

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

7 JUL -4 P3:04

SENATE
S.B. No. 1091

RECEIVED BY: 

Introduced by Senator Loren Legarda

EXPLANATORY NOTE

This bill mandates the establishment of an economic zone and free port in General Santos City to promote and hasten the industrial, economic and social development in the area.

Section 1, Article XII of the 1987 Philippine Constitution provides that all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Pursuant to this, Republic Act No. 7916, also known as the "Special Economic Zone of 1995", was enacted to encourage economic growth through the creation of special economic zones or *Ecozones*. Each *ecozone* is developed into an independent community with minimum government supervision. The Bases Conversion and Development Act of 1992 created several areas such as the Subic Naval Base, Clark Air Base and Camp John Hay into special economic zones. Over the years, these economic zones have enjoyed the benefits of being an economic zones, foremost of which are tax incentives and investor-friendly conditions.

General Santos City lies at the southern part of the Philippines. It was created by virtue of Republic Act No. 5412 enacted on July 8, 1968. General Santos City is a highly urbanized city with a population of 411,822 as of year 2000 and an income of P574,723,604 as of year 2000. The city has a total land area of 53,606 hectares, 405 hectares of which are dedicated to agro-industrial use and 271 hectares for park and recreation. The city is southeast of Manila, southeast of Cebu and southwest of Davao. The municipalities of Alabel, Malungon and Maasim of Sarangani Province and the municipalities of Polomolok and T'boli of South Cotabato surround the city.

General Santos City prides itself with having attributes that are conducive and encouraging for investments, both local and foreign. Sarangani Bay and other coastal areas are rich with tuna and other marine resources. There is an international standard Airport, expanded Makar Wharf, good road network and adequate communication facilities within the city and neighboring places. There are 59 banks operating in the city composed of 46 commercial banks, 5 savings banks, 1 cooperative and 7 rural banks in 2000. Aside from this, there are 49 pawnshops providing emergency loan assistance and 48 lending institutions.

General Santos City registered 1,505 new medium to large enterprises in 2000. Aggregate investment involved is estimated to be around P 1.899 billion, generating 4,361 new employees. Of the total investments, 76.03% were for social and personal services, 9.77% in wholesale/retail trade business, 4.38% were in manufacturing while the least at 0.02% were invested in mining & quarrying.

True to its moniker as the Tuna Capital of the Philippines, General Santos City has a Fish Port Complex owned by the Philippine Fisheries Development Authority (PFDA) and boasts complete six -35°C cold storage with a 300 MT capacity each, 4- tons/day brine freezer; a 60 tonner ice plant and a 758 meters of landing/preparation area. Its construction was funded by Overseas Economic Cooperation Fund (OECF) of Japan. GSFPC is the nation's second largest fish port after Navotas, and considered the most modern in the country today. The construction started December 1994 and finished in March 1999. The operation of GSFPC paved the way for bigger production and high quality products which is now a haven for big and small fish producers/processors.

There is a need to ensure that the growth of General Santos City will be sustained through government support and incentives to attract more investors.

This bill aims to respond to that need through the creation of a special economic zone and free port in General Santos City. The General Santos City Special Economic Zone shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial / trading, agro-industrial, tourist / recreational, banking, financial and investment center with corresponding residential areas in order to create employment opportunities in and around and to effectively encourage and attract legitimate and productive foreign investment. Likewise, this proposed measure provides that investors and business enterprise within the Zone shall be entitled to incentives like resident status and visa, fiscal incentives and tax incentives.

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



LOREN LEGARDA
Senator

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AN ACT
CREATING A SPECIAL ECONOMIC ZONE AND FREEPORT IN GENERAL SANTOS CITY, CREATING FOR THIS PURPOSE THE GENERAL SANTOS SPECIAL ECONOMIC ZONE AND FREE PORT AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

Section 1. Title. This Act shall be known as the "General Santos Special Economic Zone and Free Port Act 2007".

Sec 2. Declaration of State Policy and Principles. It is hereby declared the policy of the State to actively encourage, promote and accelerate a sound and balanced industrial, economic and social development of the country in order to provide jobs to people, increase productivity and income, and improve the quality of living condition through the establishment of special economic zones and free ports in suitable and strategic locations in the country and through measures that shall effectively attract legitimate and productive foreign investments.

