



# BRUNEI ECONOMIC BULLETIN

Volume 1, Issue 3  
Date : 07 / 2002

**THE EDITOR**  
**BRUNEI ECONOMIC BULLETIN (BEB)**  
**JPKE (DEPARTMENT OF ECONOMIC PLANNING AND DEVELOPMENT)**  
**PRIME MINISTER'S OFFICE**

*Inside this issue:*

## Economic Development Board — Moving Forward

**THE EDITOR:**  
**BRUNEI ECONOMIC BULLETIN (BEB)**  
**JPKE (DEPARTMENT OF ECONOMIC PLANNING AND DEVELOPMENT)**  
**PRIME MINISTER'S OFFICE**  
Phone:  
+673-2-451960/451961/451963  
Fax: +673-2-451824/451832  
Email: info@jpke.gov.bn

**BEB Panel of Advisors**  
Permanent Secretary  
Prime Minister's Office, Beribi  
Director General DEPD,  
Deputy Director General DEPD

**BEB Editors**  
Pg Osman Abbas  
Pg Hj Osman Pg Hj Hashim  
Dr. Hj Abd Manaf Hj Metussin  
Noor Jusmin Hj Abd Samad  
Hj Razak Angas  
Hj Mohd Roslan Shah Hj Mudjono  
Zainab Hj Morshidi

**BEB Contributors**  
Ministry of Industry and Primary Resources  
Brunei Economic Development Board  
Pg Hj Osman Pg Hj Hashim  
Dr. Hj Abd Manaf Hj Metussin  
Noor Jusmin Hj Abd Samad  
Hj Razak Angas  
Hj Mohd Roslan Shah Hj Mudjono  
Zainab Hj Morshidi

**BEB Publishers**  
Noor Jusmin Hj Samad  
Hairol Nizam Hj Abd Hamid  
Gemok Hj Ghani

BEB carried in its First Issue the announcement on the appointment of the new members of the Brunei Economic Development Board (BEDB). In this edition, BEB is very pleased to publish an update issued by the Board's Chairman on the development of the Board since its formation.

### The Brunei Economic Development Board- An Update from the Chairman

In order to fulfill its overall mission of powering sustainable economic growth in Brunei, the Brunei Economic Development Board BEDB has recently developed its organisation and made several key appointments including a Chief Executive Officer (CEO). The objective is to create a proactive approach which will enable the BEDB to focus on:-

- ◆ The promotion and facilitation of foreign direct investment (FDI) into Brunei Darussalam, especially those that contribute towards generating employment opportunities for Bruneians;
- ◆ The promotion and development of Brunei business enterprise, especially small business with the potential of growth.

The appointment of a CEO with over 30 years of international business development experience, indicates the determination of HM Government to provide the business friendly environment for both external and internal investors that is essential to sustain economic diversification and growth. The immediate priority for the BEDB will be to produce a clear strategy of short to medium term actions that are required to facilitate this process.

To this end, it has already initiated a program of consultation with all the key business players in Brunei including the private sector, government agencies and diplomatic corps towards developing its action plan.

The BEDB address and contact numbers for any further information is:

**The Brunei Economic Development Board**  
**Block 2K, Jalan Ong Sum Ping,**  
**Bandar Seri Begawan BA1311**  
**Negara Brunei Darussalam**  
Tel: + 673 2 230054  
Fax: + 673 2 230053  
Email: EDB@brudirect.com

Second Quarter Economic Review and Outlook of Brunei Darussalam	2
Medium Term Outlook	6
Foreign Direct Investment in Brunei Darussalam	7
Brunei Darussalam Weighted Average Crude	9
8th National Development Plan	9
Short-Term Economic Recovery Measures	11
Economic Census 2002	12
Population Census	13
Corporatisation and Privatisation	15
Human Resource Development Fund	16
Miscellaneous	17

### Statistical Data (Q2 - 2002)

- CPI: 119.9
- Total Exports: BND 1,413.75 million
- Total Import: BND 637.82 million
- Trade Surplus : BND 775.93 million
- Exchange Rate (July): BND 1.7488 to USD 1
- Crude Oil Price for Brunei Darussalam: US \$ 25.03

## BRUNEI DARUSSALAM SECOND QUARTER ECONOMIC REVIEW & OUTLOOK AND RECENT ECONOMIC DEVELOPMENTS

### Price of Crude Oil Q1 2001 – Q2 2002

	2001				2002	
	Q1	Q2	Q3	Q4	Q1	Q2
Price (US\$ / Barrel)	26.73	28.23	25.29	19.19	20.87	25.03

Source: Petroleum Unit, Prime Minister's Office

### Sales of Local Cements Q1 – Q2 2002

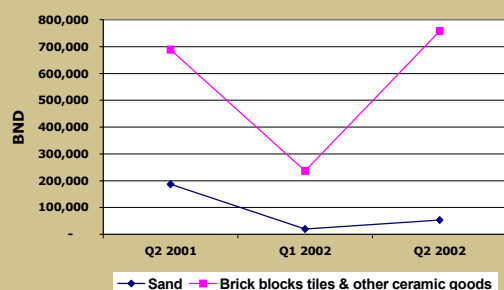
	2002	
	Q1	Q2
Total sales (BND)	6,305,860	6,490,000

### Number of New Car Registration Q1 2001 – Q2 2002

	2001				2002	
	Q1	Q2	Q3	Q4	Q1	Q2
No. of Units	1,617	1,644	1,708	1,976	2,539	2,589

Source: Department of Land Transport

### Importation of Construction Materials



Consumer Price Index (April-June 2002)

Commodity Group	Weight	2002		
		Apr	May	June
All	10,000	120.0	119.9	119.8
I. Food	3,873	118.9	118.7	118.5
II. Clothing	640	134.6	134.7	134.7
III. Housing	1,864	106.4	106.2	106.2
IV. Transport & Communication	1,989	127.0	127.0	127.0
V. Miscellaneous	1,634	123.9	123.9	123.9

### GDP Review

Brunei Darussalam economic recovery in the non oil sector is on track with further improvement observed in its indicators in the second quarter of 2002. Indicators pointed to continued domestic-driven growth amid BND 1 billion fiscal stimulus allocated for 2002, reduced import duty of vehicles and expectations of an improvement in investments in the second half of the year. Despite the improvement observed in the international prices of oil and gas, the oil and gas sector of the economy suffered a slight setback due to weak export of LNG during the Q2.

The average crude oil price of Brunei Darussalam (Tapis Blend) for Q2 2002 improved by 19.9% to US\$25.03 per barrel compared to US\$20.87 per barrel in Q1 2002. However Brunei's export of oil and gas decreased by 10.68% from BND1,414.74 million in Q1 2002 to BND 1,263.69 million in Q2 2002 due to the decrease in LNG Export.

Activities in the construction and supply-related industries continued to show sign of recovery. Total revenue collection from calibration on construction related activities expanded by 27.0% from BND 36,091 in Q1 2002 to BND 45,821 in Q2 2002. Sales of local cements for Q2 2002 expanded by 2.9% to BND 6.49 million relative to BND 6.31 million in Q1 2002. Importation of stone rose sharply by more than double when it rose to BND 53,230 in Q2 2002 compared to BND 19,880 in Q1 2002. Likewise, importation of bricks blocks tiles and other ceramic goods also expanded more than double when it rose to BND 757,303 in Q2 2002 compared to BND 236,830 in Q1 2002.

Activities in the fishing sector also provided the main impetus for growth. Its production grew by 38.3% from 3,803.0 metric tons in Q1 2002 to 5,260.5 metric tons in Q2 2002.

Sales of motor vehicles continued to increase in Q2 2002 indicating further improvement in domestic demand. Total number of registration for new cars rose 2.0% from a total of 2,539 units registered in Q1 2002 to 2,589 units in Q2 2002. This growth will give spilling effects to other related sectors such as banking & finance; insurance; car accessories and workshop. On a year-on-year basis, the number of registration for new cars expanded by 57.5% from 1,644 units registered in Q2 2001.

Another indicator of economic recovery in the non oil sector for Q2 2002 is the increase in non oil export. It rose by 19.63% from BND 125.44 million in Q1 2002 to BND 150.07 million in Q2 2002. Compared to similar quarter last year, the non oil export increased by 11.58%.

### Inflation

The Consumer Price Index (CPI) for the second quarter of 2002 recorded a marginal increase of 0.2% to 119.9 compared to that of 119.7 in the first quarter. The CPI for the first half of 2002 decreased by 2.5% to 119.8 compared to that of 122.9 in the same period last year. The CPI in June 2002 recorded a marginal decrease of 0.1% to 119.8, relative to that of 119.9 in the previous month.

