

[REPUBLIC ACT NO. 7903, February 23, 1995]

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

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

SECTION 1. *Short Title.* - This Act shall be known as the Zamboanga City Special Economic Zone Act of 1995.

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to encourage and promote the attainment of a sound and balanced industrial, economic and social development in the country through the promotion of private enterprises. Towards this end, the State shall endeavor to establish special economic zones in suitable and selected areas in the country where enterprises will be given incentives to create an environment conducive to business. This shall be the means to attract local and foreign investors, generate employment opportunities, and encourage the regional dispersal of industries.

SEC. 3. *Creation of the Zamboanga City Special Economic Zone.* - In accordance with the foregoing policy and subject to the concurrence of the city government of Zamboanga affected by the zone, there is hereby established a special economic zone in the City of Zamboanga to be known as the Zamboanga City Special Economic Zone, hereinafter referred to as the ZAMBOECOZONE. The specific metes and bounds of the ZAMBOECOZONE shall be more particularly defined in a presidential proclamation that shall be issued for this purpose.

SEC. 4. *Governing Principles.* - The Zamboanga City Special Economic Zone shall be managed and operated under the following principles:

- a. Within the framework and limitations of the Constitution and the applicable provisions of the Local Government Code, the ZAMBOECOZONE shall be developed into a decentralized, self-reliant and self-sustaining agro-industrial, commercial, financial, investment and tourist center and free port with suitable retirement and residential areas. The ZAMBOECOZONE shall be provided with transportation, telecommunications, and other facilities needed to attract legitimate and productive foreign investments, generate linkage industries and employment opportunities for the people of Zamboanga City and its neighboring towns and cities.
- b. The ZAMBOECOZONE may establish mutually beneficial economic relations with other entities within the country, subject to the administrative guidance of the Department of Foreign Affairs and/or the Department of Trade and Industry with foreign entities or enterprises.

- c. Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the ZAMBOECOZONE, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the ZAMBOECOZONE.
- d. The ZAMBOECOZONE shall be managed and operated as a separate customs territory to ensure and facilitate the free flow, entry and movement of machinery and other goods. It shall be vested with the authority to issue certificates of origin for products manufactured or processed in the ZAMBOECOZONE in accordance with prevailing rules of origin, and the pertinent regulations of the duly recognized national bodies tasked to oversee all other ECOZONES in the country.
- e. Business establishments within the ZAMBOECOZONE shall be entitled to the existing fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987, and such incentives, benefits or privileges presently enjoyed by business establishments operating within the Subic special economic zone pursuant to Republic Act No. 7227.
- f. Any provisions of existing laws, rules or regulations to the contrary notwithstanding, no taxes, local and national, shall be imposed on business establishments operating within the ZAMBOECOZONE. In lieu of paying taxes, said business establishments shall pay and remit to the national government two percent (2%) of their gross income. In addition, they shall remit to the city government of Zamboanga three percent (3%) of their gross income, to be allocated as follows:
 - 1. Two percent (2%) to the City of Zamboanga; and
 - 2. One percent (1%) to the barangay special development fund, which is hereby created, for the development and improvement of the barangays within the City of Zamboanga.
- g. Except as otherwise provided herein, the local government unit/s embraced within the ZAMBOECOZONE shall retain and maintain their basic autonomy and identity. Zamboanga City shall operate and function in accordance with Republic Act No. 7160, otherwise known as the Local Government Code of 1991.
- h. Any foreign investor who establishes a business enterprise within the ZAMBOECOZONE and who maintains capital investment of not less than One hundred fifty thousand United States dollars (US\$150,000) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, a permanent resident status within the ZAMBOECOZONE.

Such foreign investor and his or her spouse, dependents and unmarried children below the age of twenty-one (21) years, shall have freedom of ingress and egress to and from the ZAMBOECOZONE without any need of any special authorization from the Bureau of Immigration and Deportation.

Likewise, the Zamboanga City Special Economic Zone Authority shall issue working visas renewable every two (2) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, as

certified by the Department of Labor and Employment.

The names of the foreigners granted permanent resident status and working visas by the Zamboanga City Special Economic Zone Authority shall be reported to the Bureau of Immigration and Deportation within thirty (30) days from such grant.

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 .

- i. (i) The provisions of any law to the contrary notwithstanding, any foreigner, partnership, corporation, or any other business association not created and existing under the laws of the Republic of the Philippines, engaged in the business of retailing goods and merchandise, shall be permitted to engage in such retail trade within the ZAMBOECOZONE after securing license for that purpose from the Zamboanga City Special Economic Zone Authority. *Provided*, That only foreign nationals engaged in medium- and large-scale retail trade may be permitted to engage in such business within the ZAMBOECOZONE. The determination of the medium- and large-scale retail trade operation shall be the responsibility of the ZAMBOECOZONE Authority.
- j. (j) Existing banking laws and *Bangko Sentral ng Pilipinas* (BSP) rules and regulations shall apply on foreign exchange and other current account transactions (trade and non-trade), local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP .

SEC. 5. *Creation of the Zamboanga City Special Economic Zone Authority.* - Subject to the concurrence of the local government units that will be affected by the creation of the ZAMBOECOZONE, there is hereby created a body corporate to be known as the Zamboanga City Special Economic Zone Authority, hereinafter referred to as the ZAMBOECOZONE Authority, which shall manage and operate the ZAMBOECOZONE, in accordance with this Act. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

SEC. 6. *Principal Office.* - The ZAMBOECOZONE Authority shall maintain its principal office in the City of Zamboanga, but it may establish branches and agencies within the Philippines and abroad as may be necessary for the proper conduct of its business.

SEC. 7. *Powers and Functions of the ZAMBOECOZONE Authority.* - The ZAMBOECOZONE Authority shall have the following functions :

- a. To operate, administer, and manage the ZAMBOECOZONE according to the principles and provisions set forth in this Act;
- b. To recommend to the President the issuance of a proclamation to fix and delimit the site of the ZAMBOECOZONE;
- c. To register, regulate and supervise the enterprises in the ZAMBOECOZONE in an efficient and decentralized manner;
- d. To regulate and undertake the establishment, operation and maintenance of utilities, other services and infrastructure in the ZAMBOECOZONE such as heat,