It is likewise the policy of the State to enhance regional economic cooperation as a means of bolstering the country's own industrial development, and to establish facilities with such cooperation can materialize.

Sec 3. Creation of General Santos City Special Economic Zone and Free Port. In pursuit of the foregoing declared policy, there is hereby established a special economic zone and free port in General Santos City, to be known as the General Santos City Economic Zone and Free Port herein referred to as the Zone.

Sec 4. Government Principles. The General Santos City Economic Zone and Free Port shall be managed and operated by General Santos City Special Economic Zone and Free Port authority, herein created and referred to as the GSCSEZA, under the following principles:

- (a) Under the framework and limitations of the constitution and applicable provision of the local Government Code, the Zone shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial / trading, agro-industrial, tourist / recreational, banking, financial and investment center with corresponding residential areas in order

to create employment opportunities in and around and to effectively encourage and attract legitimate and productive foreign investment;

- (b) Except as otherwise provided herein, the local government units totally or partially embraced within the Zone shall retain and maintain their basic autonomy and identity. The City of General Santos shall operate and function in accordance with Republic act 7160, otherwise known as the Local Government Code of 1991, insofar as the areas within its jurisdiction covered in this Act are concerned.
- (c) The Zone shall be managed and operated as a separate customs territory outside the customs territory of the Philippines to ensure and facilities the free flow or movement of machinery, goods, articles and capital within, into and exported out of the Zone. However, exportation or removal of goods, articles and capital from the Zone to other parts of the Philippines territory shall be subject to customs duties and taxes under the Customs and Tariff code and other relevant tax laws of the Philippines.
- (d) The areas comprising the Zone may be expanded or reduced when necessary. For this purpose, the GSCSEZA, in consultation with the local government units, shall have the power to power to acquire either by purchase, negotiation or condemnation proceedings, any private lands within or adjacent to the Zone for the following purpose:
 - (1) consolidation of lands for zone development;
 - (2) acquisition of right of way the Zone; and
 - (3) the protection of watershed areas and natural assets valuable to the prosperity of the Zone.
- (e) the Zone shall be provided with transportation, telecommunication, and other facilities needed to attract legitimate and productive foreign investments, generate linkage with industries and create employment opportunities for the people of the province of Sulu.
- (f) the Zone may establish mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippines Economic Zone Authority (PEZA) and/ or the Department of trade and Industry (DTI), with foreign entities or enterprises.
- (g) Foreign citizens and companies owned by non-Filipinos may set up enterprises in the Zone either by themselves or in joint venture with Filipinos in whatever proportion in any sector of industry, international trade and commerce within the Zone.
- (h) Goods manufacture by a Zone enterprise shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulate by the SSEZA together with PEZA, the Bureau of Customs and the DTI. However, in order to protect the domestic industry, there shall be a negative list of industries that will be drawn up and regularly updated by the PEZA. Enterprises engaged to industries included in such negative list shall not be allowed to sell their products locally.

- (i) The defense of the Zone and Security of its perimeter fence shall be the responsibility of the national government in coordination with the SSEZA and local government units.

SEC 5. Incentives. Investors and business enterprise within the Zone shall be entitled to the following incentives:

- (a) Resident Status and Visa - Any Foreign investor who establishes a business enterprise within the Zone and who maintains capital investment of not less than One Hundred Fifty Thousand United States Dollars (US\$150,000.00) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, permanent resident status within the Zone and freedom of ingress and egress to and from the Zone without any need of any special authorization from the Bureau of Immigration. Working visas renewable every two (2) years shall be issued to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, as certified by the Department of Labor and Employment.

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.