### CPI changes for the second quarter of 2002 relative to the first quarter 2002

The marginal increase of 0.2% in the CPI was brought about by increases observed in the indices of all major groups except those of Housing which decreased by 0.5% as well as Food (-0.1%). Notable among these increases were Major Group Indices for Clothing & Footwear (+0.7%); Transport and Communication (+0.7%); and Miscellaneous (+0.2%).

The 0.7% increase in the Major Group Index for Clothing and Footwear was the result of a 0.4% increase in the Ready-Made Clothing & Accessories Sub-Group Index as well as for Clothing Materials Sub-Group Index (+0.1%); Tailoring Charges Sub-Group Index (+0.2%); and Haberdasheries Sub-Group Index (+2.4%).

Consumer Price Index (Q2 2001, Q1 2002 and Q2 2002)

Commodity Group	Weight	2001	2002	2002
		Q2	Q1	Q2
All	10,000	123.0	119.7	119.9
I. Food	3,873	118.3	118.8	118.7
II. Clothing	640	136.8	133.8	134.7
III. Housing	1,864	107.7	106.8	106.3
IV. Transport & Communication	1,989	141.5	126.1	127.0
V. Miscellaneous	1,634	123.5	123.6	123.9

The 0.7% increase in the Major Group Index for Transport & Communication was mainly the result of 20.2% increase in the air fare charges commencing April 2002 as the discount allowable to the travel agents had been reduced. Meanwhile, the Sub-Group Index for Private Road Transport decreased by 0.4%.

The 0.2% marginal increase in the Major Group Index for Miscellaneous was mostly on the account of a 0.1% increase in the Medical & Health Sub-Group Index as well as for Recreation & Entertainment Sub-Group Index (+0.8%); Sub-Group Indices for Personal Care (+0.4%) such as the cost of shampoos, baby lotion, tissue box; and Other Miscellaneous (+1.8%) such as holiday expenses. However, the Sub-Group Index for Education declined by 0.3% as well as for Personal Effects & Other Personal Care Sub-Group Index (-0.6%).

The 0.5% decrease in the Major Group Index for Housing was the result of a 0.9% decrease in the Household Goods & Operation Sub-Group Index even though the Sub-Group Indices for Fuel & Utilities; and Household Goods & Operation remained unchanged.

The 0.1% marginal decrease in the Major Group Index for Food was the result of a 1.7% decrease in the Seafood & Seafood Products Sub-Group Index such as fresh fish, crabs, prawns, squids dried anchovies, smoked *tahai* and canned squids as well as for Meat & Meat Products Sub-Group Index (-0.6%). However, Fruits Sub-Group Index increased by 2.5% as well as Sub-Group Indices for Non Alcoholic Beverages (+1.0%); Sugar, Sugar Preserved & Confectionery (+0.5%); Dairy Products & Eggs (+0.5%); Vegetables (+0.4%); Coffee, Tea & Cocoa (+0.3 %); Other Food (+0.3%); Cooking Oil & Fat (+0.2%); and Rice & Cereal Products (+0.1%).

The CPI in June 2002 decreased by 0.1% over May 2002 from 119.9 to 119.8. This is mainly due to a decrease in the Food Major Group Index of 0.2%. Major Group Indices for Clothing & Footwear; Housing; Transport & Communication; and Miscellaneous Items remained unchanged at 134.7; 106.2; 127.0; and 123.9.

**Monthly Changes for June CPI**

The 0.1% decrease in the Major Group Index for Food in June 2002 compared to that of the previous month was mainly the result of a 0.8% decrease in the Vegetables Sub-Group Index as well as Sub-Group Indices for Seafood & Seafood Products (-0.6%); Meat & Meat Products (-0.2%); and Non Alcoholic Beverages (-0.1%). However, Coffee, Tea & Cocoa Sub-Group Index increased by 0.4% as well as Sub-Group Indices for Dairy Products & Eggs (+0.1%); and Other Food (+0.1%). Sub Group Indices for Rice & Cereal Products; Cooking Oil & Fat; Fruits; Sugar, Sugar Preserved & Confectionery; and Cooked Food had remained unchanged.

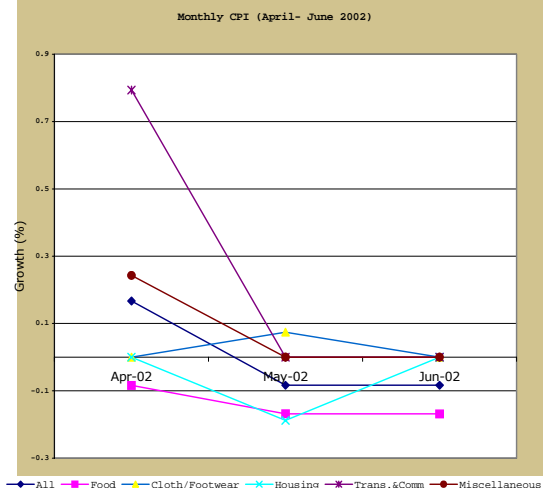
**CPI changes for the second quarter of 2002 relative to the same period in 2001**

Compared with Q2 2001, the CPI for Q2 2002 declined by 2.5%. This was due mainly to lower Major Group Indices of Transport & Communication (-10.2%); Clothing & Footwear (-1.5%); and Housing (-1.3%). However, the Food and Miscellaneous Major Group Indices were both more expensive by 0.3%.

The slash in import duty announced on November 6, 2001 from as high as 200% to a flat rate of 20% on all motor vehicles, was the main reason for the much lower cost of Private Road Transport Sub-Group Index in Q2 2002, relative to Q2 2001.

Likewise, the slash in the rental fees for commercial and telephone lines from BND 25.00 and BND 17.00 respectively to BND 13.00 per month as well as international call charges commencing January 1, 2002 contributed to the much lower price of Communication Sub-group Index.

As a whole, the lower price index of consumer goods for the first half of 2002 reflected lower tariff, increased competition among retailers and cheaper imported goods.



## Fiscal Sector Development

This year, Brunei Darussalam's fiscal stance is more expansionary to pump-prime the economy since the 1997 Asian financial crisis. This includes the BND 1 billion injection under the current 8<sup>th</sup> Plan and the BND 200 million Short Term Economic Recovery Package. These fiscal stimulus packages are mainly used to finance public investment infrastructure.

During the first six months of 2002, the country's total development outlays, which include mostly investment in infrastructure, was about BND 305.16 million or 31 % of the total BND 1 billion allocation. It was an increase of about 58 % from the first quarter of 2002, which was about BND 193.2 million. Due to capacity constraint, it was still considered as relatively slow. Despite such development, the Government, however, is still putting coordinated efforts to overcome the constraint.

Government revenue, on the other hand, in the second quarter of 2002 is estimated to reduce by 24.6 % to BND 837.06\* million compared to the same quarter last year and 15.1 % lower compared to the first quarter this year. This has been attributed to the drop in the export of Liquefied Natural Gas (LNG), one of the country's major income earner.

## External Trade

### Exports

#### Oil and Gas

Total exports for the Q2 2002 decreased by 9.33% to BND 1,413.75 million from BND 1,559.27 million of the same period last year. Petroleum exports (crude and condensate) decreased by 3.17%, reflecting lower oil price (average oil price decreased by 13.11% from US\$28.23 in Q2 2001 to US\$24.53 in Q2 2002), while exports of LNG decreased by 25.25%.

However the Petroleum exports increased by 18.55% from BND 658.52 million in Q1 2002 to BND 780.69 Million Q2 2002 due to increase in average oil price from US\$20.87 in Q1 2002 to US\$24.53 in Q2 2002. Total oil and gas exports for the Q2 2002 decreased by 11.31% from BND 1,424.77 million, same period last year to only BND 1,263.68 million. This is attributed to the major reduction in the LNG export to South Korea, one of the major Brunei Darussalam's major LNG importers.

#### Non-Oil and Gas

The total value of garments export increased by 29.57% i.e. from BND70.48 million in the Q2 of 2001 to BND91.32 million in 2002. The overall Non-Oil & Gas export increased at the same period by 11.58%, from BND134.5 million in 2001 to BND 150.07 million in 2002.

Japan remains the dominant export market which account for 34.06% of total exports in the Q2 of 2002. This is followed by ASEAN (27.23%), Australia (11.59%) and Korea (6.4%). Brunei export to Japan dropped by 30.61% during this period compared to 2001 while export to ASEAN countries increased its share from 19.48% to 27.23% in 2002.

