

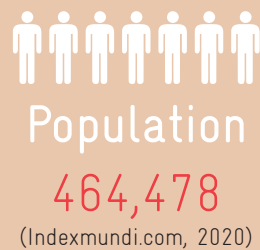
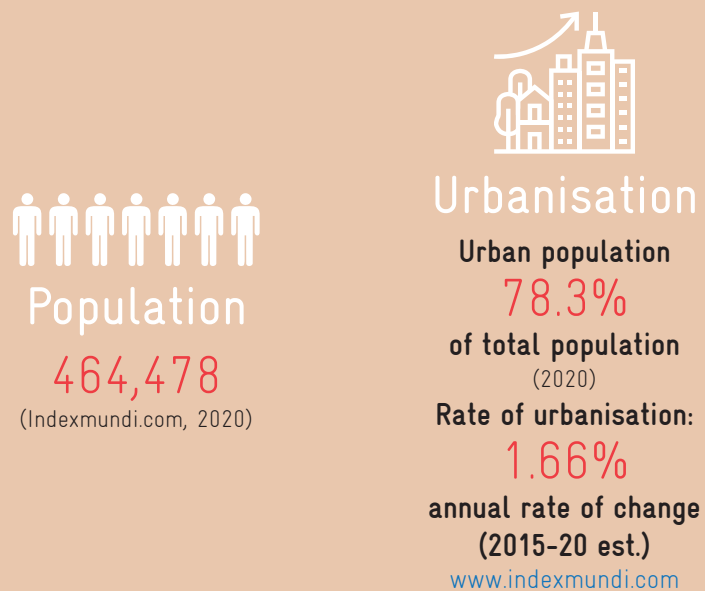
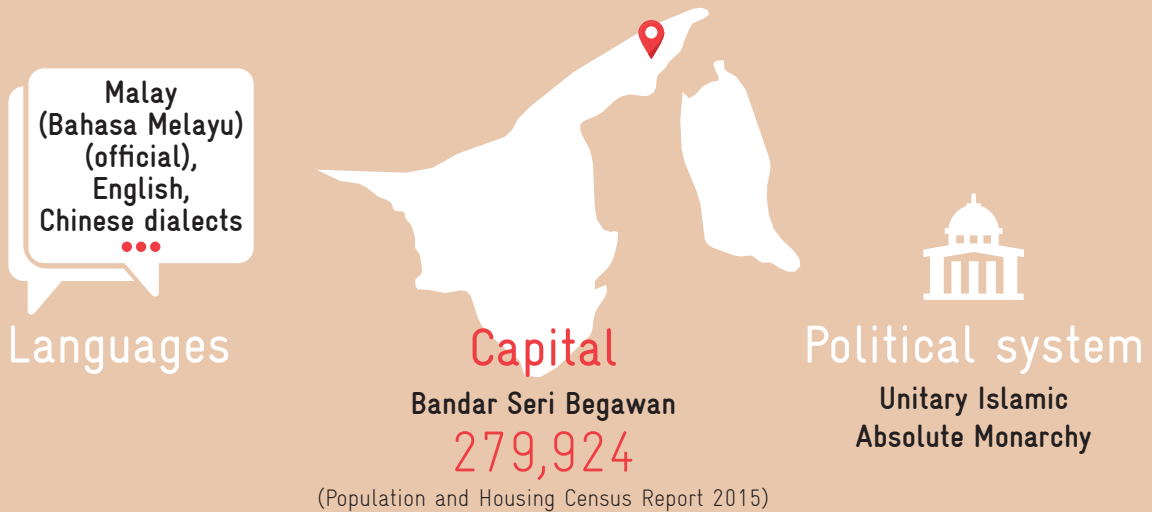


