



FOOD AND BEVERAGES SECTOR BRIEF

# BRUNEI



# Country Overview

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Brunei Darussalam is located on the north coast of the island of Borneo, facing the South China Sea, surrounded by East Malaysia. The monarchy gained its independence from the United Kingdom in 1984; the head of state is His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam. The country has the lowest population in the ASEAN, with 2019 estimates at 459,500 people, though with one of the highest per-capita GDP level in the region. Brunei has abundant natural resources, and oil and gas is the base of the economy, contributing about 56% of GDP, 86% of total exports and 77% of fiscal revenue in 2019. Brunei Darussalam has a low tariff regime and no personal income tax. Corporate income tax is 55% for oil and gas companies and 18.5% for other companies.

The economic challenges that resulted from the COVID-19 pandemic brought recession to Brunei Darussalam, especially because of the collapsed demand for energy from abroad and shrinking oil-prices. The government announced a fiscal stimulus, providing discounts of up to 50% for corporate income tax in the annual assessment for 2021. Further economic forecasts can be found on [www.focus-economics.com](http://www.focus-economics.com). Brunei Darussalam's strategic goals for the future have not been diverted by the COVID-19 pandemic.

On the contrary, food safety has been highlighted and increasing agriculture and fishery production output remains integral. This can be achieved through encouraging investment, both domestic and foreign, with emphasis on increasing productivity using high-tech solutions. The country's masterplan for economic and social transformation, Vision Brunei 2035 (or Wawasan Brunei 2035) has the main goal of diversifying the country's economy in order to reduce its dependency on income from oil and gas reserves.

The latest national development plan and information on Vision Brunei 2035, can be found here.

# Sector Overview



## General characteristics of the local food industry

Brunei Darussalam's food manufacturing industry is concentrated in the capital. The latest information released by the Ministry of Primary Resources and Tourism shows that 264 of the total 381 enterprises are operating in Brunei/Muara, while other companies have their premises in Tutong, Belait and Temburong areas. Fewer than 4000 people are working in the food industry, and nearly 1500 of them are foreigners.

In the last decade, crop processing sector has seen yearly outputs ranging from B\$9.33 million up to B\$87.83 million B\$ in 2019. On the other hand, livestock processing showed an outstanding growth, from B\$53.76 million B\$ in 2010 to B\$132.47 in 2019, according to [www.agriculture.gov.bn](http://www.agriculture.gov.bn).

The latest detailed survey on the agrifood industry in Brunei Darussalam in 2019 showed the following distribution of the main categories:

● Category	● Value (mill \$)	● % of total agrifood
Fast food	65.98	46.9
Biscuits and bakery	20.23	19.1
Soft drink and mineral water	12.32	15.3
Meat products	21.85	8.6
Ice cream	2.91	2.7
Snack	1.74	1.6
Traditional foods	1.24	1.4
Sauces and seasonings	1.07	0.9
Spices	1.00	0.8
Fish products	1.06	0.8
Noodle	1.58	0.8
Others	1.48	0.7

According to the Food & Beverages (F&B) Services Index, the second quarter of 2020 showed a 12.4% year-on-year decline with total sales revenue estimated at BND71.1million. The decrease was attributed to declines in income of restaurants and other food services activities following the impact of the dine-in ban at all food premises starting March 2020 due to the COVID-19 outbreak.

## Halal in Brunei Darussalam

Brunei places great importance on the consumption of halal food products and as such has established a well-recognised Halal certification process known as Brunei Halal (purple logo) and commercial brand known as [bruneihalalfoods](#).

Majlis Ugama Islam Brunei (MUIB) is the body responsible for all Islamic administrative policy in Brunei Darussalam, including the issuance of halal certifications and halal permits. It plays a significant role in protecting Muslim consumers in Brunei Darussalam and it has always been the Majlis's responsibility to encourage consumers to seek for halal products as urged by syariah.

Halal Food Control Division or Bahagian Kawalan Makanan Halal (BKMH) under the Department of Syariah Affairs acts as a secretariat to MUIB in all matters relating to halal. BKMH ensures that food and other consumables in the market are halal and pure through the enforcement of Halal Certificate and Halal Label Order (Amendment) 2017 and the Halal Meat Act, Chapter 183 and its Meat Rules. Therefore, it is under the jurisdiction of BKMH to inspect, validate, and monitor food premises and slaughtering houses, both local and overseas.

