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Brunei Darrusalam—Recent Economic Developments

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BRUNEI DARUSSALAM

Recent Economic Developments

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Approved by the Southeast Asia and Pacific Department

March 27, 1996

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Brunei Darussalam: Basic Data

	1990	1991	1992	1993	1994	1995
(In constant prices; percentage change)						
National Accounts						
GDP	2.7	4.0	-1.1	0.5	1.8	2.0
GNP 1/	2.7	0.9	-3.7	-2.3	8.8	-0.4
(In millions of Brunei dollars)						
GDP	6,509	6,621	6,565	6,585	6,686	7,067
GNP	9,972	9,961	9,622	9,384	10,450	10,698
(In millions of U.S. dollars)						
GDP	3,591	3,832	4,030	4,075	4,378	4,985
GNP	5,502	5,766	5,906	5,808	6,842	7,547
Oil and gas						
Production per day						
Oil (thousands of barrels)	152	165	182	175	178	175
Gas (million of cubic feet)	916	940	953	965	993	1,079
Average prices received						
Oil (US\$ per barrel)	23.5	20.7	20.7	18.8	17.1	18.3
Gas (US\$ per mn. btu.)	3.8	3.5	3.3	3.1	3.0	3.4
Prices						
CPI inflation rate	2.1	1.6	1.3	4.3	2.4	6.0
Public finances (in percent of GDP)						
Total revenue	41.6	40.6	41.6	51.9	64.6	50.1
Tax	24.7	22.0	19.6	17.3	16.3	15.8
Nontax	16.9	18.5	22.0	34.6	48.3	34.2
Total expenditure	42.9	41.7	46.6	51.6	64.1	51.6
Current expenditure	29.9	30.6	33.9	36.1	34.8	33.4
Capital expenditure	13.0	11.1	12.7	15.5	15.8	15.4
Investment in public enterprises	0.0	0.0	0.0	0.0	13.5	2.9
Fiscal balance (deficit)	-1.3	-1.1	-5.0	0.3	0.5	-1.6
Money and banking (percentage change) 2/						
Claims on private sector	26.9	46.0	5.2	25.1	34.3	-3.9
Money	5.3	-3.7	8.9	0.5	78.9	-22.9
Of which Currency outside banks	3.4	5.9	8.6	2.0	1.3	10.2
Quasi-money	12.3	13.5	0.1	21.0	6.3	24.5
Broad money	8.5	4.5	4.3	10.7	39.4	-3.8
Prime lending rate (end of period)	7.0	7.0	6.0	5.8	6.0	6.5
Balance of payments (US\$ mn.) 1/, 2/						
Trade balance	1,264	1,415	1,256	1,100	653	704
Exports	2,212	2,470	2,372	2,280	2,215	2,746
Imports	948	1,055	1,115	1,181	1,562	2,042
Investment income, net	1,917	1,939	1,882	1,738	2,471	2,569
Current account surplus	2,724	2,944	2,676	2,590	2,999	2,867
Current account surplus (in percent of GDP)	75.9	76.8	66.4	63.6	68.5	57.5
Total international reserves 2/	2,274	2,134	2,573	2,479	4,396	4,008
Official	545	531	377	355	1,065	967
Commercial banks	1,729	1,603	2,196	2,124	3,332	3,040
Exchange rate						
Brunei dollar per U.S. dollar (period average)	1.8125	1.7276	1.6290	1.6158	1.5274	1.4175
Nominal effective exchange rate 3/	113.9	116.8	119.7	120.3	122.8	125.5
Real effective exchange rate 3/	105.1	105.3	106.3	108.9	110.7	116.9

Sources Data provided by the Brunei authorities; and staff estimates.

1 GNP and balance of payments data are based on staff estimates of net foreign investment income.

2 Data for 1995 are for September.

3 Period average, 1980 = 100; Data for 1995 are January-November average.

I. Overview¹

The Brunei economy is dominated by oil and gas production, which accounts for about 55 percent of total GDP. Sizable fiscal revenue from oil and gas production has enabled the Government to maintain a large public sector with generous remuneration, an extensive welfare system, and a high level of investment in infrastructure. On the external side, sizable oil and gas exports and the steady accumulation of net foreign assets over many years have provided Brunei with a comfortable external payments position, which has facilitated the maintenance of a liberal exchange and trade system. At the same time, the long-standing parity between the Brunei and Singapore dollars has promoted a stable macroeconomic environment in Brunei. While the oil and gas sector has provided only limited opportunities for employment, the public sector traditionally has absorbed the rapidly growing local labor force.