COUNTRY PROFILE

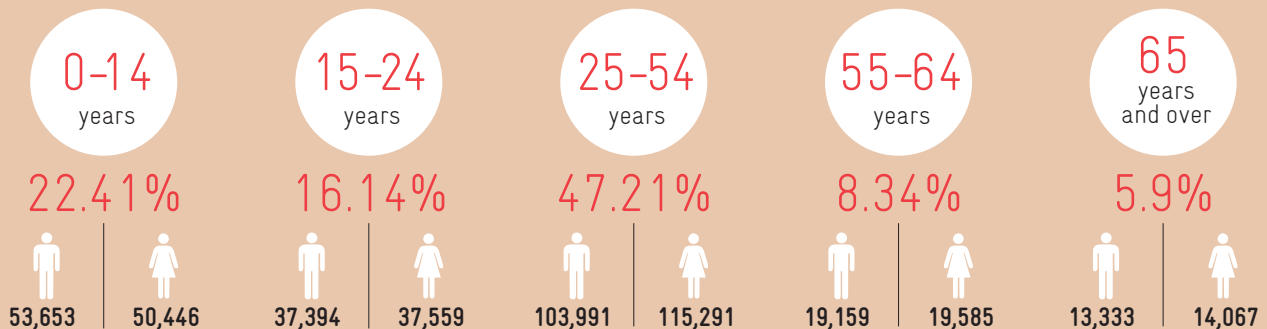
# BRUNEI DARUSSALAM



# BRUNEI DARUSSALAM – Basic Facts



## Age structure



[www.indexmundi.com](http://www.indexmundi.com) (2020 est.)

Reference: The World Factbook, 2020 (<https://www.cia.gov/library/publications/the-world-factbook/geos/bx.html>)



## Number of registered SMEs and numbers employed in relation to the total number of registered companies

Partly due to the size of the country and the domination of the oil and gas industry, there has been little focus on SMEs in the country until quite recently. In March 2008, a definition was made under the Commonwealth Secretariat Final Report on Marketing Services for Brunei Darussalam Small and Medium Enterprises (SMEs) that SMEs can be defined as having between 1-100 employees. The group is further split as follows:



In recent years, there has been an increased growth in SMEs and people working in the private sector, although the country is still heavily dominated by public companies in the oil and gas sector.

Size of company	No. of companies	% of companies	No. of employees	% of employment
Micro	4,867	52.32%		
Small	4,077	43.82%	111,464	59.6%
Medium	207	2.23%		
Large	151	1.63%	75,422	40.4%
<b>Total</b>	<b>9,302</b>	<b>100%</b>	<b>186,886</b>	<b>100%</b>

Figures from: "A Survey Research Project on "Small and Medium Enterprises Development Policies of 4 ASEAN Countries" - Japan Overseas Development Corporation 2011 and Brunei Labour Force Survey 2017, Department of Statistics, Department of Economic Planning and Development: read here.



## Overview



Often overlooked due to its small size, Brunei is a sultanate comprised of two enclaves surrounded by the Malaysian state of Sarawak, on the northern coast of Borneo in South East Asia. Sultan Hassanal Bolkiah, is not only the sultan and religious leader, but serves as his own prime minister, minister of defence, foreign minister, and minister of finance, advised by several councils, which he appoints. The country has no central Bank but operates a currency board system with the Brunei Dollar (BS) pegged to the Singapore Dollar, and both being accepted across the two countries.

For many years, the country has benefited from large oil and gas deposits, which have traditionally generated over 50% of GDP, 90% of government revenue and 90% of exports, although generate relatively few jobs. Due to the reliance on the fossil fuel sector, the economy has been affected by lower global oil prices. Most of the population works for the public sector, and unemployment has hovered around 10% for many years. Conversely, the population enjoys free education and healthcare with a very good GDP per capital of over US\$ 30,000 in 2019, and a massive US\$ 83,777 in terms of purchasing price parity, making the country the fourth richest in the world.

Despite the COVID-19 pandemic, the Brunei government still expects to project positive growth of its economy this year in 2020, although the IMF has reduced its projected growth rate from 4.7% to 1.3%, reflecting the reduced demand for oil and gas. Compared with most countries, Brunei is not showing significant economic impact, although statistics are uncertain. (University of Brunei Darussalam, 2020)





## Opportunities and challenges

To reduce the reliance on the oil and gas sector and to create more job opportunities for Brunei citizens, the government wants to diversify the economy to a range of new areas, which can give new business opportunities.

These include for example **food and food ingredients**, where the government is particularly interested in manufacturers working with key raw materials such as sugar and cocoa, which can be drawn in from the rest of Borneo. The poultry sector provides opportunities for sales of technologies for integration along the value chain including modern breeding systems, hatcheries and production farms, and related goods and services such as feed milling, egg-processing, veterinary products, and services and so on.

A common theme in the food sector is the Brunei Halal project, which was launched in 2009, aiming to turn the country into one of the leading regions in Halal food production and certification, able to service neighbouring markets. Brunei currently imports ca. 60% of its food, with 75% coming from other ASEAN regions.