- (b) Fiscal Incentives - business establishments within the Zone shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority (EPZA), or those provided under Book VI of Executive Order No. 226, otherwise known as the "Omnibus Investments Code of 1987", and Republic act No. 7916, otherwise known as the "Special Economic Zone Act of 1995", as amended by R.A. 8748.
- (c) Taxation - Except for real property taxed on land owned by the developers, no taxes, local and national including final withholding taxes on dividend to a business establishment's parent company and branch profits remittance to a business establishment's head office, shall be imposed on business establishments operating within the Zone. In lieu thereof, said business establishments shall pay to the national government a final tax of eight percent (8%) of the net taxable income as determined in accordance with the provisions of the National internal Revenue Code, as amended, to be divided as follows:
 - (1) Four percent (4%) shall be paid immediately to the National Government;
 - (2) One percent (1%) to the South Cotabato;
 - (3) One percent (1%) to the City of General Santos;
 - (4) Two percent to the General Santos City Special Economic Zone and Free Port Authority which shall be created under this Act; *Provided, however,* That the preferential tax herein granted shall not apply to offshore banking, financial services, trust and trading institutions which shall enjoy total exemption from payment of income tax for purely offshore transactions as well as transaction within the Zone itself with GSCSEZA investors and residents; *Provided, further,* That domestic manufacturing firms or foreign firms and their local

subsidiaries that export more than thirty percent (30%) of their total production in terms of volume per year to the customs territory of the Philippines shall be allowed to enjoy the income tax incentives herein granted; *Provided, furthermore,* That the final tax of eight percent (8%) of net taxable income be increased by Congress after ten (10) years from effectivity of the amended tax and fiscal incentives of this Act and; and *Provided, finally,* That in no case shall the tax be imposed exceed fifteen percent (15%) of net taxable income as determined in accordance with the provisions of the National Internal Revenue Code, as amended.

In cases of conflict between the local and national tax laws on one hand, and the tax incentives herein granted on the other, the same shall be resolved in favor of the latter.

- (d) Banking Rules and Regulations - Existing banking laws, specifically Presidential Decree No. 1034 and Republic Act No. 6426 and their implementing rules and regulations as amended, and pertinent Bangko Sentral ng Pilipinas (BSP) circulation, rules and regulations shall apply on foreign exchange transactions in the current account transactions (trade and non-trade), local and foreign borrowings foreign banks, foreign currency deposit units (FCDUs), offshore banking units (OBUs) and other financial institutions under the supervision of the BSP; *Provided,* That FCDUs of local commercial banks and OBUs of foreign banks shall enjoy minimum regulation by the BSP.
- (e) Profit Remittance - without prior BSP approval, after tax profits and other earnings or foreign investments in enterprises in the Zone may be remitted outward
- (f) In the equivalent foreign exchange through any of the banks licensed by the BSP in the Zone; *Provided, however,* That such foreign investment in said enterprises have been previously registered with the BSP.

Sec 6. Ipso Facto Clause. Section 30 - 42 of Republic Act No. 7916 shall ipso facto apply to the General Santos City Special Economic Zone and Free Port.

Sec 7. Creation of the Sulu Special Economic Zone and Free Port Authority. A body corporate to be known as the General Santos City Special Economic Zone to manage and operate the General Santos City Economic Zone and Free Port, in Accordance with the provisions of this Act. This corporate franchise shall expire in fifty (50) years counted from the first day of the fifth year after the effectivity of this Act, unless otherwise extended by Congress. It shall be Organized within one hundred eighty (180) days after effectivity of this Act.

SEC 8. Principal Office. The General Santos City Special Economic Zone and Free Port Authority shall maintain its principal office in General Santos, but it may establish branches and agencies within the Philippines and abroad as may be necessary for the proper conduct of its business.

Sec 9. Powers and Functions of the Sulu Special Economic Zone and Free Port Authority. The General Santos City Special Economic Zone and Free Port Authority shall have the following powers and functions:

- a) To operate, administer, and manage the Zone According to the principles and provisions set forth in this Act;
- b) To adopt , alter and use a corporate seal; to contract , lease, buy, sell, acquire, own and /or otherwise dispose of movable or immovable as well as personal or 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;
- c) To sue and be sued in order to carry out its duties, responsibilities, privileges, powers and function as granted and provided for in this Act; and to exercise the power of eminent domain for public use and public purpose;
- d) To raise or borrow adequate and necessary funds from local or foreign sources within the limitation provided by the law, to finance its projects and programs under this Act, and for that purpose to issue bonds, promissory notes, and other forms of securities, and to secure the by a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its property or assets;
- e) To recommend to the President the issuance of a proclamation to fix delimit the site of the Zone;
- f) To issue certification of origin for products manufactured or processed in the Zone in accordance with prevailing rules or origin, and the pertinent regulations of PEZA, DTI and/or the Department of finance (DOF);
- g) To approve, accept, accredit and allow any local or foreign business, enterprise or investment in the Zone subject only to such rules and regulations as SSEZA may promulgate from time to time in conformity with the provisions of this Act and the limitations provided in the Constitution;
- h) 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 Zone such as shipping, shipbuilding, ship registry and every matter related or attendant thereto, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, port services or concessions, pier, wharves, bulkheads, bulk terminals, conveyors, water supply and storage, sewerage, drainage, airport operations, such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act; *Provide, however,* that the private investors in the Zone 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 Zone;
- i) 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 needed in the Zone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