As oil and gas revenue continued to decline, it became increasingly important to diversify the economic base. Despite the authorities' efforts in this regard, the development of the non-oil/gas sector so far has been limited. Although the non-oil/gas sector GDP has grown steadily in recent years, the growth mainly came from service and construction sectors which were driven by the increase in Government and quasi-Government expenditures. The functioning of the labor market is a major concern. Given the limited room for additional employment in the already large public sector, the unemployment rate of Bruneian labor appears to have risen further from 7.7 percent in 1991. At the same time, Brunei has become increasingly dependent on foreign labor for low skilled work. The fiscal situation has come under pressure in recent years. Without any new significant revenue measures, the Budget has been increasingly relying on transfers from the accrued foreign assets to maintain the high level of fiscal expenditures. On the external side, both the trade and current account positions have continued to deteriorate as imports have risen sharply while exports remained stagnant.

During 1994-95, domestic demand picked up strongly mainly due to the rise in Government expenditure. As the Government accelerated the implementation of key projects in the Sixth National Development Plan (NDP), large community-oriented projects were also implemented. The increase in investment spending and associated consumption boom resulted in a sharp growth in imports and a significant rise in inflation. In the meantime, broad money continued to expand rapidly as substantial funds were brought into the banking system from abroad to finance major development projects.

II. Real Sector

Despite efforts for economic diversification, the Brunei economy is still heavily dependent on the exploitation of oil and gas. In recent years, while the oil/gas sector has shown negative growth, the rest of the economy has recorded steady growth averaging about 6 percent during 1991-95 (Table 1, Chart 1). The growth mainly came from service and

¹This paper draws on the background work to the earlier IMF membership paper for Brunei Darussalam (July 1995) prepared by Messrs. K. Al-Eyd, H. Flickenschild, A. Op de Beke, D. McAlister, G. Tavlás, F. Zeidan and Ms. S. Yeager.

Table 1. Brunei Darussalam: Selected Real Sector Indicators, 1990-95

	1990	1991	1992	1993	1994	Est. 1995
National accounts (constant prices; percent change)						
GDP	2.7	4.0	-1.1	0.5	1.8	2.0
Oil/gas GDP	2.2	3.1	-5.7	-2.4	-1.0	-1.1
Non-oil/gas GDP	3.7	5.7	6.5	4.8	5.6	6.0
Private sector non-oil/gas GDP	5.5	-4.0	9.3	10.3	11.0	3.6
GNP 1/	2.7	0.9	-3.7	-2.3	8.8	-0.4
Share of Oil/gas						
Oil/gas (percent of GDP)	62.9	62.3	59.4	57.7	56.1	54.4
Non-oil/gas (percent of GDP)	37.1	37.7	40.6	42.3	43.9	45.6
GDP (B\$ mn.; current prices)	6,509	6,621	6,565	6,585	6,686	7,067
GNP (B\$ mn.; current prices)	9,972	9,961	9,622	9,384	10,450	10,698
GDP per capita (US\$)	14,171	14,712	15,049	14,750	15,387	17,012
GNP per capita (US\$)	21,711	22,135	22,055	21,020	24,048	25,755
Oil and gas production						
Oil (thousands of barrels per day)	152	165	182	175	178	175
Gas (million of cubic feet per day)	916	940	953	965	993	1,079
Labor force						
Population 2/	253,400	260,482	267,800	276,300	284,500	293,035
Labor force (number of persons)	...	106,746				
Of which: temporary residents (percent)	...	41.2				
Unemployment rate 2/	...	7.7	...	...	...	
Prices (percent change)						
CPI	2.1	1.6	1.3	4.3	2.4	6.0
GDP non-oil/gas deflator	3.6	3.0	2.3	2.1	2.4	3.1
Memorandum item						
Exchange rate, B\$ per US\$ (period average)	1.813	1.728	1.629	1.616	1.527	1.417

Source: Data provided by the Brunei authorities; and staff estimates.

1/ GNP data are based on staff estimates of net factor income.

2/ Excluding temporary residents.

CHART 1
BRUNEI DARUSSALAM
Output and Prices, 1984-95

Sources: Data provided by the Brunei authorities, and staff estimates.

1/ GNP based on staff estimates of net factor income.

