-par shares with a minimum
4 issue of Ten pesos (P10.00) each to be subscribed
5 wholly by the national government.

6 In addition, all lands embraced and covered by
7 the SpeDEZ, including permanent improvements and
8 fixtures, upon proper inventory by the GA or AFP,
9 which are not otherwise alienated, conveyed or
10 transferred to another government agency, and all
11 other assets which the President may transfer to the
12 SpeDEZA shall form part of the equity contribution of
13 the government.

14 The annual subscription of the national
15 government to the capital stock of the SpeDEZA shall
16 be included in the annual General Appropriations Act.

17 SEC. 22. *Supervision and Control.* – For purposes
18 of policy direction and coordination, the SpeDEZA

1 shall be under the direct control and supervision of
2 the Office of the President of the Philippines.

3 SEC. 23. *Regional Development Council.* – The
4 SpeDEZA shall determine the development goals for
5 the SpeDEZ within the framework of national
6 development plans, policies, and goals. The
7 Chairperson and Administrator of the SpeDEZA shall,
8 upon approval by the Board, submit the SpeDEZA
9 plans, programs, and projects to the Regional
10 Development Council for inclusion in the regional
11 development plan.

12 SEC. 24. *Relationship with Local Government*
13 *Units.* – Except as herein provided, the Municipality
14 of Limay, Bataan and such other LGUs where
15 SpeDEZA-registered enterprises conduct business,
16 shall operate and function in accordance with the
17 framework of the Constitution, Local Government
18 Code of 1991, Republic Act No. 7898 or the AFP

1 Modernization Act, as amended by Republic Act No.
2 10349, and applicable provisions of this Act.

3 In case of any conflict between the SpeDEZA, the
4 LGUs, and the national government on matters
5 affecting the SpeDEZA, other than national defense
6 and security matters, the decision of the SpeDEZA
7 shall prevail.

8 SEC. 25. *Legal Office.* – The SpeDEZA shall have
9 and maintain its own internal legal office, appropriate
10 in number under the supervision of the Government
11 Corporate Counsel. When the exigencies of its
12 businesses and operations demand, the SpeDEZA
13 may engage the services of an outside counsel either
14 on a case-to-case or a fixed-retainer basis. Such
15 engagement shall require further approval and
16 concurrence of the Office of the Government
17 Corporate Counsel or the Office of the Solicitor
18 General and the Commission on Audit (COA).

1 SEC. 26. *Interpretation/Construction.* – The
2 powers, authorities, and functions vested in the
3 SpeDEZA are intended to enhance national security
4 and promote self-reliance in the advancement and
5 protection of the national territorial integrity, uphold
6 the decentralization of governmental functions and
7 authority, and promote an efficient and effective
8 working relationship between the SpeDEZA, the
9 national government, and the LGUs. Any
10 interpretation of this Act shall consider such
11 intentions. In case of conflict in interpretation and
12 questions on the intent of this Act, the provisions
13 shall be construed in favor of an interpretation that
14 protects and promotes national security.

15 SEC. 27. *Audit.* – The COA shall appoint a full-
16 time auditor in the SpeDEZA or may assign such
17 number of personnel as may be necessary in the
18 performance of its functions.

1 SEC. 28. *Transitory Provisions.* – The SpeDEZA
2 shall be responsible for the operation, administration,
3 management, and development of the SpeDEZ. The
4 SpeDEZA shall effect the transfer herein provided in
5 a manner that will ensure the least disruption of
6 ongoing programs of the GA.

7 SEC. 29. *Implementing Rules and Regulations.* –
8 Within ninety (90) days from the effectivity of this
9 Act, the SpeDEZA, DTI, DOF, DND, PNP, PCG, the
10 Provincial Government of Bataan, and the
11 Municipality of Limay shall promulgate the necessary
12 rules and regulations for the effective implementation
13 this Act. Such rules and regulations shall take effect
14 fifteen (15) days after publication in a newspaper of
15 general circulation in the Philippines.

16 SEC. 30. *Applicability Clause.* – Insofar as these
17 are consistent with the provisions of this Act, the
18 provisions of Sections 30 to 41 of Republic Act No.

1 7916, or “The Special Economic Zone Act of 1995”, as
2 amended, shall likewise apply to the SpeDEZ.

3 SEC. 31. *Separability Clause.* – If any provision of
4 this Act is declared unconstitutional, the remainder
5 thereof not otherwise affected shall remain in full
6 force and effect.

7 SEC. 32. *Repealing Clause.* – All other laws,
8 executive orders, letters of instruction, proclamations,
9 administrative rules and regulations, and other
10 issuances, or parts thereof inconsistent with the
11 provisions of this Act, are hereby repealed or modified
12 accordingly.

13 SEC. 33. *Effectivity.* – This Act shall take effect
14 fifteen (15) days after its publication in the *Official*
15 *Gazette* or in a newspaper of general circulation.

Approved,