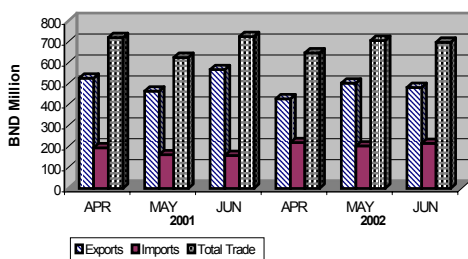
### Imports

Total imports increased by 24.48%, from BND 512.39 million in the Q2 of 2001 to BND 637.82 million of the same period in 2002. In value terms, Miscellaneous Transactions and Commodities increased by 69.77% followed by Machinery & Transport Equipments (67.42%), Crude Materials Inedible (48.49%), Manufactured Goods (12.28%), Chemicals (9.35%) and Animal & Vegetable Oils and Fats (1.93%). Imports of Miscellaneous Transactions and Commodities, Beverages & Tobacco and Food & Live animals decreased by 28.95%, 28.66% and 26.86% respectively

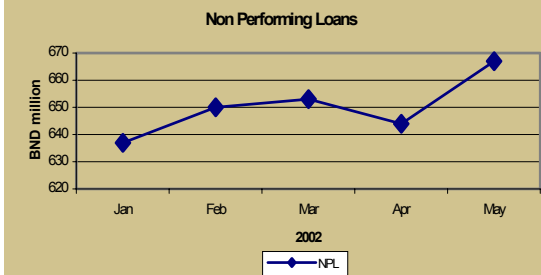
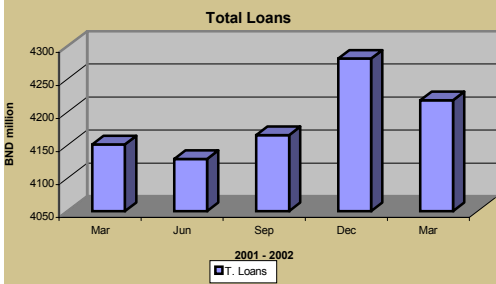
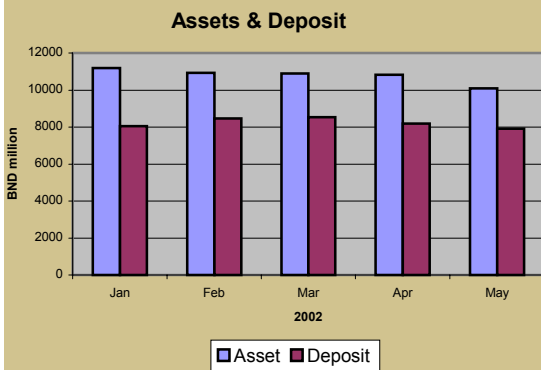
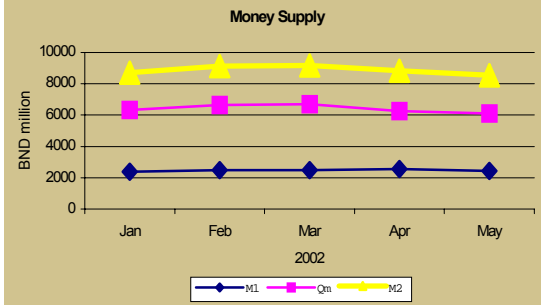
Looking at the origin of imports, in Q2 2002, 45.09% of total imports were from ASEAN countries. Imports from Japan, accounted for 19.17% in share. Imports from European Union and USA accounted for 10.01% and 7.26% in share respectively.

Item	2001				2002			
	Apr	May	Jun	Total	Apr	May	Jun	Total
<i>In BND million</i>								
Ex-ports	526.75	464.8	567.7	1,559.27	427.86	503.4	482.49	1,413.75
Im-ports	194.09	160.86	157.4	512.39	219.12	203.29	215.41	637.82
<b>Total</b>	<b>720.84</b>	<b>625.66</b>	<b>725.2</b>	<b>2,071.66</b>	<b>646.98</b>	<b>706.69</b>	<b>697.92</b>	<b>2,051.57</b>

BRUNEI DARUSSALAM EXPORT, IMPORT & EXPORT Q2 2001&Q2 2002



\* DEPD Estimate



**Balance of Trade**

In the Q2 of 2002, a decrease in exports by 9.33% adversely affected the balance of trade for this period. The trade surplus was reduced by 25.88%, from BND 1,046.88 million in Q2 2001 to BND 775.93 million in the same period in 2002. This is mainly due to the effects of decreased in the prices of oil and gas and the weak export of Gas.

**Monetary Development**

**Money Supply**

Monetary expansions through domestic banks in the month of May 2002 were generally in downtrend due to contractions of some economic activities. M1 decreased by 5.1% due to the decrease in demand deposits of private sectors to BND 2,430 millions and M2 position also declined by 6.8 % since March 2002 to BND 8,545.5 millions affected by the decreased in quasi money.

**Money Supply (million)**

	Jan	Feb	Mar	Apr	May
M1	2,395	2,474	2,482	2,560	2,430
Qm	6,315	6,653	6,682	6,263	6,115
M2	8,710	9,127	9,165	8,823	8,545

**Bank Assets**

Banks' assets decreased by 7.2% in May 2002 to BND 10,102 millions due to the withdrawal of some matured assets at both domestic banks and outside Brunei Darussalam. Investments decreased by 17.5% from April 2002 to BND 349 millions and an increase in other assets in the same period by 3.6% to BND 800 millions. While loans and advances declined by 1.5% in March 2002 to BND 4,218 millions from BND 4,281 million in December 2001.

**Asset & Deposit (million)**

	Jan	Feb	Mar	Apr	May
Asset	11,186	10,925	10,890	10,819	10,102
Deposit	8,053	8,474	8,529	8,196	7,913

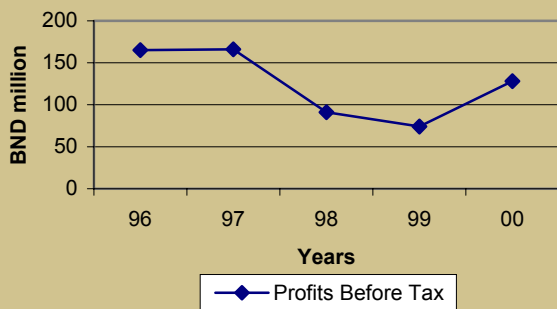
**Direction of Loans**

The total lending of economic sectors in March 2002 declined by 1.5 % to BND 4,218 millions since December 2001. The decline is a result of the decrease in loan exposures to credit and finance by 35.7%, manufacturing by 50.6%, construction and general commerce by 3.9% and 10.4% respectively. While other sectors such as agriculture, transportation, professional services and personal loans increased by 3.7%, 60.4%, 22.6% and 0.6% respectively. This generally reflects the seasonal demands for goods and services and progress of domestic economic activities, partly influenced by exchange rates fluctuations and consumer spending habits.

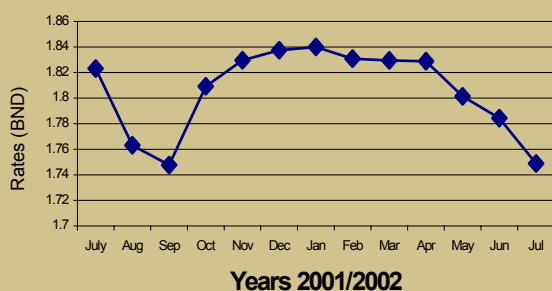
**Total Loans (million)**

	Jan	Feb	Mar	Apr	May
Total Loans	4,151	4,129	4,165	4,281	4,218

Profits Before Tax



Exchange Rate US\$1 to 1 BND



Exchange Rate US\$1 to 1 BND 2001

2001	July	Aug	Sept	Oct	Nov	Dec
	1.8231	1.7631	1.7476	1.8091	1.8296	1.8374

Exchange Rate US\$1 to 1 BND 2002

2002	Jan	Feb	Mar	Apr	May	Jun	Jul
	1.84	1.83	1.8295	1.8288	1.8014	1.7844	1.7488

**Non-Performing Loans**

The total aggregates of non-performing loans on month-to-month basis fluctuated and increased by 1.83% on average i.e. from March 2002 to May 2002 effected by rollover of increasing loan exposures and business liquidity inconsistency. The NPL's fluctuating trends might be adjusted to its lowest aggregates based on the banks' recovery actions and economic forces.

**Non-Performing Loans**

	Jan	Feb	Mar	Apr	May
NPL	637	650	653	644	667

**Banks' Profits**

With the government supports and investors' confidence in investing in domestic banks helped maintain the strength of the banks financial positions. Available financial facilities offered with competitive pricing will attract not only domestic markets but also foreign investors and thus increases the banks' assets. It is expected that the profits before tax will be higher in 2001 compared to BND 128 millions profits before tax achieved in 2000. This was due to the slight improvement in domestic business activities and investments.

