

[PRESIDENTIAL DECREE NO. 66, November 20, 1972]

CREATING THE EXPORT PROCESSING ZONE AUTHORITY AND REVISING REPUBLIC ACT NO. 5490

WHEREAS, pending before Congress prior to the promulgation of Proclamation No. 1081, dated September 21, 1972, was House No. 4317, entitled "An Act to Revise the Charter of the Foreign Trade Zone Authority Created Under Republic Act Numbered Five Thousand Four Hundred and Ninety and For Other Purposes", which I have certified as one of the urgent measures necessitating immediate enactment;

WHEREAS, it is imperative that this measure be immediately made part of the law of the land in order to assure the accelerated development and efficient operation of the export processing zone in Mariveles, Bataan, and such other zones as may be established in the country, and thereby hastening the realization of the objectives of the Government to create a new social and economic order for the national benefit;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers in me vested by the Constitution as Commander-in-Chief of all the Armed Forces of the Philippines, and pursuant to Proclamation No. 1081, dated September 21, 1972, and General Order No. 1, dated September 22, 1972, as amended, do hereby order and decree the following to be the .Revised Charter of the Foreign Trade Zone Authority Created Under Republic Act No. 5490 and as part of the law of the land:

SECTION 1. *Declaration of Policy.* — It is hereby declared to be the policy of the Government to encourage and promote foreign commerce as a means of making the Philippines a center of international trade, of strengthening our export trade and foreign exchange position, of hastening industrialization, of reducing domestic unemployment, and of accelerating the development of the country, by establishing export processing zones in strategic locations in the Philippines.

SEC. 2. *Creation of an Export Processing Zone Authority.* — To carry out the above policy, there is hereby created a body corporate to be known as the Export Processing Zone Authority, hereinafter referred to as Authority, which shall be under the direct .supervision of the Office of the President. The functions of the Authority are hereby declared governmental.

SEC. 3. *Principal Office.* — The Authority shall maintain its principal office in the Greater Manila Area but it may establish branches and agencies within the Philippines as may be necessary for the proper conduct of its business.

SEC. 4. *Purposes and Specific Powers.* — The purposes and specific powers of the Authority are as follows:

- a. To operate, administer and manage the export processing zone established in the Port of Mariveles, Bataan, and such other export processing zones as may be established under this Decree; to construct, acquire, own, lease, operate and maintain infrastructure facilities, factory building, warehouses, dams, reservoir, water distribution, electric light and power system, telecommunications and transportation, or such other facilities and services

necessary or useful in the conduct of commerce or in the attainment of the purposes and objectives of this Decree;

- b. To take water from any public stream, river, creek, lake, spring or waterfall in the Philippines as may be necessary for the attainment of the purposes of this Decree; to alter, straighten, obstruct or increase the flow of water in streams or in water channels intersecting or connecting therewith or contiguous to its works or any part thereof; and to undertake land reclamation;
- c. To acquire and hold agricultural lands in excess of the areas permitted to private corporations or associations by the Constitution;
- d. To determine and regulate the enterprises to be established within an export processing zone in order not to adversely affect the operations of existing domestic industries outside said Zone; to operate such Zone as a public utility wherein all the rates and charges for all services or privileges therein shall be fair and reasonable as determined solely by the Authority, and the Authority shall afford all who may apply for the use of the Zone and its facilities and appurtenances uniform treatment under like conditions subject to such treaties or commercial conventions as are now enforced or may hereafter be made by the Philippines with any foreign government from time to time;
- e. To grant the use or to rent, lease or let, for a consideration and under such terms, arrangements and conditions it may deem reasonable and proper, any and all port facilities, including stevedoring and port terminal services, or any concession properly incident thereto or in connection with the receipt, delivery, shipment and transfer in transit, weighing, marking, tagging, fumigating, refrigerating, icing, storing and handling of goods, wares and merchandise: *Provided*, however, That where the port terminal facilities are owned and operated by private persons, the fees and charges to be levied shall not exceed that being collected by the Government for similar services;
- f. Upon application, to grant such franchise to operate and maintain exclusively within the Zone electric light, heat or power system, transportation, communication, warehousing, ice plant or cold storage; and, under uniform and reasonable rates and regulations made thereunder, permit to persons, firms, corporations or associations the use of the Zone and its facilities, or the privilege to erect such buildings and other structures within the Zone as will meet their particular requirements: *Provided*, That such franchise or permission shall not constitute a vested right as against the Government, nor interfere with or complicate the revocation of the grant: *Provided, further*, That such franchise or permit shall not be granted on terms that conflict with the public use of the Zone, as set forth in this Decree;
- g. To fix, assess and collect storage charges and fees, including rentals for the lease, use or occupancy of lands, buildings, structure, warehouses, facilities and other properties owned and administered by the Authority; and to fix and collect the fees and charges for the issuance of permits, licenses and the rendering of services not enumerated herein, the provisions of law to the contrary notwithstanding;
- h. For the due and effective exercise of the powers conferred by law and to the extend requisite therefor, to exercise exclusive jurisdiction and sole police authority over all areas owned or administered by the Authority. For this purpose, the Authority shall have supervision and control over the bringing in or taking out of the Zone, including the movement therein, of all cargoes, wares, articles, machineries, equipment, supplies or merchandise of every type and description;