Since Halal is so central an issue, it is no surprise that **seafood** is another large potential market. Per capital fish consumption is 47kg/p.a. of which 50% is imported. The market is open both to import of fish and food products, as well as technology to improve the fishing industry, and processing of fish products. The government has allocated grants to encourage new foreign participants in the fishing sector, along the entire value chain from the boats themselves, through to fish processing. Aquaculture alone, is one of the fastest developing areas with a market expected to be around B\$200 million (US\$ 145 million) by the year 2023.

Another focus is on **pharmaceuticals**, where the country has developed its own guidelines and standards for halal pharmaceutical products which can allow it to become a leader in this industry. Brunei has a number of grants for research activities within the food and pharmaceutical sectors, which are also open to foreign companies. The focus on halal has now been extended to cover **cosmetics** and make up too.

Brunei has identified **ICT** as one of the key priorities for sustainable development and is an attractive location for data centres and disaster recovery centres, as it has competitive prices for power, and is not subject to natural disaster. Equally importantly, the country has a very large bandwidth, operating at only 20% of the current SEA-ME-WE3 capacity, with modern telecommunications infrastructure and international submarine cables ensuring stable and fast network access. To enhance further international connections, the country is a significant investor in the Asia America Gateway submarine cable system, which gives direct access to the USA and other Asian neighbours and the South-East Asia Japan Cable (SJC), which opened in 2013.

By far the largest industry in Brunei is of course the **oil and gas industry**. While the industry is dominated by the state and large multinational businesses, there may be downstream opportunities for SMEs. The country has a Japanese joint-venture methanol plant, with a production capacity of 850,000 metric tonnes of methanol per year, supported by the single point mooring system to facilitate the export of methanol to tankers, which may provide opportunities in sale of technologies and processes for methanol-based derivatives. A joint venture was also made with a Chinese company for an oil refinery and aromatics cracking plant, which opened in 2019 with a capacity of around 160,000 barrels per day, producing gasoline, diesel and jet fuel, as well as specialist fuels for industry.

A range of services is required to service Brunei's deep-water petroleum blocks including servicing of marine facilities, aircraft and helicopter leasing, repair and service, equipment repair etc.

Overall, Brunei is considered to be one of the easier countries in ASEAN in which to do business, although there are areas which can be a challenge. Although property registration and contract enforcement has improved, protection of property remains weak, compounded by a judicial system which is subject to government control. Brunei is controlled by an absolute monarchy and the country recently reintroduced Sharia law, which has caused considerable concern in many countries.

# Summary











Brunei Darussalam is often overlooked as a target market, being seen as synonymous with oil and gas production. However, the country offers a relatively easy market for goods and services, combined with a high income level for the population as a whole with a low level of competition from the domestic market. Brunei encourages foreign direct investment (FDI) to the country through several investment incentives offered by the Ministry of Energy, Manpower and Industry, Ministry of Finance and Economy and the Brunei Economic Development Board (BEDB), which helps make this a small but attractive target market.









## Further information and assistance can be obtained from:

- Brunei-Malay Chamber of Commerce:  
<http://www.dppmbrunei.org/>
- The Brunei Economic Development Board provides assistance regarding FDI and contacts in Brunei  
<http://www.bedb.com.bn/about-bedb/>
- There is a useful list of import and export procedures on the Ministry of Finance and Economy's website: <https://www.mofe.gov.bn/Customs/Import-and-Export-Procedures.aspx>
- Brunei Darussalam International Chamber of Commerce and Industry  
Post Box 2285  
1922 BANDAR SERI BEGAWAN Brunei Darussalam  
Phone: 673-2-236601 Fax: 673-2-228389
- National Chamber of Commerce and Industry of Brunei Darussalam  
144 2<sup>nd</sup> floor Jalan Pemancha PO Box 1099  
Bandar Seri Begawan 1910 Brunei Darussalam  
Phone: 673-2 227297 Fax: 673-2 227298 Email: [abas@nccibd.com](mailto:abas@nccibd.com)



## Trade figures by country

 Largest import partner	 Trade value thousand USD (WITS 2018)	 Partner share %
 China	1,641,411	39.42
 Singapore	574,454	13.80
 Malaysia	551,466	13.24
 USA	360,898	8.67
 Japan	160,661	3.86



  

 Largest export partner	 Trade value thousand USD (WITS 2018)	 Partner share %
 Japan	2,282,379	34.72
 Thailand	689,784	10.49
 South Korea	614,808	9.35
 Australia	578,379	8.80
 Singapore	556,908	8.47