**Exchange Rates**

Following the September 11 tragedy, investors predicted that the US dollar will depreciate. However the trend moved in the opposite direction. The currency (average period) fell in August and September 2001 by 3.3% and 0.6% respectively from July 2001 and rebounded steadily at its highest point in January 2002 at 1.8400, a 5.3% increase from September 2001.

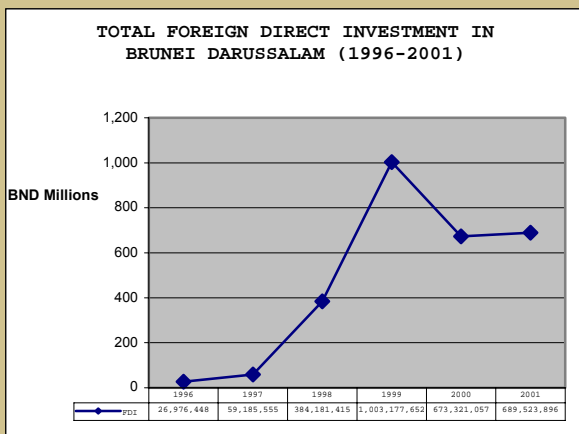
Rapid changes in world economy especially in major US trading partners such as Japan and Europe are facing economic downturns forcing the US to share the effects. The slump in stocks and equities, household spending contractions and the deterioration of export volumes weighed on the dollar. Sentiment for the dollar remained undermined after the Federal Reserve's survey of current economic conditions revealed that the US economic expansion is modest and uneven through July 2002.

With those effects, the dollar fell continuously from January 2002 to July 2002 by 5% (1.8400 - 1.7488) and thus would directly affect the overall Brunei Darussalam's GDP.

**Medium-term Outlook**

The performance of the Brunei Darussalam's non oil sector for Q2 is very encouraging, however the overall economy of Brunei Darussalam in next half of 2002 would still largely depend on the production and prices of crude oil and gas and the implementation of the projects under the BND 1 billion National Development Plan as well as programs under the BND 200 million Short Term Recovery Measures. With the average price of Brunei Darussalam crude oil, rising from an average of US\$20.87/barrel in Q1 2002 to an average US\$24.53/barrel in Q2 2002, is expected to stabilise, coupled with the continuing global economic recovery into the coming months, the short-term outlook of the economy remains positive and favorable. Concurrently, His Majesty's government is making concerted efforts to closely monitor and further facilitate to overcome the capacity constraints in the implementation of the current 8<sup>th</sup> National Development Plan projects. This is to ensure that the BND 1 billion allocation for the projects is used effectively and achieving the desired targets.

TRENDS AND DEVELOPMENT OF FOREIGN DIRECT INVESTMENT IN BRUNEI DARUSSALAM (1996-2001)

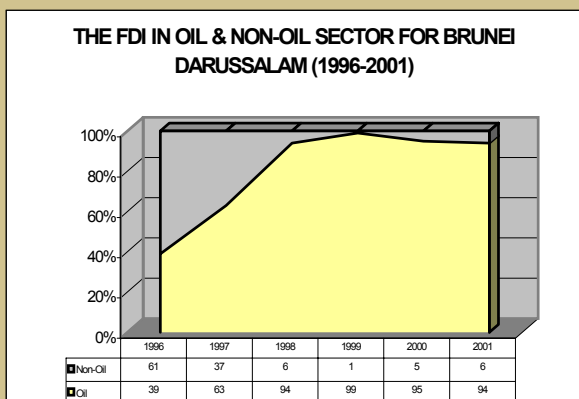


**Introduction**

Foreign Direct Investment (FDI) data in Brunei Darussalam is compiled by the Department of Economic Planning and Development. It is compiled as a standard component of Balance of Payments Statistics under the Capital and Financial Account. The FDI data compilation is in accordance with the IMF Balance of Payments Manual Fifth Edition (BPM 5) since 1995. Data is collected through commercial banks via International Transaction Reporting System (ITRS) and only cash transactions are recorded. Currently, the data is compiled according to nature of transaction and country. An effort is being undertaken to improve the FDI statistics by conducting surveys on business enterprises operating in Brunei Darussalam. Another source of data is the Brunei Industrial Development Authority (BINA), which produced statistics which cover manufacturing sector operating on government industrial sites.

**The Total FDI in Brunei Darussalam (1996- 2001)**

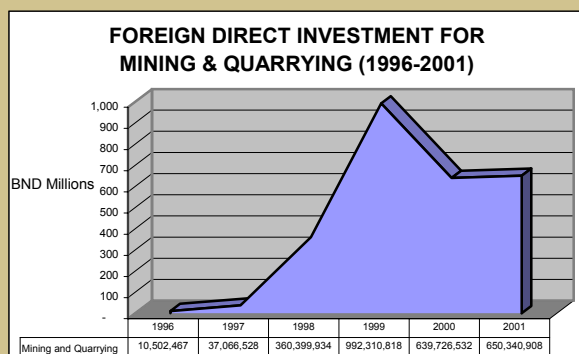
The total FDI shows an increasing trend from 1996-2000 with a peak in 1999, when there was an increase of 161% (BND 619 million) from the previous year. This sudden increase in 1999 was due to two factors. Firstly, there has been improvement in the efficiency and the coverage of data collection. Prior to 1999, surveys on some major companies especially the oil and gas related companies were not included. However in 1999, there was more access to data from these major companies. Secondly, there was high investment in the Mining & Quarrying sector. In 2000, there is a sharp decline of 33% due to the decrease in FDI for Mining & Quarrying and Construction Sectors. In 2001, the FDI trend showed a slight improvement where there is an increase of 2.4% (BND16.2 million). Mining, Manufacturing, Construction, Wholesales & Retail Sectors contributed to the improvement in the 2001 FDI.



**The FDI for Oil and Non-Oil Sector (1996- 2001)**

The investment in the oil sector was dominant from 1998 to 2001 compared to previous years. In 1999, FDI for the oil sector was 99% of the total FDI due to the Government decision to increase production from 157,000 bpd to 182,000 bpd in 1999 and 193,000 bpd in 2000. Another reason was the new seismic survey called the Seria High Resolution 3D Seismic Survey initiated in 1999.

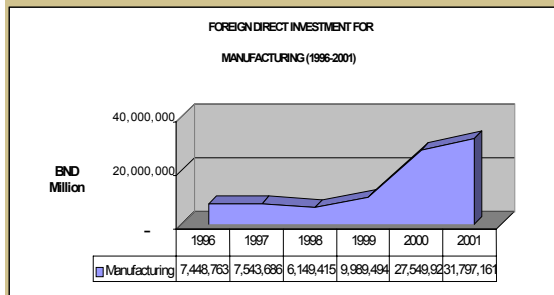
The non-oil sector accounted for a mere 1% of the total FDI. The drop in FDI for the non-oil sector from 61% in 1996 to 1% in 1999 was due to the fall in construction activities, which was severely, affected by the economic crisis in 1997 - 1998.



**The FDI For Mining & Quarrying (1996- 2001)**

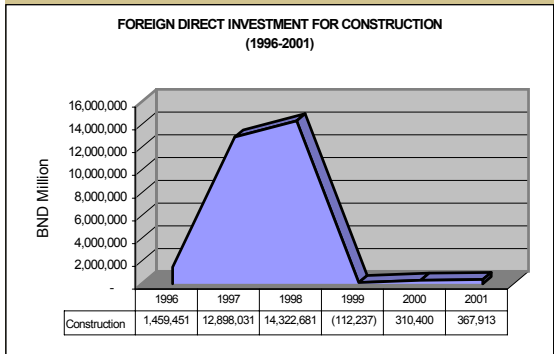
Investment within the Mining and Quarrying sectors is mainly contributed by the Oil and Gas Industry. The FDI for Mining and Quarrying increased by 175% from 1998 to 1999 due to the inclusion of more oil and gas related companies in the data collection survey. This was followed by a fall of 35% in 2000. The FDI improved slightly by 1.6% in 2001 by BND 10.6 million.

