

Republic of the Philippines
PHILIPPINE ECONOMIC ZONE AUTHORITY
Roxas Boulevard corner San Luis Street
Pasay City

CERTIFICATE OF BOARD RESOLUTION

This is to certify that at the Board Meeting of the Philippine Economic Zone Authority (PEZA) held on **16 May 2007**, during which a quorum was present, the following resolution was approved:

RESOLUTION NO. 07-232

RESOLVED, That the PEZA Board hereby **APPROVES** the herein proposed Guidelines for the Registration and Administration of Incentives to Agro-Industrial Economic Zone Developers/Operators and Locators under Republic Act No. 7916, as amended, as follows:

I. POLICY

It is the policy of the government to accelerate agro-industrial development by establishing, among others, agro-industrial estates/zones in selected areas in the countryside with the active participation of the private sector. Toward this end, the private sector shall play a major role in the establishment of agro-industrial economic zones by providing and developing such areas to spur agro-industrial development.

II. OBJECTIVES

It shall be the objective of the agro-industrial economic zones to:

1. Open opportunities for farmers to increase their income and improve their quality of life;
2. Help farmers gain access to modern farm technology resulting from the activities of registered agro-industrial ecozone export enterprises and agro-industrial ecozone enterprises.
3. Serve as locations for operations of agro-industrial enterprises in order to accelerate the growth and development of the Philippine agro-industrial sector;
4. Promote and support the national biofuel program of the government to lessen the country's dependence on imported fuel;
5. Promote linkages thru the production of high value-added and better quality agricultural and marine products geared primarily for the export market;
6. Increase the agro-industrial share in export earnings and employment;
7. Encourage the private sector to participate more actively in agro-industrial development; and
8. Accelerate agri-business development in the countryside;

In this connection, PEZA shall implement the following guidelines on the registration of Agro-Industrial Enterprises and Agro-Industrial Economic Zones, in order to avail of incentives provided for under Republic Act No. 7916 (The Special Economic Zone Act of 1995), as amended by Republic Act No. 8748.

III. DEFINITION OF TERMS

"Agro-Industrial estate" refers to a tract of land developed according to a comprehensive plan under a unified continuous management and with provisions for basic infrastructure, utilities and facilities that would include waste water treatment for the use of agro-based industries.

"Agro-Industrial Economic Zone" shall refer to a selected area with highly developed or which have the potential to be developed into agro-industrial estate whose metes and bounds are fixed or delimited by Presidential Proclamation. The agro-industrial economic zone shall be planned and designed to have support facilities and services required for processing and agro-based manufacturing activities, utilizing local agricultural and marine products as basic raw materials (e.g., post-harvest treatment, packaging, printing, cold storage, blast freezing, by-product and waste management and other facilities and services). Similar agricultural products may be brought into the zone to be stored, sold, exhibited, broken up, repacked, distributed, sorted, graded, cleaned, mixed with foreign or domestic merchandise, or otherwise manipulated or manufactured and exported.

"Agro-Industrial Ecozone Developer/Operator" refers to a business entity or concern duly registered with PEZA to develop, operate and maintain an agro-industrial economic zone and provide the required infrastructure facilities and utilities such as power and water supply and distribution system, sewerage and drainage system, waste management system, pollution control devices, communication facilities and other facilities as may be required for an agro-industrial economic zone.

- **"Agro-Industrial Ecozone Export Enterprise"** refers to an individual, association, partnership, corporation or other form of business organization which has been registered with PEZA to engage in the processing and/or manufacturing activity of agricultural products and resulting in the exportation of its production.

"Agro-Industrial Ecozone Enterprise" refers to an individual, association, partnership, corporation or other form of business organization which has been registered with PEZA to engage in specialized manufacturing activity of agricultural crops and eventual commercial processing which shall result in the production of clean energy such as bio-fuels and the like.

- **"Biofuel"** shall refer to bioethanol and biodeisel and other fuels made from biomass and primarily used for automotive, thermal and power generation with quality specifications in accordance with the Philippine National standards.

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"Processing" shall mean the conversion of any agricultural and marine products from its raw state into intermediate or final product which undergo physical and/or chemical change through mechanical and/or chemical processes.

IV. COVERAGE

These Guidelines shall cover the PEZA registration and the grant of fiscal and non-fiscal incentives to Agro-Industrial Economic Zone Developer/Operators and Agro-Industrial Economic Zone Enterprises, as provided under R.A. No. 7916, as amended.

1. Location

PEZA-registered Agro-Industrial Economic Zones shall be located in priority areas outside of the National Capital Region (NCR), identified by the Department of Agriculture (DA) and/or the Bureau of Fisheries and Aquatic Resources (BFAR), which are suitable for the processing of agricultural and aquatic products, consistent with the Agriculture and Fisheries Modernization Act.

2. Landholding Rights

A PEZA-registered Agro-Industrial Economic Zone Developer/Operator shall have proof of ownership or right/authority to use the land subject of the Agro-Industrial Economic Zone and shall be responsible for the management and operation of such Agro-Industrial Economic Zone. An Agro-Industrial Economic Zone may serve as location for Filipino, foreign and/or joint venture enterprises engaged in Agro-processing and related activities, registered or given locational clearance by PEZA. Location of an enterprise/establishment in an Agro-Industrial Economic Zone, therefore, shall not automatically entitle the enterprise to avail of incentives provided under R.A. No. 7916, as amended.

3. Area

Agro-Industrial Estate to be developed into an Agro-Industrial Economic Zone shall have a minimum area of five (5) hectares.

