

# MEMORANDUM OF AGREEMENT

KNOW ALL MEN THAT THESE PRESENTS :

This MEMORANDUM OF AGREEMENT, made and entered into at Metro Manila, Philippines, this 7<sup>th</sup> day of October 2002 by and between:

The DEPARTMENT OF TOURISM (DOT) herein represented by its Secretary, RICHARD J. GORDON, with principal office at Department of Tourism Building, T. M. Kalaw Street, Rizal Park, Manila, hereinafter referred to as "DOT"

-and-

The PHILIPPINE ECONOMIC ZONE AUTHORITY herein represented by its Director General, LILIA B. DE LIMA, with principal office at Roxas Boulevard corner San Luis Street, Pasay City, hereinafter referred to as "PEZA"

### WITNESSETH THAT :

**W** HEREAS, the DOT is the agency primarily responsible for the development of the tourism industry in the country, and as such, is tasked to implement the laws covering tourism investments and incentives provided under Executive Order Nos. 63 and 226, and Republic Act Nos. 7042 and 7718 (BOT Law) as amended;

**W** HEREAS, the PEZA is mandated by Republic Act No. 7916, otherwise known as the Special Economic Zone Act of 1995, as amended, to contribute to the accelerated achievement of a sound and balanced industrial, economic and social development of the country, by encouraging and supporting the establishment and operation of viable, world-class and environment friendly economic zones in suitable and strategic locations, particularly in the countryside, as well as, by attracting Filipino and foreign investors to set up business operations in such economic zones;

**W** HEREAS, "special economic zones" as defined under Section 4(a) of R.A. No. 7916 are selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and financial centers;

**W** HEREAS, the DOT and PEZA recognize the urgent need for cooperative effort in promoting and supporting investments to tourism-oriented

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activities/enterprises, through, among others, the granting of fiscal and non-fiscal incentives;

NOW, THEREFORE, for and in consideration of the foregoing premises, the DOT and PEZA, hereto have agreed on the following:

**Section 1. Grant of Special Economic Zone Status to Tourism Development Zones/Tourism Estates**

Pursuant to R.A. No. 7916, as amended by R.A. No. 8748, and its Implementing Rules and Regulations, tourism development zones/tourism estates may be granted Special Economic Zone status, upon registration with PEZA and subject to the issuance of the required Presidential Proclamation, provided that PEZA shall consider only proposed tourism development zones/tourism estates endorsed by the DOT, consistent with the implementation of the Department's Tourism Master Plans.

**Section 2. Grant of Fiscal and Non Fiscal Incentives to Tourist-Oriented Enterprises Locating in Tourism Development Zones/Tourism Estates with Special Economic Zone Status**

The PEZA shall consider for registration, for the granting of fiscal and non-fiscal incentives provided under R.A. No. 7916, as amended, and its Implementing Rules and Regulations, tourist-oriented enterprises to be located inside PEZA-registered tourism development zones/tourism estates, which are endorsed by the DOT as enterprises that will be established and operated with foreign tourists as primary clientele. In this connection, the DOT and PEZA shall identify and prepare the list of tourism-oriented activities and/or types of establishments which will be eligible for PEZA-registration for availment of incentives, including the corresponding minimum qualifying criteria and operating standards for registration and the corresponding fiscal and non-fiscal incentives to be granted to PEZA-registered enterprises involved in such registrable activities. The DOT and PEZA shall, subsequently, sign a Supplementary Agreement to incorporate said List as part of this Memorandum of Agreement.

**Section 3. Administration of Incentives and Monitoring of Performance of Registered Developers of Tourism Development Zones/Tourism Estates and Locator Enterprises**

The DOT shall be responsible for monitoring compliance of registered developers of tourism development zones/tourism estates and locator enterprises in accordance with agreed tourism-related operating standards and shall recommend to PEZA suspension of the grant of incentives to or cancellation of registration of registered developers or locator enterprises not complying with tourism-related operating standards.

The PEZA shall be responsible for the administration of incentives and monitoring compliance of registered developers of tourism development zones/tourism estates and

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locator enterprises with other terms and conditions specified in their Registration Agreements and shall, after consultation with the DOT, suspend the grant of incentives or cancel registration of registered developers or locator enterprises not complying with the non-tourism related terms and conditions provided in the Registration Agreements of registered developers of tourism development zones/tourism estates and locator enterprises.

**Section 4. DOT Participation in PEZA Board Consideration of Applications for Registration of Proposed Tourism Development Zones/Tourism Estates and/or Locator Enterprises and Tourism Related Issues and Concerns**

PEZA shall invite the DOT to send its representatives, to participate as resource persons in meetings of the PEZA Board, wherein applications for registration of proposed tourism development zones/tourism estates and/or locator enterprises and/or tourism related issues and concerns are included in the agenda for discussion.

**Section 5. Amendments to the Memorandum of Agreement**

This Memorandum of Agreement may be amended by mutual agreement of the DOT and PEZA.

**Section 6. Effectivity**

This Memorandum of Agreement shall take effect immediately upon signing by the Contracting Parties.

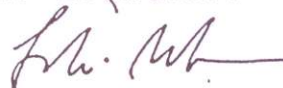
IN WITNESS WHEREOF, we have hereunto set our hands this 7<sup>th</sup> day of October 2002 in the City of Manila

DEPARTMENT OF TOURISM



RICHARD J. GORDON  
Secretary

PHILIPPINE ECONOMIC  
ZONE AUTHORITY



LILIA B. DE LIMA  
Director General

SIGNED IN THE PRESENCE OF :