Anybody who intends to obtain the Halal Certificate for place of business or Halal Permit for each product they wish to sell can obtain the application form from the Halal Food Control Division, Department of Syariah Affairs, Ministry of Religious Affairs.

More information on [bruneihalalfoods](#) can be found here: [www.brunei-halal.com](http://www.brunei-halal.com).

# Regulations

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Brunei Darussalam, due to its geographic location, size and dependency on international trade (oil and gas export and food import) does not maintain a tough protectionist trade regulation regime. Brunei was among the first group of ASEAN countries to adopt the 2009 ASEAN Trade in Goods Agreement (ATIGA), which aims to eliminate as many non-tariff barriers as possible in the region.

## Tariffs

Recently, Brunei Darussalam has been applying significantly lower tariffs under bilateral free trade agreements and through ASEAN schemes. Generally, the number of tariff lines designated the most favoured nation (MFN) tariff were reduced from 23.06% (in 2011) to 4.29% (in 2017). The highest tariff is on headgears and musical instruments, but most importantly, there is no tariff on agricultural items. In Brunei's trade regulation system, there are import and excise duties, but no value-added tax.

Four international, multilateral conventions have been ratified by Brunei. The Montreal Protocol, which affects customs, the Basel Convention about the control of export, import and transit of hazardous waste, the CITES convention on the international trade of endangered species of wild flora and fauna, and the Convention on Narcotic Drugs, Psychotropic Substances, ratified in the Misuse of Drugs Act in Brunei.

## Non-tariff measures and bans

While lowering tariffs, Brunei has been updating its non-tariff measures (NMT) as well. From 2015 to 2018, the country's government updated 254 trade regulations, of which 70 were different non-tariff measures. For the benefit of SMEs, there is now an online one-stop source of regulations online (see below).

Most NTMs are specified in regulations that are lower in the legislative hierarchy, mainly rules, while higher regulations would be acts and orders. Fortunately, most of the NTM regulations are now available in English. Non-tariff measures are published on the Attorney General's Chambers website, which serves as a very useful source of information for the ASEAN exporters.

The most frequent NTMs are technical barriers to trade, sanitary and phytosanitary measures, and price control with these three types accounting for more than 85% of total non-tariff regulations. Brunei's strictest import regulations, regulated by the Halal Meat Act, are on halal certified products (see national halal brand) and on chilled and frozen meat. For exporters from other ASEAN countries, this means they have to provide halal accreditation and all other relevant documents, like veterinary documents and certifications of the production premises, beforehand.

Sale of all alcohol is banned in Brunei, that also applies to hotels. However, non-Muslim visitors over 17 years of age are allowed to bring two (2) bottles of hard alcohol and 12 cans of beer into Brunei for their personal consumption, subject to terms and conditions, including only allowing an import 48 hours after a previous import.



## Product certification, labelling and packaging

The Food Safety and Quality Control Division (FSQCD) under the Department of Environmental Health Services, Ministry of Health aims to prevent and control food-borne diseases through monitoring and regulating the quality and safety of food, in addition to the promotion of public awareness on food related issues.

To ensure the safety of food in Brunei Darussalam is safe for consumption, food vendors, importers, traders and establishments are required to comply with Chapter 182 of the Public Health (Food) Act, and with R1 Chapter 182 of the Public Health (Food) Regulations. All food products imported into Brunei Darussalam, whether they came by land, sea or air, must be registered in order to ensure that food imported and distributed in Brunei Darussalam is safe for consumption; and complies with the relevant regulations. Every package of prepacked food is required to bear a label, marked on or securely attached in a prominent and conspicuous position to the package, containing information in Malay or English, or a translation into Malay or into English as required.

Further information on importation of prepacked food can be obtained through the Ministry of Health website: [www.moh.gov.bn](http://www.moh.gov.bn).

# Market Entry



Based on the expenditure pattern from the Household Expenditure Survey, Brunei Darussalam's expenditure on food and beverages is one of the highest, which is a similar pattern to Malaysia or Singapore.

## Market channels

Agricultural products mainly reach Brunei by sea freight, and arrive at Muara Port, while others are brought in by air cargo or land transportation from neighbouring states.