- j) To operation on its own, either directly or through a subsidiary entity or license to other, tourism-related activities, including games, amusements, recreational and sports facilities such as golf courses, and others, under priorities and standard by the SSEZA;
- k) To maintain ecological balance, and promote sustainable development in General Santos City while preserving, developing and maintaining marine resources, beaches, minerals and mineral deposits including precious metals, coral and coral reefs within the Zone. The virgin forests within Zone shall be proclaimed as a national park and shall be covered by a permanent total log ban. For this purpose, the rules and regulations of the Department of Environment and natural Resources and other government agencies involved in the above functions shall be implemented by the GSCSEZA, including the issuance of environmental certificates, free patents and leasehold rights over government lands and mining, drilling and timber licenses; *Provided*, that all legal restrictions imposed for the conveyance, use, lease or other disposition if free patents issued prior to the effectivity of this Act may be lifted should the GSCSEZA deem it necessary to carry out its mandate under this Act;
- l) To adopt, implement and enforce reasonable measures and standards to control pollution within the Zone;
- m) To establish and maintain a security force and firefighting capability or hire others to provide the same for the defense and security of the Zone;
- n) To form, establish, organize and maintain subsidiary corporations, as its business and operations may require, whether under the laws of the Philippines or not;
- o) To report to the Bureau of Immigration the names of the foreigners who have been granted permanent resident status and working visas within thirty (30) days after issuance of such grant;
- p) To formulate and approve the organization and budget as submitted by the Chairman-Administrator;
- q) To regulate and undertake the establishment, operation and maintenance of public utilities services and infrastructure in the Zone Such as Heat, light and power, water supply telecommunications, transport, toll roads and bridges, port services, and to fix just, reasonable and competitive rates, fares, charges and prices thereof;
- r) To directly negotiate with and grant foreign and /or international airlines and landing rights into the port;
- s) To provide, in cooperation with Department of Tourism, non-fiscal incentives to tourism-related business operating within the Zone;
- t) To charge reasonable fees for the provision of other services and the maintenance of infrastructure and utilities;

- u) To impose reasonable fines and penalties for violations of the provisions of this Act, the rules and regulations to be established by the GSCSEZA or any other law that the GSCSEZA is tasked to enforce; and
- v) To issue rules and regulations consistent with the provision of this purpose, objectives and policies provided.

Sec 10. Non- Profit Character of the General Santos City Special Economic Zone Authority. The General Santos City Special Economic Zone and Free Port Authority shall be a non-profit institution and shall devote the use of its returns from capital investment as well as excess revenues from its operations, for the development, improvement and maintenance and other related expenditures of the GSCSEZA to pay its indebtedness and obligations and in furtherance and effective implementation of the policies provided for in this Act. In consonance with this, the GSCSEZA is hereby declared exempt from the payment of court or administrative proceeding in which it may be a party.

The foregoing exemptions may, however, be entirely or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not earlier than five (5) years from the effectivity of this Act, if the President shall find the GSCSEZA to be self-sustaining and financially capable by then to pay such taxes, customs, duties, fees and other charges after providing for debt service requirements of the GSCSEZA and of its projected capital and operating expenditures.

Sec 11. Board of Directors of the Sulu Special Economic Zone and Free Port Authority. The powers of the GSCSEZA shall be vested in and shall be composed of the following:

- (a) The Secretary of the Department of Trade and Industry or his duly authorized representative, as ex-officio member of the board of Directors;
- (b) The Director General of the National Economic Development Authority or his duly authorized representative, as ex-officio member of the Board;
- (c) Two (2) other representatives of the National Government, as ex-officio members;
- (d) The Administrator of GSCSEZA who shall serve as ex-officio chairman of the Board;
- (e) The mayor of General Santos City as ex-officio member;
- (f) Two (2) representatives from the labor sector from among the workers in the Zone;
- (g) Two (2) representatives from the business and investments sectors;
- (h) Three (3) representatives from the private sector who are residents of General Santos City and are known for their honesty, probity and expertise in trade and business.