**TRENDS AND DEVELOPMENT OF FOREIGN DIRECT INVESTMENT IN BRUNEI DARUSSALAM (1996-2001)**



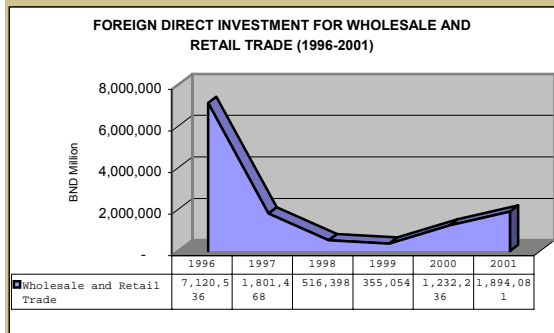
**The FDI For Manufacturing (1996- 2001)**

The manufacturing sector shows an increase of 1.27% in 1997. But in 1998, it fell by 18.4 % due to the Asian Crisis which indirectly hit Brunei Darussalam's economy. In 1999, 2000 & 2001 the FDI for Manufacturing increased by 62%, 175% & 31% respectively. In 2001, most of the FDI is in the processing & Preserving of fish and fish products and manufacture of wearing apparel.



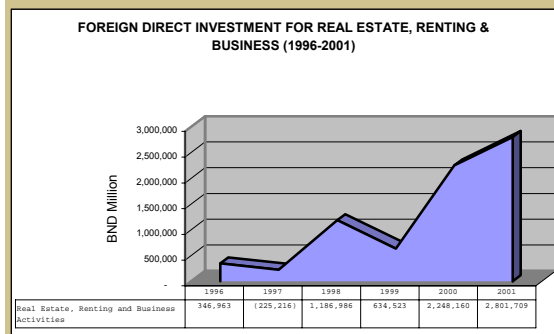
**The FDI For Construction (1996- 2001)**

In 1997 the FDI for construction rose sharply from about BND 1.5 million to BND 12.9 million but decreased dramatically in 1999 to BND -112,237 which indicates reinvestment. The dramatic decrease were due to the collapse of a major local construction & development company and the government prudent fiscal policy. It started to increase by 247% in 2000 and in 2001 increased by 18.5%.



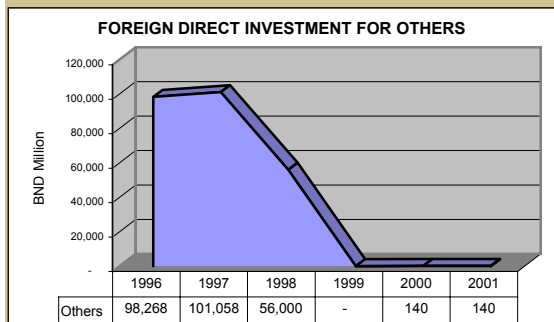
**The FDI For Wholesale and Retail Trade (1996- 2001)**

The FDI for wholesale and retail trade shows a decrease by 74%, 71% and 31% in 1997, 1998 and 1999 respectively. However, it continued to increase by 247% and 54% in 2000 and 2001. The sharp fall in 1999 was attributed to the economic turmoil which hit Brunei Darussalam as well as the Asian countries. The total FDI from the Asian countries fell by 70 % from about BND 1.3 million in 1997 to BND 0.3 million in 1998. The source of FDI in this particular sector comes mainly from Singapore and Malaysia. The sector consist of the FDI in wholesale of food, beverages and tobacco and wholesale of construction materials, hardware, plumbing and heating equipment and supplies.



**The FDI For Real Estate, Renting & Business (1996- 2001)**

The FDI for this sector shows a fluctuating trend. The FDI fell in 1997 and 1999 by 65% and 46.5% respectively but increased sharply in 1998 by 627% and in 2000 and 2001 by 254% and 24.6% respectively. This sector consists of the FDI in Renting of agricultural machinery & equipment, Computer and related activities and Business activities such as Accounting, Architectural & engineering, Advertising and Photographic activities. Most of the FDI comes from Singapore and Malaysia.



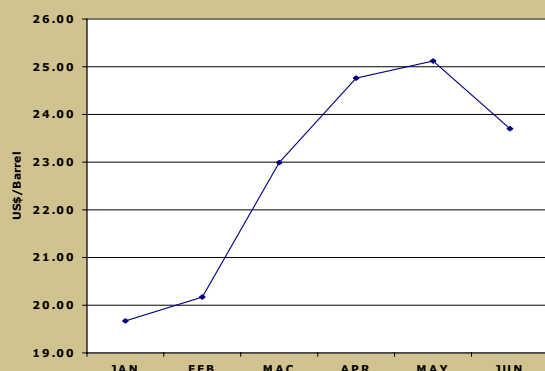
**The FDI For Others (1996- 2001)**

The FDI for Others consist of hairdressing and other beauty treatment, washing and dry cleaning of textile and fur products and funeral & related activities. The FDI for others fell by 53% and 44% in 1997 and 1998. Most of FDI comes from Netherlands and British Virgin Island.



## Crude Oil Price Index

Brunei Darussalam Weighted Average  
Crude Prices (Jan-June 2002)



Price of Crude Oil  
Unit - US\$/Barrel

	2000	2001	2002
JAN	25.15	26.24	19.67
FEB	27.36	27.27	20.17
MAC	28.48	26.79	22.99
APR	25.83	27.75	24.76
MAY	29.41	28.99	25.73
JUN	31.22	28.05	24.60
JUL	31.42	25.99	
AUG	31.71	24.91	
SEP	35.36	24.96	
OCT	33.11	20.19	
NOV	32.85	18.79	
DEC	27.84	18.60	
<b>Average Crude Oil Price for the Year</b>	<b>29.71</b>	<b>24.67</b>	
<b>Average Crude Oil Price Q1</b>	<b>26.98</b>	<b>26.73</b>	<b>20.87</b>
<b>Average Crude Oil Price Q2</b>	<b>28.47</b>	<b>28.23</b>	<b>25.03</b>
<b>Average Crude Oil Price Q3</b>	<b>32.77</b>	<b>25.29</b>	
<b>Average Crude Oil Price Q4</b>	<b>31.14</b>	<b>19.19</b>	
<b>Average Crude Oil Price 1H</b>	<b>27.66</b>	<b>27.45</b>	<b>22.95</b>
<b>Average Crude Oil Price 2H</b>	<b>29.19</b>	<b>23.19</b>	

Crude Oil Price Index

	2000	2001	2002
JAN	84.7	88.3	66.2
FEB	92.1	91.8	67.9
MAC	95.9	90.2	77.4
APR	86.9	93.4	83.3
MAY	99.0	97.6	86.6
JUN	105.1	94.4	82.8
JUL	105.8	87.5	
AUG	106.7	83.8	
SEP	119.0	84.0	
OCT	111.4	68.0	
NOV	110.6	63.2	
DEC	93.7	62.6	
<b>Average Index for the Year</b>	<b>100.0</b>	<b>83.0</b>	
<b>Average Index for Q1</b>	<b>90.8</b>	<b>90.0</b>	<b>70.2</b>
<b>Average Index for Q2</b>	<b>95.8</b>	<b>95.0</b>	<b>84.2</b>
<b>Average Index for Q3</b>	<b>110.3</b>	<b>85.1</b>	
<b>Average Index for Q4</b>	<b>104.8</b>	<b>64.6</b>	
<b>Average Index for 1H</b>	<b>93.1</b>	<b>92.4</b>	<b>77.2</b>
<b>Average Index for 2H</b>	<b>98.2</b>	<b>78.1</b>	

Base year 2000=100

Source: Petroleum Unit, Prime Minister's Office

The Crude Oil Price Index (COPI) for the first half of 2002 decreased by 16.5% to 77.2 compared to that of 92.4 in the same period last year. The COPI for the second quarter of 2002 decreased by 11.4% to 84.2 compared to that of 95.0 in the same period last year. Compared to that of the same month in 2001, the COPI in June 2002 decreased by 12.3% from 94.4 to 82.8 and when compared to the previous month, the COPI decreased by 4.4%.

There has been modest recovery in the world crude oil prices since January 2002, as demand was boosted by the decision of OPEC and five non-cartel producers to slice almost two million barrels per day (bpd) from 76 million bpd world supplies from January 1, 2001 to counter decreasing demand and increase wilting prices. Other contributing factors are such as fire broke out in Kuwait which resulted in the shutting of a third of OPEC nation's crude output; fears of US-led military action against Iraq; signs of recovery in the US economy; and OPEC decision to maintain supply curbs until end of June 2002.

However, since May 2002 the growth of world crude oil price had slowed down attributed to several world events such as news that Iraq, which exports around two million bpd set to resume oil exports after a unilateral month-long embargo; oil traders anticipated additional supplies in June and July 2002 from non-OPEC producers; tensions in the Middle East kept oil prices firm because traders feared a spread of unrest in the region, which pumped a third of the world's crude, might disrupted the oil flow; and healthy demand for gasoline in the United States posted a slim recovery in crude oil prices.

In late June 2002, OPEC has agreed to maintain for at least three months output curbs. This should ease prices to speed the global recovery. However, to date demand still remains weak and stocks are plentiful. The next scheduled OPEC meeting on September 18, 2002 would decide whether OPEC would start pumping more oil.