4. Registrable Activities and Fiscal Incentives

The "National list" of the 2006 Investment Priorities Plan (IPP) on activities registrable with the Board of Investments to avail of incentives includes commercial production and commercial processing of agricultural and fishery products including their by-products and wastes, under the category of "Preferred Activities".



The following enterprises, activities and facilities, may be considered for PEZA-registration to avail of fiscal and non-fiscal incentives provided for under R.A. No. 7916, as amended:

- a. Agro-Industrial Ecozone Developer/Operator shall be entitled to the special 5% tax on gross income earned, in lieu of all national and local taxes, except real property taxes on land owned by the developer/operator (5% GIT incentive).
- b. The PEZA-registered Agro-Industrial Ecozone Export Enterprises and Agro-Industrial Ecozone Enterprises shall be engaged in any of the following types of activities:
 1. Import-substituting commercial production and processing of agricultural crops for bio-fuel (such as but not limited to coconut, jathropa, sugarcane, cassava, corn and sweet sorghum).
 2. Processing/Manufacturing for export of agricultural and marine products (livestock and poultry, fruits and vegetables, aquaculture products).
 3. Integrated livestock, poultry and related projects involving primary production up to processing and export of final product.
 4. Production of agricultural inputs such as feeds, veterinary drugs and vaccines, fertilizers, and agri-chemicals for export.
 5. Projects involving the processing of agricultural waste materials into a commercially valuable product for export.
 6. Bio-technology products using agricultural products as inputs or to be used as inputs for agricultural production.

Support services such as cold storages and warehouses, and other facilities that shall service primarily PEZA-registered Agro-Industrial Export Enterprises may be registered as Economic Zone Facilities Enterprise.

PEZA-registered Agro-Industrial Ecozone Export Enterprises and Agro-Industrial Ecozone Enterprises shall be entitled to the following incentives:

1. Four (4) years Income Tax Holiday;
2. Special 5% tax on gross income in lieu of all national and local taxes after the ITH period;
3. Tax and duty free importation of production equipment and machineries, breeding stocks, farm implements including spare parts and supplies of the equipment and machineries;
4. Exemption from export taxes, wharfage dues, impost and fees;

5. Exemption of payment of local government fees such as Mayor's Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Certificate Fee, Sanitary Inspection Fee, and Garbage Fee;
6. Zero Value Added Tax (VAT) rate on local purchases to include telecommunications, power, and water bills;
7. Special Investor's visa;
8. Employment of foreign nationals; and
9. Simplified import and export procedures.

All PEZA-registered Agro-Industrial Ecozone Developers/Operators and locator enterprises shall conform to the development guidelines and operating standards of the Department of Agriculture (DA), Bureau of Fisheries and Aquatic Resources (BFAR) the Department of Environment and Natural Resources (DENR), Land Use and Zoning regulations, as well as the policies and guidelines of other concerned government agencies.

V. DOCUMENTARY REQUIREMENTS FOR PEZA-REGISTRATION OF PROPOSED AGRO-INDUSTRIAL ECONOMIC ZONES AND LOCATOR ENTERPRISES.

Applications for PEZA-registration of proposed Agro-Industrial Economic zone shall be submitted with the following documentary requirements:

1. Favorable endorsement from the Department of Agriculture;
2. Notarized PEZA Application Form and Anti-graft Certificate;
3. Board Resolution authorizing the filing of the application with PEZA and designating representative(s) authorized to transact registration with PEZA;
4. Securities and Exchange Commission (SEC) Registration including Articles of Incorporation and By-Laws;
5. Proof of ownership of or right to use the land subject of the proposed Agro-Industrial Economic Zone;
6. Foreshore Lease Agreement from the Department of Environment and Natural Resources (DENR), if applicable;
7. Certification from the Housing and Land Use Regulatory Board (HLURB) specifying that the proposed land use is in accordance with the land use plan duly approved by the Legislative Council (Sangguniang) of the host City/Municipality);
8. Environmental Compliance Certificate (ECC) issued by the Environmental Management Bureau/Department of Environment and Natural Resources (EMB-DENR);


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9. National Water Resource Board (NWRB) Certification that the identified source of water shall not cause water supply problem for the adjacent communities;
10. Endorsement by the concerned Local Government Units (LGUs);
11. Site Development Plan; and
12. Technical Description of the area(s) sought to be proclaimed as an Agro-Industrial Economic Zone including survey returns duly approved and verified by the Land Management Bureau of the DENR.

Applications for PEZA-registration of Agro-Industrial Ecozone Export / Ecozone Enterprises shall be submitted with the following documentary requirements:

1. Favorable endorsement from the Department of Agriculture;
2. Duly accomplished PEZA Application Form;
3. Board Resolution authorizing the filing of the application with PEZA and designating representative(s) authorized to transact registration with PEZA;
4. Securities and Exchange Commission (SEC) Registration including Articles of Incorporation and By-Laws;
5. Corporate Profile (including that of the parent company, if applicable);
 - a. Brief history of the company;
 - b. Principal Officers and Bio-Data;
 - c. List of affiliated companies in the Philippines;
 - d. Audited Financial Statements (for the latest three years for existing companies); and
 - e. Existing business activities and projects.
6. Environmental Compliance Certificate (ECC) issued by the Environmental Management Bureau/Department of Environment and Natural Resources (EMB-DENR);
7. Endorsement by the concerned Local Government Units (LGUs), if existing project;
8. Proof of land ownership or any document confirming the applicant's authority to use the land subject of this application; and
9. Vicinity map showing the location of operation within the economic zone.

RESOLVED FURTHER, That the Guidelines shall take effect fifteen (15) days following the publication once in a newspaper of general circulation.



JENNY JUNE G. ROMERO
Acting Corporate Secretary