## Trade figures by product

 Largest exports by 6-digit HS code	 Value USD (thousands) WITS 2018
271111 Natural gas, liquefied	3,278,272.43
270900 Petroleum oils and oils obtained from bituminous	2,699,771.17
290511 Methanol (methyl alcohol)	239,144.89
880330 Aircraft parts	27,345.27
840710 Aircraft engines, spark-ignition reciprocating	25,087.55

 Largest imports by 6-digit HS code	 Value USD (millions) WITS 2018
271000 Petroleum oils, etc, (excl. crude); preparation	269,669.80
730890 Structures and parts of structures, iron or steel	203,263.69
840710 Aircraft engines, spark-ignition reciprocating	114,277.44
848180 Taps, cocks, valves and similar appliances	104,422.42
870323 Automobiles with reciprocating piston engines	104,409.87

<https://wits.worldbank.org/CountryProfile/en/Country/BRN/Year/LTST/Summary>

## Import restrictions by country, e.g., quotas or non trade-barriers



Brunei is generally open for business with few non-tariff barriers, although there are restrictions on sale of alcohol for religious reasons and requirements for halal certification. The Brunei certification is particularly demanding as it requires inspectors from Brunei to inspect the production facilities in the exporting country at the exporter's expense.

## Product and Trade indexes

(efficiency of customs clearance, openness to trade and trade tariffs)



The ASEAN Trade in Goods Agreement (ATIGA) aims to achieve free flow of goods in the region resulting in fewer trade barriers and closer economic linkages between the ten Member States, lower business costs, increased trade, and a larger market and economies of scale for businesses. The agreement was signed by the Economic Ministers of the Governments of Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam, Member States of the Association of Southeast Asian Nations (ASEAN) on 26 February 2009 at Cha-am, Thailand. From 1<sup>st</sup> January 2010, Malaysia, Brunei Darussalam, Indonesia, the Philippines, Singapore and Thailand) made a complete free trade area and have eliminated import duties on 99 per cent of products in the Inclusion List (except for products listed in the Sensitive and Highly Sensitive Lists). Today, the ASEAN-6 have 99.20% of tariff lines in the Inclusion List at 0% import duty. This means that, only 0.35 per cent of the tariff lines in the Inclusion list incur import duties.

Form D is required in order to benefit from ATIGA preferential tariffs.

Full information can be found [here](#)

On April 23, 2019, the **ASEAN Trade in Services Agreement (ATISA)** was signed at the 25<sup>th</sup> ASEAN Economic Ministers Meeting in Phuket, Thailand, entering into effect 180 days later. It aims at achieving an improvement of the regulatory standards for the services sector in the region, as well as a reduction of unnecessary barriers to the trade in services within ASEAN, and at increasing regulatory transparency in each of the ten member states. The agreement does not commit to a fixed timetable for implementation and enforcement. More information can be found on

<https://asean.org/asean-economic-community/sectoral-bodies-under-the-purview-of-aem/services/>



## Business dynamism index

(financing to SMEs, costs of starting a business, time of starting a business)

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Brunei has improved significantly in the World Bank's ease of doing business rankings, rising from 106<sup>th</sup> to 66<sup>th</sup> in 2020. Many of the improvements in the institutional and regulatory environment for businesses came after the establishment Darussalam Enterprise (DARe), designed to help build foreign investment and trade. One of the key points including simplifying the procedures to set up a business, reducing it from 104.5 days to 12.5 days, putting Brunei in 16<sup>th</sup> place globally.

The 2020 figures from the World Bank show that Brunei is currently ranked in 66<sup>th</sup> place among 190 economies in the ease of doing business, falling slightly from their best position of 55<sup>th</sup>, although significantly better over a decade.

According to figures from Transparency International in their 2019 Corruption Perceptions Index, Brunei dropped four places to 35<sup>th</sup> place out of 180 countries. At the same time, the country climbed six places to 56<sup>th</sup> in the 2019 Global Competitiveness Report published by the World Economic Forum.

The ease in setting up a up a company can be seen from the process below:

- Submit incorporation documents and pay registration fees to the Registry of Companies and Business Names Division, Ministry of Finance. The procedure is actually online on [www.roc.gov.bn](http://www.roc.gov.bn)
- Optional: Order a company seal or stamp, from a seal-making store
- Register for Employees payments at the Provident Fund.

Note that women must obtain permission from her husband to leave home in order to start a business.

A full list of the procedures can be seen on the World Bank website on:  
<http://www.doingbusiness.org/en/data/exploreconomies/brunei#>.