- i. When essential to the proper administration of its corporate affairs or when necessary for the proper transaction of its business or for carrying out the purposes of this Decree, to contract indebtedness and issue bonds, subject to the conditions set forth in Section 19 hereof;
- j. To create and operate and/or contract to operate such agencies, functional units, offices and departments of the Authority as it may deem necessary or useful for the furtherance of any of the purposes of this Decree;
- k. To adopt, alter and use a corporate seal which shall be judicially noticed; make contracts, lease, own or otherwise dispose of personal and real property; sue and be sued; and otherwise do and perform any and all things that may be necessary or proper to carry out the purposes of the Authority.

SEC. 5. Capitalization. — The capital of the Authority shall consist of (1) its existing assets and such other properties as may be contributed to the Authority by the Government to form part of capital, (2) all capitalized surplus, and (3) cash contribution by the Government in the amount of two hundred million pesos, which is hereby appropriated out of any fund, in the National Treasury not otherwise appropriated, be they collection from any or all taxes accruing to the general fund or proceeds from loans, the issue of bonds, treasury bills or notes, or derived from any other sources of income, by or of the National Government, which amount shall be programmed and released by the Budget Commission in accordance with the schedule of development and expenditure to be prepared and submitted by the Authority: *Provided, however,* That any budgetary outlay allocated and released in favor of the Export Processing Zone Authority and/or Foreign Trade Zone Authority shall be correspondingly credited to the authorized capitalization herein *provided*.

SEC. 6. Board of Commissioners: — The corporate powers of the Authority shall be vested in and exercised by the Board of Commissioners, hereinafter referred to as the Board, to be composed of seven members to wit: the Deputy Governor of the Central Bank of the Philippines, the Vice-Chairman of the Board of Investments, the Undersecretary of Finance and the Undersecretary of the Department of Trade and Tourism, who shall be ex officio members, and the remaining members shall be appointed by the President with the consent of the Commission on Appointments. The President shall designate from among the members of the Board its Chairman, who shall at the same time be the Administrator of the Authority.

SEC. 7. Qualifications and Disqualifications of Commissioners. — No person shall be appointed as member of the Board unless he is a citizen of the Philippines, of good moral character and unquestionable integrity and responsibility and of recognized competence in any of the fields of finance, economics, law, taxation, commerce, industry, engineering, management or the like.

No member of the Board shall directly or indirectly engage in partisan political activities or practice any profession or business dealing with or related to the exercise of the Authority's functions and powers; and be financially interested, directly or indirectly, in any contract entered into by the Authority.

SEC. 8. Tenure of Office. — Except for the ex officio members, the tenure of office of the other members shall be six years: *Provided,* That the term of office of the first appointees shall be fixed as follows: the Chairman shall be for six years; one member shall be for four years, and the last member shall be for two years: *Provided, finally,* That no vacancy shall be filled except for the unexpired portion of any term.

The Chairman and the members of the Board may be suspended or removed for cause by the President of the Philippines.

SEC. 9. *Meetings and Quorum.* — The Board shall meet regularly once a month and as often as the exigencies of the service demand. The presence of at least four members shall constitute a quorum and the vote of four members shall be necessary for the adoption of any rule, resolution or decision or any other act of the Board.

SEC. 10. *Compensation of Chairman and Members of the Board.* — The Chairman, who is also the Administrator of the Authority, shall receive an annual salary of fifty thousand pesos and a monthly commutable allowance of one thousand pesos. The members of the Board shall receive a *per diem* of not to exceed two hundred pesos for each board meeting actually attended by them: *Provided*, That such *per diems* shall not exceed one thousand pesos during any month for each member: *Provided, further*, That no other allowances or any form of compensation shall be paid them, except actual expenses in traveling to and from their residences to attend board meetings.

