Presentation by Economy Under Review – Brunei Darussalam

Purpose: Consideration
Submitted by: APEC Secretariat
Overview

a. policy statement
b. macroeconomic background
c. towards Bogor Goals
d. Wawasan Brunei 2035
e. conclusion
Policy Statement

our trade and investment policy has been continually focused on...

- support for **rules-based multilateral trading system**
- support for **open regionalism**
- support for **open investment regime**

Macroeconomic Background (1)

- Open economy
  - Trade to GDP ratio (2006-2008): 83.5
- Economy centred around oil and gas: 69% of GDP (chart), 95% of revenues, 74% of inward FDI, 96% of total exports. (2007)
Macroeconomic Background (2)

**Stable economic environment...**

<table>
<thead>
<tr>
<th>Year</th>
<th>Real GDP Growth (%)</th>
<th>Inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>0.5</td>
<td>0.9</td>
</tr>
<tr>
<td>2005</td>
<td>0.4</td>
<td>1.1</td>
</tr>
<tr>
<td>2006</td>
<td>4.4</td>
<td>0.2</td>
</tr>
<tr>
<td>2007</td>
<td>0.6</td>
<td>0.3</td>
</tr>
<tr>
<td>2008</td>
<td>0.4(f)</td>
<td>2.3*</td>
</tr>
</tbody>
</table>

(f) - forecast  
* - first 6 months

**Strong fiscal position...**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Surplus (% of GDP)</th>
</tr>
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<tbody>
<tr>
<td>2004/5</td>
<td>11.3</td>
</tr>
<tr>
<td>2005/6</td>
<td>21.1</td>
</tr>
<tr>
<td>2006/7</td>
<td>21.3</td>
</tr>
<tr>
<td>2007/8</td>
<td>20.4</td>
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Towards Bogor Goals

Since 2004/5, progress in these key areas:

- Tariffs and Non-Tariff Measures
- Services
- Investment
- Standards
- Customs Procedures
- Intellectual Property Rights
- Regulatory Review
- Sustainable Development
### Tariffs

<table>
<thead>
<tr>
<th></th>
<th>2004-2007</th>
<th>2008</th>
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<tbody>
<tr>
<td>Simple average</td>
<td>4.8%</td>
<td>3.6%</td>
</tr>
<tr>
<td>applied MFN tariffs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duty-free concessions</td>
<td>68.1%</td>
<td>74.7%</td>
</tr>
</tbody>
</table>

**On 1st January 2008...**

Import duties on 712 lines unilaterally eliminated

### Tariffs & Non-Tariff Measures

Against the backdrop of current economic downturn...

- **raise tariffs**
- **introduce new NTMs**
Services (1)

- **Telecommunications**
  - Entry of a new service supplier into mobile telephony market.
  - Achieved fixed-line telephony penetration rate of almost 100%; mobile telephony penetration rate at 101.8%.
  - Ranked 30th in the world in fixed-line telephony, mobile telephony and internet users per 1,000 people, according to *World Development Report*.

Services (2)

- **Financial Services**
  - Continued strengthening of regulatory and supervisory framework;
    - enactment of five (5) legislations since 2005.
  - Development of domestic capital market;
    - First issuance of short-term government *Sukuk al-Ijarah* securities in April 2006; to date, 23 issuances with a combined value of over BND 1.3 billion.
Investment (1)

- Enhancing investment climate;
  - Since 2004, six (6) DTAs signed; four (4) more BITs added during this period.

Investment (2)

- First major investment in SPARK – in 2007, a USD 450 million Methanol Plant to be developed by the Brunei Methanol Company. To be operational by 2010.
Investment (3)

Pulau Muara Besar (PMB)

- In 2008, a consortium to develop an integrated master plan was appointed; similarly the appointment of a port operator for the container port that is to be developed.

Investment (4)

Diversification into other ‘niche’ sectors:
- **Building on Brunei’s Biodiversity**: Tourism, Aquaculture, Agriculture.
- **Leveraging on the Islamic brand**: Brunei Halal Brand, Islamic Banking.
- **Building on Long-Term Capabilities**: Waste Management, Education, ICT.
Investment (5)

• Oil and Gas Sector
  o Maintains a transparent and open investment regime; open bidding and tender process for upstream activities.

Customs Procedures

• Launching of e-Customs System in February 2009

• Towards implementation of a National Single Window in conjunction with ASEAN Single Window
**Intellectual Property Rights**

- Sustained efforts to align national legislation with international standards through participation in international and regional agreements.
- Enforcement of IPR requires presence of copyright holders/representatives to lodge complaints in country.
- Police have *ex-officio* powers to take action; Customs responsible for border measures control.

**Standards**

- Formation of National Standards Centre (NSC)
  - Facilitate local entrepreneurs to develop products in line with global standards
Regulatory Review

- Creation of a statutory regulatory body in the telecommunications sector in 2006.

- Streamlining administrative procedures: Transfer of authority under the Broadcasting Act from Prime Minister’s Office to Ministry of Communications in 2008.

Sustainable Development

- Environment
  - Sustainable logging policy; promotion of biological diversity; CITES legislation to prevent illegal trade of endangered species.

- Energy Security
  - Promotion of energy efficiency and conservation practices;
  - Solar power as an alternative source of energy.
Wawasan Brunei 2035

- Key to ensuring continuing progress in future development of Brunei.
- Complements Bogor Goals.

*Elaborated through 50 policy directions as outlined in the first out of three 10-years “Outline of Strategies and Policy Directions (OSPD 2007-2012)”
* As a guide to policy makers and implementers of development programs and projects
Conclusion

- Brunei is committed, and on track, towards achieving Bogor Goals, by 2020 target.

Thank You

Ministry of Foreign Affairs and Trade
on behalf of
Brunei Darussalam