## 8th NATIONAL DEVELOPMENT PLAN

### The 8<sup>th</sup> NDP – Mid Year Projects Implementation Review

#### Status of NDP Projects at January 2002

8<sup>th</sup> National Development Plan (8<sup>th</sup> NDP), approved a total of 732 projects, with a Scheme Value of BND 7.3 billion, to be implemented during a period of five years from 2001 to 2005.

The BND 1 billion allocated for the year 2002 is to implement a total of 451 projects, with a Scheme Value of BND 5.2 billion. About BND 500 millions is allocated for a total of 177 on-going (carried over from 7<sup>th</sup> NDP) projects. The rest is for 274 new projects.

#### Status of NDP Projects at June 2002

First quarter of 2002, various efforts have been undertaken to improve and increase the implementation capacities of implementation agencies. The measures also include the streamlining and reviewing of implementation process and procedures. It is hoped that the improvement measures taken so far, will impact positively on the implementation capability by the end of the year and the subsequent years.

#### a) On Going Projects

Out of 177 on going projects, a total of 59 projects have been completed with an allocation of BND 54 millions. Works on 118 projects with an allocation of BND 446 millions are currently in various stages of implementation.

### b) New Projects

A total of 274 new projects have been given a total allocation of BND 499 millions at the beginning of 2002. The implementation status of these projects is as shown in TABLE 1.

**TABLE 1. Status of New Projects**

UNDER IMPLEMENTATION		TENDER AWARDED		TENDERING PROCESS		OTHER STAGES	
NO. PROJECTS	ALLOCATION 2002 BND (Million)	NO. PROJECTS	ALLOCATION 2002 BND (Million)	NO. PROJECTS	ALLOCATION 2002 BND (Million)	NO. PROJECTS	ALLOCATION 2002 BND (Million)
15	46	10	43	65	109	184	301

The projects in the tendering process stage include those waiting for approval, being evaluated and still open for tender.

Those projects categorised in the Other Stages includes:-

1. project in pre-design stage,
2. design stage,
3. project being KIVed,
4. projects which consultants had just been appointed, and
5. waiting for the appointment of consultants.

### Appointment of Consultants

In an effort to speed up the implementation of these projects, the services of various types of consultants are acquired. Consultants for 14 projects have been appointed. The list of the projects for which consultants have been appointed is as shown in TABLE 2. Another 41 projects are awaiting the appointment of consultants.

**Table 2: PROJECTS WITH APPROVED CONSULTANTS**

NO.	VOTE NO.	PROJECT DESCRIPTION
1	805-001-001	Kedai-Kedai Bumiputera- Tambahan Kompleks Bangunan (Fasa 2) Tenburong
2	806-014	Maktab Kejuruteraan Jefri Bolkihah, Kuala Belait
3	807-024	Construction of Jalan Tutong-Seria, Stage III, Telisai-Lumut Link Road (16KM)
4	807-025	Katok Link Road (6.1KM) – Stage I
5	807-027	Improvement of Jalan Gadong/Rimba South Link Junction
6	807-037	Construction of Jalan Labu to Pos Kawalan Labu
7	809-012	Pemasangan Lampu 'Rotating Beacon' Di Kawasan Kuala Belait.
8	816-011	Kerja Sambungan Paip Pembentangun di Lembah Jerudong
9	816-013	Sewerage For Kiulap Area
10	816-016	Kampong Telanai, Madewa, Buntu & Bengkurong Areas Sewerage
11	817-008-001 817-008-002	Source Improvement Works for Brunei/Muara/Tutong Water Supply- Ulu Tutong Dam
12	817-012	Kuala Belait-Seria-Sg. Liang Water Supply Stage 5 Phase I: New Sg. Liang Treatment Works
13	817-007	Brunei-Muara-Tutong Water Supply Scheme Stage 6 Phase 2
14	817-009	Source Improvement Works for Belait Water Supply: Kargu Dam.

### Warrant Issued and Expenditures

The total amount of warrant issued during the first six months of 2002 was BND 364,175,471.00, which is 36% of the amount allocated. Whilst the actual expenditure incurred during the corresponding period was BND 193,905,882.00, which is 19% of the allocated amount and 53% of the warrant, issued. The total warrant issued and the expenditures for each sectors is shown in Table 3.

**TABLE 3: Warrant Issued and Expenditures**

Sector	Title	Scheme Value 2002	Allocation 2002	Warrant Issued	Expenditure*
801	Agriculture	90,479,000	12,010,000	1,729,252	500,818
802	Forestry	73,297,000	10,549,000	2,894,311	1,769,748
803	Fisheries	89,941,000	12,105,800	4,780,598	1,182,626
804	Industrial Development	808,510,400	93,160,000	35,239,213	9,948,078
805	Commercial and Entrepreneurial Development	41,279,000	3,990,000	4,852	4,851
806	Education	366,057,000	55,390,000	19,439,576	9,820,727
807	Roads	433,062,000	81,651,000	26,127,664	8,869,210
808	Civil Aviation	30,270,000	13,120,000	4,076,995	1,092,695
809	Marine and Ports	52,177,000	13,280,678	3,109,692	2,150,400
810	Electricity	547,660,000	196,650,000	180,862,648	120,885,718
811	Telecommunications	223,680,000	67,049,000	6,913,534	3,716,071
812	RTB	74,866,000	10,750,300	1,524,675	363,471
813	Postal Services	15,904,600	5,150,000	524,843	483,172
814	Government Housing	35,343,000	1,877,700	250,011	189,795
815	Medical & Health	130,745,000	15,589,114	7,482,585	660
816	Sanitation	82,665,000	9,300,000	1,503,019	0
817	Water Supply	394,359,000	76,340,000	6,073,715	915,463
818	Public Facilities & Environment	109,251,000	7,175,799	1,680,742	825,561
819	Public Building	570,722,000	78,310,393	28,225,177	13,971,279
820	National Housing	900,000,000	82,657,000	23,241,126	12,905,313
821	Religious Affairs	7,756,000	2,700,000	1,121,700	0
822	Feasibility Studies	71,967,000	8,770,000	2,238,430	1,834,830
823	Information and Information Technology	983,837,000	31,000,000	144,121	0
824	Human Resources Development and Science and Technology	279,960,000	27,655,000	77,792	0
825	ABDB Bolkiah	20,000,000	6,000,000	0	0
826	ABDB Penanjong	16,000,000	2,000,000	99,000	99,000
827	ABDB Muara	100,000,000	20,000,000	138,260	138,260
828	ABDB Miscellaneous Projects	139,435,000	23,000,000	25,065	25,065
829	Pulau Muara Besar Project	300,000,000	5,000,000	0	0
830	Police	41,040,000	10,850,000	2,367,900	781,600
831	Drainage	147,146,000	14,150,000	2,278,975	952,963
832	Contingency	222,591,000	2,769,216	0	0
TOTAL		7,300,000,000	1,000,000,000	364,175,471	193,427,374

Table 3 Total Warrant Issued and Expenditures

\*Information from Treasury Dept.

## SHORT-TERM ECONOMIC RECOVERY MEASURES

### Implementation Status of Housing Development Scheme - Phase 2

Site	Package Number	No. of Houses	Types of Houses	Status
Kg Katok B	14	15	D & E	Waiting award
	15	15	E	Waiting award
Kg Katok A	16	14	D	Waiting award
Kg Sungai Buloh	17	22	D	Tender stage
	18	22	D	Tender stage
	19	28	D	Tender stage
	20	24	D	Tender stage
	21	24	D	Tender stage
	22	24	D	Tender stage
	23	23	E	Design stage
	24	24	E	Design stage
25	15	E	Design stage	
<b>Total</b>	<b>12</b>	<b>250</b>		

as of 30 June 2002  
Source : Department of Implementation and Monitoring, JPKE

### PUBLIC HOUSING DEVELOPMENT SCHEME

#### BND 31 Millions Second Phase Housing Projects

In the second phase housing projects, the tender for Housing Packages 14, 15 and 16 were opened in May 2002 and are currently being evaluated by the Public Works Department. Meanwhile the tender advertisements for the other 6 packages, namely packages 17, 18, 19, 20, 21 and 22 with a total of 144 houses had been made on 15 & 26 Jun and 3<sup>rd</sup> July 2002 and ended on 8<sup>th</sup> July 2002. The tenders are opened to Class 3, 4 and 5 Contractors, each with 15 month completion period. A total of 168 houses of Class D and 82 houses of class E (each with an area of 0.125 acre) are scheduled to be built under this phase.