Most food retail sales take place in supermarkets, in the few hypermarkets, in the minimarkets and "mom and pop" stores. In Brunei, importers who represent foreign brands, are responsible for the market development, but as most foreign products are procured through consolidators, advertising and promotion are undertaken by the supermarkets themselves.

Just like in Malaysia and Singapore, most of the fresh produce can be found in open-air markets, and hawker centres are the common places to eat everyday dishes. For foreign exporters, it can be very difficult to get their products into these channels.

Restaurants must obtain a halal certificate, and ca. 1400 have applied for it successfully, as well as very few other food service providers and food factories. Fast food has become popular in Brunei, with KFC dominating the market with 16 outlets, while McDonald's has only one in the capital. Bruneians eat out often, and can choose from many street-food outlets and other inexpensive options.

## E-commerce in the food sector

As of early 2020, e-commerce is rapidly spreading in Brunei. One of the initiatives by the Authority for Info-communications Technology Industry (AITI) is the development of [www.ekadaibrunei.bn](http://www.ekadaibrunei.bn), an online portal that connects users to local e-commerce marketplaces and delivery services in Brunei Darussalam. To date, a total of 43 local e-commerce businesses have registered on the portal. Out of the total, several businesses focus on food and beverages. There are three types of e-commerce platforms, i.e., mobile applications, online grocery stores and online market places. Below is the list of food and beverage companies listed by platform type:

- **Mobile applications:** HeyDomo ([www.heydomo.bn](http://www.heydomo.bn)), GoMamam ([www.gomamam.com](http://www.gomamam.com)) and Ta-Pow ([ta-pow.com](http://ta-pow.com));
- **Online grocery stores:** Kadai Runcit ([www.kadairuncit.bn](http://www.kadairuncit.bn)) and Shopifull ([www.shopifull.com](http://www.shopifull.com));
- **Online marketplaces:** Community for Brunei ([www.communityforbrunei.com](http://www.communityforbrunei.com)) and Weelago ([www.weelago.com](http://www.weelago.com)).



## Promotional opportunities

There are small-scale events every year in Brunei, where agrifood products are promoted. Annual trade fairs or exhibitions like the International Food Fair and Consumers' Fair are good platforms for business matching and also for exhibitors and vendors to build strategic business relations. Since 2017, there is also the annual Brunei Gastronomy Week, a 2 weeks event, which aims to highlight Bruneian cuisines in creative and innovative ways and for the public and tourists to experience Bruneian cuisines.

## Foreign investments

In order to diversify the economy, similarly to other countries, Brunei is actively seeking foreign investors in all its priority sectors, one of which is the food sector. In this regard, the Brunei Economic Development Board (BEDB) and other relevant agencies have been tasked with securing investment projects in these development areas.



## Recommendations and Trends

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Even through the COVID-19 pandemic, it is clear from the comments of experts and industry decision makers, that food safety, especially in terms of local production, logistics and source-diversification will be one of the key issues of any government. Brunei, with its dependency on food import, has two parallel paths:

- Increase local production and manufacturing. In order to increase the agricultural production of Brunei, agri-innovation and new processing facilities should be applied. Livestock and meat processing are on the rise, but the country needs to increase its crop, vegetable and fruit production, as well as processing capacity.
- Import capital, and attract new investors. Foreign investors often neglect Brunei because of its market size, but recent investment projects by Chinese, Japanese, Singaporean, Korean and Taiwanese companies show that Brunei can be seen as a prime location, strategically due to its proximity to Malaysia, Indonesia, the Philippines and Viet Nam.

Other recommendations and noticeable opportunities for the sector:

- The national halal brand is a good step to differentiate Brunei's own products, but country promotion should go at least one more step forward, by creating a positive image of the sector, including using Brunei's pristine natural resources as an image of healthy and 'green' products.
- The Western world and the northern countries in Asia have a very positive image of Borneo. The island is associated with nature, abundant greens and fruits, and biodiversity. Brunei could be the initiating centre of building up the Borneo brand on export markets, cooperating with the two neighbouring Malaysian states and Indonesian Kalimantan.
- Fruits and processed products based on fruit are much sought after. Development could be concentrated on the most promising product lines in this area.