



LEGISLATIVE RESEARCH SERVICE QUICK NOTES

Second Regular Session, 19th Congress

Public Hearing of the Senate Committee on Economic Affairs joint with the Committees on Local Government; and Finance

Chairperson: Sen. Grace Poe

14 May 2024, Tuesday, 10:30 AM, Tolentino and Quezon Rooms, Senate

Re: Strengthening the Powers and Functions of the Authority of the Freeport of Area of Bataan

- **S. No. 2282—Sen. Joel Villanueva**
- **H. No. 8001—Reps. Albert S. Garcia, Maria Angela S. Garcia, Gerardo P. Valmayor, et al.**

Background

- Republic Act No. 9728, known as the Freeport Area of Bataan (FAB) Act of 2009, was first amended by Republic Act No. 11453 in 2019. These amendments enhanced the autonomy of the Authority of the Freeport Area of Bataan (AFAB) and expanded its list of investments to include future technologies such as blockchain, artificial intelligence, and virtual reality.
- Senate Bill No. 2282 proposes granting the AFAB exclusive rights to manage and operate all activities, both economic and non-economic, within the freeport economic zone.
- The corresponding bill in the House of Representatives, House Bill No. 8001, passed on Third Reading on May 23, 2023.

Highlights

- In gist, AFAB is authorized to perform the following:
 - ⇒ to sell lands declared alienable or disposable, provided that no sale of such lands will be undertaken until a development plan is submitted and duly approved by the AFAB Board of Directors in accordance with the FAB comprehensive master development plan;
 - ⇒ to exercise the power of eminent domain for public use and public purpose over any privately-owned property located within the FAB main zone and such other areas within the province of Bataan;
 - ⇒ to reclaim and develop, and undertake and approve reclamation and related projects as well as own, hold, purchase, or lease foreshore areas;

- ⇒ to take water, sand, and other materials from any public stream, river, creek, lake, spring, waterfall, or underground aquifers, as may be necessary for the attainment of this proposed measure;
 - ⇒ to exercise sole and exclusive port regulatory and administrative authority within its territorial jurisdiction, and undertake, on its own or through others, regulate, and administer yacht clubs or yacht development, among others; and
 - ⇒ to host, facilitate, give incentives to, and regulate new, emerging and future technologies in the FAB, subject to applicable laws, rules, and regulations.
- Other features of the bill include increase in capitalization stock to be contributed by the government from P2 billion to P5 billion; granting of an investor visa to a foreign national who puts US\$75,000 (either in cash or equipment directly to AFAB or in a registered enterprise); and authorizing AFAB to have its own internal police force, firefighters, and a Disaster Risk Reduction Management office to ensure public safety and security within its zone.

Possible Points for Discussion

- Status/performance of AFAB as economic zone (foregone revenue (income tax holiday and other perks/exemptions vs. economic gains). How much is/What is the percentage of contribution of special economic zones to the economy in terms of export, revenue, and job generation? For example, for every foregone P1.00 (because of income tax holiday and other perks), how much does the government gain economically? Does the government gain at all?
- Potential and competitive edge of FAB as investment destination (in light of Bataan-Cavite Interlink Bridge and other infrastructure project, and the Bulacan Airport); and potential economic gains from future technologies (blockchain, artificial technology, internet of things, virtual reality, among others) as locators and ancillary activities.
- Any implications on the local government units with jurisdiction on FAB -
 - ⇒ once AFAB is granted the sole and exclusive management and operation of the economic zone, and
 - ⇒ proposed added clause under Sec. 26 (interpretation/construction), which states, to wit: "...in case of any conflict between the AFAB and the LGUs on matters affecting the FAB, other than defense and security matters, the decision of the AFAB shall prevail. "