

# BRUNEI DARUSSALAM

## TRADE SUMMARY

The U.S. goods trade deficit with Brunei was \$3 million in 2008, a decrease of \$262 million from \$265 million in 2007. U.S. goods exports in 2008 were \$112 million, down 20.1 percent from the previous year. Corresponding U.S. imports from Brunei were \$114 million, down 71.8 percent. Brunei is currently the 142nd largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Brunei was \$28 million in 2007 (latest data available), up from \$27 million in 2006.

## IMPORT POLICIES

### Tariffs

Brunei has bound nearly 93 percent of its tariff lines. The average bound rate is 25.8 percent. Applied rates averaged 4.8 percent and ranged from 0 percent to 30 percent in 2007. With the exception of a few products – including coffee, tea, tobacco, and alcohol – tariffs on agricultural products are zero. Roughly 130 products including alcoholic beverages, tobacco, coffee, tea, petroleum oils, and lubricants are subject to specific rates of duty and higher rates of overall protection.

Brunei offers lower tariff rates to many Asia-Pacific countries under its various preferential trade agreements. As a member of the Association of South East Asian Nations (ASEAN), Brunei is lowering intraregional tariffs as agreed under the ASEAN Free Trade Agreement. Brunei, as per its commitments, has cut more than 99 percent of its tariffs on ASEAN imports to the 0 percent to 5 percent range. Brunei also is lowering tariffs on a preferential basis through regional trade agreements between ASEAN and China, Korea, and Japan, with Chile, Singapore, and New Zealand as part of the Trans-Pacific Strategic Economic Partnership, and as part of its Economic Partnership Agreement with Japan.

## STANDARDS, TESTING, LABELING, AND CERTIFICATION

### *Halal* Certification

Brunei's stringent system of *abattoir* approval involves a lengthy process, including on-site inspections carried out by government officials, for every establishment seeking to export meat and poultry to Brunei.

Under the *Halal* Meat Rules that came into force in April 1999, all meat, poultry, and processed meat and poultry products are subject to *halal* certification before importation. For meat to be declared *halal*, two representatives from the Brunei Religious Council have to be present on site to ensure that strict *halal* regulations are adhered to during the entire process, from slaughtering of the animals up to the final packing process. The production line must not be contaminated with non-*halal* products, nor can it be converted to a non-*halal* production line. Because of these strict rules, exporters from only a handful of countries have been approved by the Board issuing permits.

## GOVERNMENT PROCUREMENT

All procurement is delegated to the Ministries, Departments and the State Tender Board of the Ministry of Finance. Purchases up to a B\$250,000 (\$168,000) threshold are approved by the Minister of the relevant

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Ministry, but the State Tender Board's approval is required for purchases above this value. Most invitations for Open Tenders or Quotations (procurements below the B\$250,000 threshold) are published in a government-published bi-weekly newspaper, but often are selectively tendered only to locally registered companies. Tenders 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. There is often a lack of transparency in the award process, with tenders sometimes not being awarded or being retendered for reasons not made public.

Military procurement is a closed process. The Ministry of Defense selectively invites companies to bid on large procurements. Similarly, Royal Brunei Technical Services, a semi-government-owned military procurement firm, does not publish open tenders.

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

### **INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION**

Brunei has high piracy rates and the government's track record on enforcement is weak. Pirated optical discs and unlicensed software are openly sold in shops throughout Brunei and the government has done little to restrict the operations of these shops. Counterfeit goods are available in department stores, and industry reports that the sale of illegal copies of movies, music recordings and games for electronic devices in Brunei is pervasive. The government has conducted few raids or prosecutions of IPR crimes in recent years, although the police, the Attorney General's Chambers, and Customs officers say they are trying to improve their enforcement capabilities.

Brunei approved new patent regulations in 1999, but these have not yet been put into effect. As a result, applicants can register patents only through re-registration of a Malaysian, Singaporean, or UK-registered patent with the Registry of Patents under the Attorney General's Chambers. Amendments to the copyright order that would impose stiffer criminal sanctions are being considered, but they are not yet finalized.

### **OTHER BARRIERS**

Transparency is lacking in many areas of Brunei's economy. Brunei has not yet notified its state trading enterprises to the WTO Working Party on State Trading Enterprises despite a strong government presence. This government presence usually takes the form of State-owned monopolies in key sectors of the economy such as oil and gas, telecommunications, transport, and energy generation and distribution. In addition, Brunei's foreign investment policies are unclear, in particular the limits on foreign equity participation and the sectors in which investment is restricted. This creates uncertainty among investors and providing scope for government discretion in policymaking.

## **FOREIGN TRADE BARRIERS**