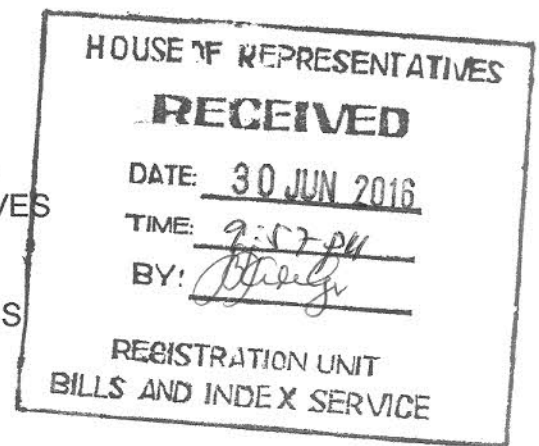


Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
Second  
First Regular Session

HOUSE BILL NO. 595



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Introduced by REP. PROSPERO A. PICHAY, JR.

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### EXPLANATORY NOTE

Central to the government's economic agenda is economic dynamism and competitiveness with increased investments, business opportunities, and job generation. But with competition posed by neighboring countries with lower production costs, especially in the export industry, the journey toward this goal will travel at a slow pace.

For instance, China has been edging its Asian neighbors in enticing foreign investors, particularly for their export industry, due to its increasing number and magnitude of economic zones with low production costs. In so doing, it has been displacing our own export industry thereby causing shrinking businesses and job losses. To gain back a steady footing in the export industry, we need to bring the battle to the countryside where there are lower costs of production and vast natural and human capital. To more effectively achieve this, we need to establish more economic zones in favorable geographic positions such as Surigao del Sur.

Surigao del Sur, being strategically situated along the boarder area, allowing for easy transit of goods, having sufficient road networks and sea and air transportation infrastructure, and being blessed with raw materials and human capital at varying levels of skills and trades, is surely a viable location for a special economic zone.

The proposed Surigao del Sur economic, mining zone and freeport will not only contribute to the development of their province, but also concomitantly contribute to regional and national development as the capital, technological, and knowledge spillovers of the ecozone will filter throughout the country thereby helping attain the government's agenda of economic dynamism and competitiveness.

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

  
PROSPERO A. PICHAY, JR.

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**AN ACT**

**ESTABLISHING THE SURIGAO DEL SUR SPECIAL ECONOMIC, MINING ZONE AND FREE PORT IN THE MUNICIPALITIES OF CARRASCAL, CANTILAN, MADRID, CARMEN, AND LANUZA, PROVINCE OF SURIGAO DEL SUR, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.**

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

**SECTION 1. Short Title.** – This Act shall be known as the “Surigao del Sur Special Economic, Mining Zone and Free Port Act of 2016.”

**SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to actively encourage, promote, induce and accelerate the sound and balanced industrial, economic and social development of the country in order to provide jobs to the people especially those in the rural areas, increase productivity and individual family income, and thereby improve the level and quality of living conditions through the establishment, among others, of special economic zones in suitable and strategic locations in the country and through measures that will attract legitimate and productive foreign investments.

**SEC. 3. Creation of the Surigao del Sur Special Economic, Mining Zone and Free Port Act of 2016.** – In accordance with the foregoing declared policy, there is hereby established a Special Economic Zone and Free Port in the Municipalities of Carrascal, Cantilan, Madrid, Carmen, and Lanuza in the Province of Surigao del Sur to be known as the Surigao del Sur Special Economic Zone and Free Port Act, hereinafter referred to as Surigao del Sur Ecozone. The specific metes and bounds of the Surigao del Sur Special Economic Zone and Free Port Act shall be more particularly defined in a presidential proclamation that shall be issued for this purpose.

**SEC. 4. Governing Principles.** – The Surigao del Sur Special Economic, Mining Zone and Free Port shall be managed and operated by the Surigao del Sur Special

- a. Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the Surigao del Sur Ecozone shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment center with suitable residential areas.
- b. The Surigao del Sur Ecozone shall be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Municipalities of, Carrascal, Cantilan, Madrid, Carmen, and Lanuza and its neighboring towns and cities.
- c. The Surigao del Sur Ecozone may establish a mutually beneficial economic relation with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority (PEZA) and/or the Department of Trade and Industry (DTI), with foreign entities or enterprises.
- d. Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Surigao del Sur Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Surigao del Sur Ecozone.
- e. The Surigao del Sur Ecozone shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into and out of its territory, and shall likewise provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the Surigao del Sur Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Customs and Tariff Code and other relevant tax laws of the Philippines.
- f. The areas comprising the Surigao del Sur Ecozone may be expanded or reduced when necessary. For this purpose, the SDSEZA, in consultation with the local government units, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Surigao del Sur Ecozone for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the Surigao del Sur Ecozone; and (3) the protection of watershed areas and natural assets valuable to the prosperity of the Surigao del Sur Ecozone.
- g. Goods manufactured by a Surigao del Sur Ecozone 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 formulated by the SDSEMZA together with the PEZA, the Bureau of Customs and the DTI. However, in order to protect

