

BRUNEI DARUSSALAM

TRADE SUMMARY

The U.S. goods trade surplus with Brunei was \$71 million in 2012, a decrease of \$90 million from 2011. U.S. goods exports in 2012 were \$157 million, down 14.7 percent from the previous year. Corresponding U.S. imports from Brunei were \$86 million, up 268 percent. Brunei is currently the 139th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Brunei was \$55 million in 2011 (latest data available), down from \$57 million in 2010.

Trade Agreements

Brunei is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and its 10 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. exports 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, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

Brunei has expressed support for the U.S.-ASEAN Expanded Economic Engagement (E3) Initiative, a new framework for economic cooperation designed to expand trade and investment ties between the United States and ASEAN, promoting new business opportunities and supporting job creation in the United States and ASEAN countries, as well as laying the groundwork for ASEAN countries to prepare to join high-standard trade agreements, such as the Trans-Pacific Partnership (TPP) agreement.

IMPORT POLICIES

Tariffs

Brunei has bound 95 percent of its tariff lines in the WTO. The average bound rate is 25.3 percent and applied rates averaged 2.5 percent in 2011. 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 greater overall protection. Brunei also applies high duties of up to 20 percent on automotive parts, machinery, and electrical equipment.

Brunei offers preferential tariff rates to many Asia-Pacific countries under various trade agreements. As a member of the Association of South East Asian Nations (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). At the November 2012 East Asia Summit, Brunei joined other ASEAN leaders and their six regional free trade

partners--Australia, China, India, South Korea, Japan and New Zealand--in kicking off negotiations for the Regional Comprehensive Economic Partnership.

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 \$204,461.07) 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.

In July 2010, Brunei established the Centre of Science and Technology Research and Development in its Ministry of Defense to administer military procurements in a more transparent manner and in accordance with its Defense White Paper. Under the new procedures, companies are issued an invitation to tender for each program and bids are evaluated according to established criteria such as performance, cost, and production time. Although this is an improvement over past practice, the defense award process still lacks transparency, and some tender decisions are not publically disclosed.

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

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Brunei was placed on the Special 301 Watch List in 2012. Brunei has made progress on enforcement, implementing the Patents Order of 2011 in January in 2012. Among other things, the Patents Order established an independent patent system for the receipt, processing, and granting of patents by a new Registry of Patents and facilitates the international filing of patents. The United States has continued to urge Brunei to raise public awareness regarding the importance of intellectual property rights (IPR) protection, including through public education and enforcement of the Patents Order. The United States also continues to have concerns regarding pending copyright amendments and the lack of *ex officio* authority for IPR enforcement authorities.

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. However, 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.