The Administrator/Chairman and members of the board, except the ex-officio member, shall be appointed by the President of the Philippines to serve for a term of six

(6) years, unless sooner removed for cause or dies or resigns voluntarily. In case of the death, resignation or removal for cause, the replacement shall serve only the unexpired portion of the term. The Vice-Chairman shall be elected from among members of the Board.

Except for the representatives of the business and investment sector, no person shall be appointed by the President of the Philippines as member of the Board unless he is a Filipino citizen, of good moral character, of proven probity and integrity and a degree-holder in any of the following fields: economics, business, public administration, law, management, or their equivalent, and with at least ten (10) years relevant working experience preferably in the field of management or public administration.

For the purpose determining a quorum during the meetings of the Board, a quorum shall exist despite the duly authorized representative is present thereat, and attends such meeting on the member's behalf.

The member of the Board, except the Administrator, Chairman whose compensation shall be determined by the Board, shall each receive a per diem of not more than Ten Thousand Pesos (P10,000.00) for every Board meeting actually attend, unless and until the President of the Philippines has fixed a higher per diem for member of the Board: *Provided, however,* That the fixed a per diem collected each month shall not exceed the equivalent per diem for four (4) meetings.

Sec 12. GSCSEZA Administrator and Chief Executive Officer. The President of the Philippines shall appoint a full-time professional and competent administrator and chief executive officer of the General Santos City Special Economic Zone and Free Port Authority who shall serve for a term of six (6) years, unless sooner removed for a cause or dies or resigns voluntarily. In case of death, resignation, or removal for cause, the replacement shall serve the unexpired portion of the term. The compensation of the Administrator and Chief Executive Officer shall be determined by the Board of Directors.

Sec 13. Powers and duties of the Chairman-Administrator. The Chairman Administrator shall have the following powers and duties:

- a) To direct and manage the affairs of the GSCSEZA in accordance with the policies off the Board;
- b) To establish to internal organization of the GSCSEZA under conditions that the Board may prescribe;
- c) To submit an annual budget and necessary supplement budget to the Board for its approval;
- d) To submit within thirty (30) days after the close each fiscal year an annual report to the Board and such other reports as maybe required;
- e) To submit to the Board for its approval policies, systems, procedures,
- f) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Zone; and

- g) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

Sec 14. Personnel. The Board Directors of the GSCSEZA shall provide for an organizations and staff of its officers and employees and the corresponding qualification standards in accordance with Civil Service Laws and other pertinent laws. Upon Recommendation of the Chairman/Administrator, the Board shall appoint and fix the remuneration and other emoluments in accordance with R.A. 6758, otherwise known as the salary Standardization law; *Provided*, That the Board shall have exclusive and final authority to promote, transfer, assign or reassign officers of the GSCSEZA in accordance with Civil Service Law and Rules; *Provided, further*, that the Chairman-Administrator may carry out removal of such officers and employees as authorized by the Board.

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

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

Sec 15. Capitalization. The General Santos City Special Economic Zone Free Port Authority shall have an authorized capital stock of five billion (5,000,000,000.00) no par shares with a minimum value of Ten Pesos (P10.00) each.

The Board of Directors of GSCSEZA 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 GSCSEZA. The Board of Directors of GSCSEZA, with the written concurrence of the Secretary of Finance, may sell shares representing not more than forty percent (40%) of the capital stock of the GSCSEZA to the general public with such an annual dividend policy as the Board and Secretary of Finance may determine. The National government shall, in no case, own less than sixty percent (60%) of the total issued and outstanding capital stock of GSCSEZA.

All unoccupied government-owned lands as of the creation of General Santos City Economic Zone Port, falling within its jurisdiction, shall also be included as part the equity of the national government in GSCSEZA and may be disposed as part of the equity of the national government in GSCSEZA and may be disposed of by the GSCSEZA; *Provided*, That in case absolute sale or conveyance, the GSCSEZA shall seek the approval of the Office of the president ; *Provided, further*, That all lands owned by GSCSEZA should not be included in the land reform.