The tenders for the other packages with a total of 62 houses would be opened at the end of October / November 2002. Meanwhile, the tenders for infrastructure work, namely the development of roads and drainage system under both packages that is Phase 1 and 2 & 3 at Kampong Sungai

Buloh Housing Development Scheme would be opened by mid July 2002 through local newspaper, Pelita Brunei and Borneo Bulletin. These tenders are opened to Class 4, 5 and 6 Contractors, with 18 month completion period.

Phase II housing project under the scheme is expected to be completed by 2004.

#### **TRAINING SCHEME FOR INDUSTRIAL AND INFO-COMMUNICATION INDUSTRY OPENING JOBS OPPORTUNITIES FOR LOCALS IN VARIOUS SECTOR OF THE INDUSTRIES**

JPKE has implemented the first phase of the training programme under the Industrial and Info-Communication Technology Skills scheme and awarded the first training program to a group of 3 training providers namely SEAMEO VOCTECH, Hadhi Education and Al-Aliim Management Consultant and Services. The training program which started on 30 May 2002 will train about 300 locals as assistant supervisor, assistant sales and cashiers for eventual employment in the various departmental stores in the country.

The training scheme is designed to promote the role played by the private sector in creating job opportunities for locals and thus contributing towards reducing unemployment in Brunei Darussalam. It is also a pilot project to further reaffirm the Government's commitment to encourage youth to work in the private sector by providing the appropriate skill training and improved incentives including the introduction of an employment contract.

So far about 80 trainees have been enrolled and are still undergoing training and industrial placement in various departmental stores in the country.

JPKE aims to train 800 local job seekers and has invited Training Providers to submit their proposals for skill development training programmes covering various sectors of the economy. The sectors include services sectors in industrial, manufacturing and in the oil and gas related industries. To date the Department has identified 465 job vacancies in the manufacturing and services companies located within the industrial sites.

## **2002 ECONOMIC CENSUS**

JPKE will be conducting the 2002 Economic Census starting in August this year. A launching ceremony will be held for this economic census as part of the publicity campaign to gather support and co-operation from all businesses in providing the information.

The Economic Census is conducted under the Statistics Act, Chapter 81 Laws of Brunei Darussalam. All the information given will be treated as confidential. The individual responses from businesses will be aggregated into statistical tables to give a quantitative summary of the levels and trends of the different economic sectors.

The main objective of this census is to collect complete and up-to-date information relating to the economic activities undertaken by businesses in this country in order to provide information on the current levels of economic activity and changes in the structure of the commercial and industrial sectors at the national level.

Due to the rapid changes in the economic environment, especially with the availability of information and communication technology (ICT), the operational structure of businesses has also undergone many changes and new ICT-based businesses are being established. Small and medium enterprises (SMEs) also continue to play an important role in developing

the economy. The results from this Economic Census will be able to give a clearer picture of the current economic situation to be used by the Government in assessing and evaluating current plans and programs and also as a new benchmark for planning and formulating social and economic development policies.

Another important use of this Economic Census data is to provide inputs for the compilation of the national accounts, especially in the estimation of Gross Domestic Product (GDP). The data will also be used as a basis for the compilation of quarterly economic indicators in order to meet the demands for a more timely set of data represent in the current economic development.

In addition, the private sector could make use of the Economic Census data to plan and develop their business activities and strategies as well as for market research, and at the same time through it, the general public will be better informed of the current economic situation in the country.

The Economic Census questionnaires will be distributed in August 2002. The information collected covers the reference years 2000, 2001 and the first and second quarters of 2002. All businesses which are registered in this country, whether proprietorship, partnership, public limited company, private limited company, branch of a foreign company or co-operative will be canvassed. Registered businesses which have not started or have not undertaken any economic activities during the reference years are also required to fill in and return the questionnaire and stating the reasons.

The results of the 2002 Economic Census will be made available in 2003 in the form of publications. A special publication entitled "Business Directory in Brunei Darussalam", containing lists of business names and addresses is also being planned with the hope that this directory will serve as an advertising venue for the businesses.

The full support and co-operation from all businesses is vital in ensuring the success of this census.

**"Together in Evaluating our Economic Development"**

## Population Census

**Table 1a : Population By Gender - 2001, Brunei Darussalam**

Gender	2001	Percentage
Male	168,925	50.8
Female	163,919	49.2
<b>Total</b>	<b>332,844</b>	<b>100.0</b>

**Table 1b : Population By Gender - 1971-2001**

Year	POPULATION	
	Male	Female
1971	77,772	63,484
1981	102,942	89,890
1991	137,616	122,866
2001	168,925	163,919

### Introduction

The Government of His Majesty through the Department of Economic Planning and Development, Prime Minister's Office conducted the 8<sup>th</sup> Population and Housing Census from 22<sup>nd</sup> to 31<sup>st</sup> August 2001.

The Census was conducted in accordance with the Census Act, Chapter 78, Laws of Brunei Darussalam. The first census was conducted in 1921 and it is done once in every ten years.

The objective of the Census is to determine the population and housing counts of the country and to obtain the information on economic and social indicators. The available information will be used to evaluate the general well being of the population.

All persons (Citizens, Permanent Residents, Temporary Residents and Visitors) in the country on the night of the Census, 21<sup>st</sup> August 2001 were counted.

### PRELIMINARY REPORT ON THE RESULT OF THE CENSUS

This report covered population size and population growth, which includes demographic characteristics by gender, district, Mukim housing units and number of households.

Brunei Darussalam residents as counted on Census Night 2001 was 332,844 persons, an increase by 72,362 persons from 1991 census (260,482

## Population Census

**Table 2a : Population By Census District**

Census District	2001 Total
Bandar Seri Begawan	27,285
Brunei Muara	202,745
Belait	55,602
Tutong	38,649
Temburong	8,563

**Table 2b : Population By Census District and Gender**

Census District	Population		
	Total 2001	Male 2001	Female 2001
Bandar Seri Begawan	27,285	13,631	13,654
Brunei Muara	202,745	102,599	100,146
Belait	55,602	28,694	26,908
Tutong	38,649	19,574	19,075
Temburong	8,563	4,427	4,136
<b>Total</b>	<b>332,844</b>	<b>168,925</b>	<b>163,919</b>

**Table 3 : Population Growth, 1971-2001, Brunei Darussalam**

Year	Population	Percentage Growth (%)
1960-1971	136,256	4.4
1971-1981	192,832	3.5
1981-1991	260,482	3.0
1991-2001	332,844	2.5

**Table 4 : Number of Census Houses**

Year	1991	2001
Number of Housing Unit	40,351	52,539
Number of Households	44,769	55,696
Average size of Households	5.8	6.0

persons). 168,925 persons or 50.8% were males and 163,919 persons or 49.2% were females.

The average Population Growth Rate during the census period 1991 and 2001 for the whole of Brunei Darussalam is 2.5% per annum. Male population increased by 31,309 persons with a growth rate of 2.1% per annum, while female residents increased by 41,053 persons or 2.9% per annum from the 1991 Census.

Brunei-Muara Census District (excluding Bandar Seri Begawan Census District ) has the largest population with 202,745 persons or 60.9%. Belait Census District has the second largest population with 55,602 persons or 16.7%, followed by Census District Tutong with 38,649 persons or 11.6%, Census District Bandar Seri Begawan with 27,285 persons or 8.2% and Census District Temburong with 8,563 persons or 2.6%.

Brunei-Muara Census District recorded the largest population growth rate of 4.9% followed by Tutong Census District with 2.6%, Temburong-Census District with 1.1%, Belait Census District with only 0.5%, Bandar Seri Begawan Census District which includes Mukims in Kampong Ayer and the Municipal area experienced a drastic reduction in population at a rate of 5.2% per annum.

Comparison of population by Mukim shows that the number of residents in Brunei-Muara Census District experienced high population growth especially in Mukim Gadong, Mukim Mentiri and Mukim Serasa that recorded 8.2, 7.4 and 5.3% growth per annum respectively. Only Mukim Kota Batu recorded a decline in population growth at 0.1%.

All Mukims in Tutong Census District recorded population growth especially in Mukim Telisai at 9.7% per annum.

In Belait Census District, population decline were recorded in most Mukims outside of town areas and Mukim Seria except for Mukim Kuala Belait and Mukim Sungai Liang which recorded population growth of 2.8% per annum.

All Mukims in Temburong Census District recorded growth in population except for Mukim Pekan Bangar which experienced population migration .

Mukims in Bandar Seri Begawan Census District also showed a significant decline in population as a result of residents migrating out of the Mukims. Mukim Sungai Kedayan, Mukim Saba and Mukim Peramu recorded negative growth rate of 10.8%, 10.4% and 8.0% per annum respectively.