SEC. 11. *Powers and Duties of the Board.* — The Board shall have the following powers and duties:

- a. To promulgate policies and to prescribe such rules and regulations as may be necessary to implement the intent and provisions of this Decree, which rules and regulations shall take effect thirty (30) days following their publication in two (2) newspapers of general circulation in the Philippines;
- b. To recommend the establishment of other export processing zones as it may deem advisable, and to recommend to the President the issuance of a proclamation to fix and delimit the site of the zone or zones, which shall at all times remain to be owned by the Authority. The site of the zone or zones, as proclaimed by the President, shall be surveyed by the Bureau of Lands and conveyed thereafter in absolute ownership to the Authority by the President of the Philippines for the nominal sum of one peso for each parcel of land. Upon receipt of said deed of conveyance, the proper Register of Deeds shall register the same and issue the corresponding original certificate of title to the Authority;
- c. To approve the annual budget and such supplemental budgets which may be submitted to it by the Chairman;
- d. Upon the recommendation of the Administrator, to organize, reorganize and determine the Authority's staffing pattern; to fix their salaries and to define their powers and duties;
- e. Notwithstanding the provisions of law, rules and regulations to the contrary, to enter by itself into any contract or agreement as may be necessary for the proper, efficient and stable administration of the Authority and for the attainment of the purposes and objectives of this Decree;
- f. To recommend to the President the application of compulsory arbitration in the settlement of any labor dispute affecting any industry or business located inside the Zone. If in the opinion of the President the labor dispute would seriously impair Zone operation, he shall forthwith certify said labor dispute to the National Labor Relations Commission or the Court of Industrial Relations for immediate compulsory arbitration;
- g. To recommend to the Commissioner of Immigration the entry into the Philippines of foreign nationals for employment as authorized under Section 16

of this Decree;

- h. To render annual reports to the President and such special reports as may be requested; and
- i. Generally, to exercise all the powers necessary or incidental to attain the purposes of this Decree.

SEC. 12. *Administrator and Deputy Administrators; Powers and Duties.* — The Chairman, who is also the Administrator of the Authority, shall be assisted by two Deputy Administrators to be chosen and may be removed by the Board upon the recommendation of the Chairman. The Administrator and the Deputy Administrators shall be required to work full time in the Authority. Such deputies shall perform the duties, functions and responsibilities as may be assigned to them by the Administrator. The annual salary of each deputy shall be thirty thousand pesos with a monthly commutable allowance of five hundred pesos.

The Chairman-Administrator shall have the following powers and duties:

- a. To direct and manage the affairs of the Authority in accordance with the policies of the Board;
- b. To assist registered Zone enterprises and prospective investors to have their papers processed with dispatch by all government offices, agencies, instrumentalities and financial and banking institutions;
- c. To prepare the agenda for the meeting of the Board and submit for its consideration and approval the policies and measures which he deems necessary and proper to carry out the provisions of this Decree;
- d. To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- e. To submit an annual budget and necessary supplemental budgets to the Board for its approval;
- f. To establish the internal organization of the Authority under such conditions that the Board may prescribe: *Provided*, That any major reorganization shall be subject to the approval of the Board; and
- g. To perform such other duties as may be assigned to him by the Board.

SEC. 13. *Non-applicability of the Civil Service Law, and the Regulation of the Wage and Position Classification Office.* — All officials and employees of the Authority shall be selected and appointed on the basis of merit and fitness based on a comprehensive and progressive merit system to be established by the Authority immediately upon its organization and consistent with Civil Service rules and regulations. The recruitment, transfer, promotion, and dismissal of all personnel of the Authority, including temporary workers, shall be governed by such merit system.

Likewise, all personnel of the Authority shall be exempt from the regulations of the Wage and Position Classification Office.

SEC. 14. *Appointment by Board.* — Department heads and similar rank shall be appointed by the Board, upon the recommendation of the Administrator.

SEC. 15. *Appointment by Administrator.* — Employees and officials below the rank of department heads shall be appointed to positions in the approved budget by the Administrator upon written recommendation of the department head concerned using as guide the standards set forth in the Authority's merit system: *Provided*, That the Administrator shall submit a quarterly report to the Board regarding personnel recruitment, placement and training.