BRUNEI DARUSSALAM

TRADE SUMMARY

U.S. goods exports in 2013 were $559 million, up 254.4 percent from the previous year. Corresponding U.S. imports from Brunei were $17 million, down 80.1 percent. The U.S. goods trade surplus with Brunei was $541 million in 2013, an increase of $470 million from 2012. Brunei is currently the 100th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Brunei was $116 million in 2012 (latest data available), up from $99 million in 2011.

Trade Agreements

Brunei is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 11 other Asia-Pacific partners are seeking to establish a comprehensive, next-generation regional agreement to liberalize trade and investment. This agreement will advance U.S. economic interests with some of the fastest-growing economies in the world, act as an important tool to expand U.S. trade and investment which are critical to the creation and retention of jobs in the United States, and serve as a potential platform for economic integration across the Asia-Pacific region. The TPP agreement will include ambitious commitments on goods, services, and other traditional trade and investment issues. It will also address a range of emerging issues not covered by past agreements, including trade and investment in innovative products, and commitments to help companies operate more effectively in regional markets. In addition to the United States and Brunei, the TPP negotiating partners currently include Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

IMPORT POLICIES

Tariffs

Brunei has bound 95.3 percent of its tariff lines in the WTO. Brunei's average bound MFN tariff rate is 25.4 percent and applied rates averaged 2.5 percent in 2013. With the exception of a few products, including coffee, tea, tobacco, and alcohol, tariffs on agricultural products are zero. Alcoholic beverages, tobacco, coffee, tea, petroleum oils, and lubricants are among the products included in the 55 tariff lines subject to specific rates of duty and greater overall protection. Brunei reduced the tariff rate for machinery and electrical equipment from 20 percent to 5 percent in 2013 but continues to apply high duties of up to 20 percent on automotive parts.

Brunei offers preferential tariff rates to many Asia-Pacific countries under various trade agreements. As a member of ASEAN, Brunei is reducing intraregional tariffs as agreed under the ASEAN Free Trade Agreement. Brunei also accords preferential access to its market to Australia, New Zealand, China, India, South Korea, and Japan (as part of free trade agreements concluded by ASEAN); to Chile, Singapore, and New Zealand (as part of the Trans-Pacific Strategic Economic Partnership); and to Japan (under a bilateral Economic Partnership Agreement).

GOVERNMENT PROCUREMENT

All government procurement is conducted by Ministries, Departments, and the State Tender Board of the Ministry of Finance. Most invitations for tenders or quotations below B$250,000 (approximately $200,000) are published in a bi-weekly government newspaper but often are selectively tendered only to locally registered companies. The relevant ministry may approve purchases up to a B$250,000 threshold, but tender awards above B$250,000 must be approved by the Sultan in his capacity as Minister of Finance based on the recommendation of the State Tender Board. A project performance bond is required at the tender approval stage to guarantee the delivery of a project in accordance with the project specifications. The bond is returned to the companies involved after the project is successfully completed.

Brunei is not a signatory to the WTO Agreement on Government Procurement.

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Brunei was removed from the Special 301 Watch List in 2013 in light of its increased focus on IPR protection and enforcement in recent years. For example, in collaboration with the Attorney General's Office, the Brunei Economic Development Board established the Brunei Intellectual Property Office (BruIPO) on June 1, 2013 to restructure the Intellectual Property (IP) administration in Brunei Darussalam. Brunei has also made notable progress in 2013 by conducting nationwide raids against vendors of pirated recordings and by prosecuting vendors of pirated goods. Brunei's enforcement efforts have contributed to a general decline in the physical piracy of music, now estimated by industry to be about 30 percent. However, concerns remain in some areas, including with respect to whether Brunei provides effective protection against unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and IPR border enforcement, particularly against transshipments. The United States Government also continues to urge the Bruneian government to proceed with taking steps to join the WIPO Internet Treaties. The United States will continue to work closely with Brunei to ensure that progress is sustained and to address remaining areas of concern, including through the Trans-Pacific Partnership negotiations.

OTHER BARRIERS

Transparency is lacking in many areas of Brunei's economy. Brunei operates state-owned monopolies in key sectors of the economy, such as oil and gas, telecommunications, transport, and energy generation and distribution. Brunei has not yet notified its state trading enterprises to the WTO Working Party on State Trading Enterprises. In addition, Brunei's foreign direct investment policies are not transparent, particularly with respect to limits on foreign equity participation, partnership requirements, and the identification of sectors in which foreign direct investment is restricted.

Brunei has recently established a localization initiative called the Local Business Development (LBD) Framework for the oil and gas industry in an effort to facilitate the development of local supply chain companies in the oil and gas industry. The framework places priorities in the use of local workers and supply companies as well as encourages local financial institutions and local investors to fund projects and purchase of assets. The framework requires oil and gas companies to formulate a Local Content Opportunity Framing report for major projects, contracts, and agreements to ensure that local content and local employment are increased. The oil and gas operators are required to adopt an LBD Allocation of Contract for their allocation of contracting activities for goods and services, which prescribes local content and employment targets based on the size of the contract and the technology intensity of the project.