The average growth rate of housing units increased by 2.6% to 52,539 housing units over ten years.

The total number of households counted in the 2001 Census was 55,696 compared with 44,769 in the 1991 Census. On average the number of persons per household is 6.0 compared with 5.8 persons per household 1991 Census.

Besides population and housing counts, other statistical data from the 2001 Census will be released in stages. The statistical data currently being analyzed will provide various important demographic, social and economic characteristics of the population including education, employment, health, types of housing and facilities. The analysis will also provide a more conclusive evaluation on changes in social and economic status of the population.

Preliminary report on the Brunei Darussalam Population and Housing Census 2001 will be published soon, meanwhile the full report will be published in 2003.

## CORPORATISATION AND PRIVATISATION

An option to fully develop the potential of public services as viable business ventures

### *Policy on corporatisation and privatisation*

Privatisation and corporatisation of public services and development projects have been incorporated into the current 8th National Development Plan (8th NDP).

### *The strategy*

The strategy adopted by the 8th NDP in pursuing privatisation programme is through commercialization and /or corporatisation. Corporatisation is defined as the transition of an organization into a corporate entity under Company's Act with the government as the sole owner of the company. Commercialisation is about the transfer of activities or services to business and commercial activities. Privatisation is defined as the transfer of equity ownership to the non-government entity.

The government has given greater emphasis on privatisation as a new development strategy under 8th NDP. The strategy is aimed at reducing government's expenditure and administrative burdens, reduce the size of the public sector, encourage and widen private sector participation in the national economic development by increasing market and capital flow, and enhancing the efficiency and productivity of goods and services

### *Economic diversification through privatisation*

The 8th NDP perceived the roles of government as a catalyst and facilitator while the private sector as an engine for growth for the development of the country.

### *Guidelines to privatisation*

To ensure smooth implementation of the privatisation programmes, the government will continue to give reasonable support, be transparent and fair as well as be protective of the interests of both investors and consumers.

The government is in favour of choosing the corporatisation road to privatisation encouraging improved productivity and quality and a more business like approach to delivery of goods and services.

Among the potential areas that can be ventured into by the private sector are in the transport and communications sector, public utilities, infrastructure, industry and commerce and social services. The 8th NDP identified a number of government agencies on which the government will focus on as potential candidates for corporatisation. They are; Electrical Services Department, The Postal Services Department, Vehicle Inspection Centre and other services under the Public Works Department such as the Technical Services Department, Road Department, Drainage and Sewerage Department, Water Supply Department, Brunei International Airport, Government Printing Department, The Port Department, The Land Transport Department and Information Technology and State Store Department.

## **Implementation**

### *Increasing local private sector participation in the economy*

The Government sees many advantages from the implementation of the policy. Firstly, it leads to the expansion in the corporate sector thus giving the opportunity to develop local private entrepreneurship. In the long run it is expected corporatisation and privatisation will lead towards the development of agile and internationally competitive commercial entities able to benefit from available business opportunities in the country, regionally and globally.

The Government takes into consideration of the current strength and size of the present private sectors and thus has adopted a practical approach in the implementation of the policy whereby corporatisation is preferred as a step before privatisation. The government will also consider some of its services where immediate commercialization is feasible for offer to the private sector.

Secondly, it will provide an avenue to restructure the equity in the corporate sector to ensure it is in line with the government policy such as making local private sector as leaders in business and industry through ensuring their participation particularly in public financing projects.

*Relieving Administrative And Financial Burden Of Government*

Thirdly, corporatisation of government agencies will contribute towards reducing its administrative and financial commitments, particularly from the running and operations cost of these agencies. This also includes any capital expenditures and manpower needed to meet the growing demands for quality services and to keep abreast with technological advancements. For example, the relief will be quite significant in the corporatisation of large entities like the Telecommunications Department. This Department has 366 employees in its permanent establishment and an average annual recurrent and development expenditure of approximately BND 114 million. Savings from corporatising the department will enable the funds to be used to finance other development programmes or projects.

In addition, once a government agency is corporatised and/or privatized, the exposure of the government to risks and financing will be minimized as the company can source its own financing from other sources.

Privatisation and Corporatisation of selected government agencies will contribute to achieving the objectives of streamlining the public sector, strengthening government finances and promote the development and strengthening of the local private sectors.

**Progress in privatisation programme**

On 1 June 2002, the Government announced its decision to corporatise the Telecommunication Department (JTb) by establishing the Syarikat Telekom Brunei Berhad (TelBru Sdn Bhd). JTb will be fully corporatised in April 2003. A decision has also been reached to establish a Housing Development Board in place of the present Housing Development Department.

Discussions are on-going between JPKE and a number of government agencies about corporatising and privatising their respective organisations on some selected services. The discussions have been fruitful and had advanced significantly for some agencies.

Although corporatisation so far has not generated proceeds from sale of Government interests in companies, it will contribute to the Government coffer through recurrent revenue from privatisation that comes in the form of lease payments and corporate tax.

The corporatisation process of the Telecommunication Department is seen as 'the flagship' of the programme and serves as the benchmark for all process to guide future corporatisation of public services in the pipeline.

**Guidelines for private sector participation in privatisation**

JPKE is currently finalizing the Guidelines for Private Sector Participation in Privatisation Programme. The proposed guidelines are to provide clear and transparent guidelines on how the private sector can participate in the various projects under the 8<sup>th</sup> NDP and commercialization and or privatisation programmes of government agencies.

This is in line with the government intention of becoming the catalyst and facilitator to the development and strengthening of the private sector.

**HUMAN RESOURCE DEVELOPMENT FUND**

Human Resource Development is one of the main agenda to be pursued under the 8<sup>th</sup> NDP. As a small country with limited resources, Brunei Darussalam needs a strong, competent and skillful human capital to enable its economy to develop and achieve rapid growth. His Majesty's Government has allocated a scheme value of BND 250 million for the Human Resource Fund under the 8<sup>th</sup> NDP for the expressed purpose of developing human resources of the country.

This year alone, a budget of BND 45 million has been allocated to implement human resource programmes. JPKE is currently finalising the programme.

The programme touches on various aspects of human resource shortcomings faced by the country. Amongst the highlights are the unavailability of local expertise in various fields, unemployed graduates, education and training facilities and entrepreneurship development activities. Various programmes and strategies will be submitted to address these issues.

This Department has been working closely with various government and other agencies in the formulation of these programmes. The cooperation and support of relevant authorities are critical to the success of these efforts.

Some of the programmes proposed are expected to be implemented within this year.



## Miscellaneous

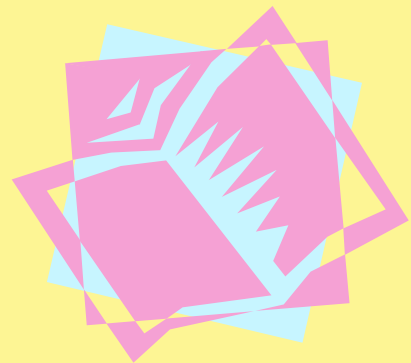


### HOTLINE TO DEPARTMENT OF ECONOMIC PLANNING AND DEVELOPMENT

- The Department of Economic Planning and Development (JPKE), Prime Minister's Office has set up a hotline for the public to make any inquiries complaints, and comments, regarding prices, sales activities and promotion carried out by the Implementation and Monitoring Department of this Department.
- The hotline number is **451892** and it is located at the JPKE Headquarters in Jalan Pengiran Babu Raja, Beribi, Gadong BE 1118. The hotline operates **during office hours**.
- With this initiative, it is hoped that JPKE can provide and maintain quality assurance services for the public.

### WHAT'S IN THE NEXT ISSUE

1. 2002, 3rd Quarter Economic Review;
2. 3rd Quarter Short term recovery measures – reviews and new projects; and
3. 8th NDP – 3rd quarters /Project implementations.
4. Issues:-
  - ♦ Car pricing
  - ♦ SME's
  - ♦ HRD



***The Editors Welcome any comments and suggestions from readers through:-***

**THE EDITOR  
BRUNEI ECONOMIC BULLETIN (BEB)  
JPKE (DEPARTMENT OF ECONOMIC PLANNING AND DEVELOPMENT)  
PRIME MINISTER'S OFFICE**

JALAN PENGIRAN BABU RAJA  
BERIBI, GADONG BE1118  
NEGARA BRUNEI DARUSSALAM

All rights reserved. Copyright of the Government of His Majesty The Sultan and Yang Di Pertuan of Brunei Darussalam. No part of this publication may be reproduced in any material form or by any means, electronic or mechanical, including photocopying, recording or in any information storage or retrieval system without prior permission from the Government, except for permitted fair dealing under Copyright Order 2000.