Sec 16. Supervision and Coordination of Development Plans. For purpose of policy direction and coordination, the General Santos City Special Economic Zone and Free Port shall be under the direct control and supervision of the Office of the President.

Sec 17. Legal counsel. The provisions of the existing laws, orders or issuances, particularly R.A. 2327, as amended, Executive Order No. 29, series of 1987, and Administrative Order No. 130, series of 1994, to the contrary withstanding, the GSCSEZA shall have its own internal legal counsel completely independent from the Office of the Government Corporate Counsel completely as the legal adviser of GSCSEZA and its subsidiaries and who shall be solely responsible for reviewing contracts entered into by GSCSEZA an its subsidiaries. The internal legal counsel shall

represent GSCSEZA and its subsidiaries in all judicial and administrative proceedings. When the exigencies of its business and operations demand it, the GSCSEZA may engage the services of an outside counsel either on a case to case basis or on a fixed retainer.

Sec 18. Relationship with the Regional Development Council. The GSCSEZA shall determine the development goals for the Zone within the framework of national development plans, policies and goals. The Administrator shall, upon approval by the Board, submit Zone plans, programs and projects to the Regional Development Council for inclusion and input to the overall regional development plan.

Sec 19. Relationship with Local Government Units. Except as herein provided, the local government units comprising the Zone shall retain their basic autonomy and identity. The General Santos City shall operate and function in accordance with Local Government Code of 1991. In case of any conflict between the Authority and the City Government on matters affecting the Zone other than defense and security matters, the parties shall submit the same for resolution of a court of competent jurisdiction.

Sec 20. Auditing. The Commission on Audit shall appoint a representative who shall be a full-time auditor of the GSCSEZA and its subsidiaries if in which it controls a majority of the shares of stock, and assign such number of personnel as may be necessary to assist said representative in the performance of his/her duties. The salaries and emoluments of the assigned auditor and personnel of the Commission on Audit shall be in accordance with pertinent laws, rules and regulations. 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 GSCSEZA.

To ensure the expeditious implementation of the economic policy and purpose embodied in this Act, the Commission on Audit, in cooperation with GSCSEZA, shall formulate special rules on audit, disbursement of funds, bidding, procurement of goods and services, accounting, use of government equipment and resources and the like, towards the aforesaid needs.

Sec 21. Retention of all Earnings. The GSCSEZA shall retain all earnings from all its activities, regulatory or proprietary, and need not remit the same to the National Treasury. Such earnings shall be considered as corporate income which GSCSEZA may invest in its various infrastructure or special projects, and corporate undertakings

Sec 22. Injunctions, restraining Orders and other Interlocutory Orders. The development of the General Santos City Special Economic Zone and Free Port is national government priority and, therefore, no injunctions, restraining orders and other or project undertaken by GSCSEZA may be issued by any court of law or quasi-judicial body except by the Supreme Court of the Philippines.

Sec 23. Interpretation / Construction. The powers, authorities and functions that are vested in the SSEZA are intended to establish decentralization of government functions and authority and promote an efficient and effective working relationship among the Zone, the national government and the local government units.

Sec 24. Implementing Rules and Regulations. The Philippine Economic Zone Authority (PEZA); the Department of Trade and Industry (DTI), Finance (DOF), Foreign Affairs (DFA), Labor and Employment (DOLE), Interior and Local Government (DILG), Agriculture (DA), Agrarian Reform (DAR), Public Work and Highways

(DPWH), Science and Technology (DOST) and Energy (DoE); the Bureau of Immigration; bureau of Customs; National Economic and Development Authority (NEDA); Bangko Sentral ng Pilipinas (BSP), and representative from the technical staff of the Committee in Economic Affairs of both Houses of Congress and other concerned agencies shall formulate the implementing rules and regulations of this Act Within ninety (90) days after its approval. Such rules and regulations shall take effect fifteen (15) days after their publication in a newspaper o general circulation in the Philippines.

Sec 25. Separability Clause. If any provisions of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain force and effect.

Sec 26. Repealing Clause. All law, executive orders or issuance or any parts thereof which are inconsistent herewith are hereby or amended accordingly.

Sec 27. Effectivity Clause . This Act shall take effect upon its publication in at least one (1) newspaper of general circulation.

Approved,