Box 1

Background

Brunei Darussalam—Brunei, Abode of Peace—is a country covering some 6,000 square kilometers with a population of less than 300,000. Brunei Darussalam is a Malay Muslim Monarchy ruled by the Sultan who is also the highest religious authority of the country. It gained independence in 1984, after having been a British protectorate for about a century. Situated on the northwest coast of the island of Borneo and bordering on the South China Sea, Brunei is surrounded by the east Malaysian state of Sarawak, and divided into two parts by the district of Limbang in Sarawak. Brunei is rich in natural resources which consist almost exclusively of oil and natural gas reserves. Additionally, there are gravel deposits in the Temburong district and potentially valuable high-grade silica deposits in the Tutong district. Its coastal waters support a wide variety of marine life, while the largely unexploited mangroves and primary rainforests afford a valuable opportunity for ecotourism as well as research. Only about 15 percent of land is under cultivation.

Malays constitute the largest ethnic group, accounting for 67 percent of the population; Chinese and non-Malay indigenous groups account for 15 percent and 6 percent, respectively. The population is growing rapidly, at an annual rate of over 3 percent, and 60 percent of the population is less than 30 years of age. Thanks to the emphasis placed on medical care and education, life expectancy is high—72 years for males and 76 years for females—and the literacy rate is 90 percent. As a result of a perennial shortage of labor, both skilled and unskilled, Brunei Darussalam has come to depend heavily on expatriate workers drawn largely from neighboring countries, who have the status of temporary residents. Their number is estimated at 44,000 and, including dependents at around 60,000, or equivalent to 20 percent of the total local population.

construction sectors driven by the increase in Government and quasi-Government expenditures. Inflation in Brunei has been quite moderate in line with imported inflation but, in 1995, it rose to 6 percent due to mounting demand pressures on nontraded goods fueled by a sharp rise in construction projects as well as some adjustment in import duties. Given the limited room for additional employment in the already large public sector, there is an urgent need to create employment in the private sector for a rapidly growing local population. Although the authorities have been trying to promote (“Bruneization”)—by encouraging the private sector to employ Bruneian citizens in high-skilled and well-paid jobs—this policy has met with limited success. The main obstacle is the strong preference for public sector employment, because of its generous remuneration including various fringe benefits.

A. Sectoral Production

While the Sixth NDP targeted an average 6 percent GDP¹ growth during 1991-95, actual growth averaged merely 1.5 percent (Appendix Table 5-8). The main reason for the poor performance was the negative growth of the oil/gas sector² whose share in total real GDP has been declining. Because of the Government's oil conservation policy and unfavorable price developments, oil production has increased very slightly in recent years while production costs of existing fields continued to rise. Meanwhile, the non-oil/gas sector grew strongly, by 5.7 percent on average during 1991-95. As a result, the share of the non-oil/gas sector in GDP increased from 27 percent in 1984 to 37 percent in 1990, and further to 46 percent in 1995. More than half of the growth in the non-oil/gas sector since 1990 came from the Government sector, which grew by 5.7 percent annually during the period. Non-oil/gas private sector has also grown strongly, by 6.0 percent on average. Among the various private economic activities, the tertiary sector played a leading role reflecting rising demand for consumer goods and personal services. Due to large construction projects, the growth of the construction and real estate sectors accelerated in 1994 and 1995. On the other hand, the primary and manufacturing sectors grew only modestly.

1. Oil and gas

Brunei exports mostly crude oil; a refinery with a capacity of 10,000 bpd. supplies the domestic market and produces some surplus for export. Since the beginning of oil and gas exploration, Shell has been the principal active company. To date, it is the only company producing oil and gas in Brunei, although several other companies are exploring. Offshore field production, which has been developed since 1963, now accounts for the bulk of production of both oil and gas. Data on the country's oil reserves are not published, but unofficial estimates made in 1990 suggested that exploitable reserves were about 1,375 million barrels at the time, guaranteeing production at current levels for about 20 years.

After reaching a peak of 250,000 bpd. in 1979, oil production in the early 1980s dropped to about 170,000 bpd., reflecting both a fall in demand and the Government's conservation policy. Despite the fall in oil prices, the Government stuck with the National Petroleum Depletion Policy it adopted in 1981 and reduced oil production to the targeted level of 150,000 bpd. by 1987 (Appendix Table 10). In the wake of the Middle East crisis in 1990, production levels were pushed higher, and subsequently, the Sixth NDP (1991-95)

¹Available statistics for Brunei Darussalam include GDP by economic sector, both in current prices and prices of 1974; expenditure-side GDP is not compiled. Based on estimates of net factor income, the staff estimated gross national product (GNP) which substantially exceeds GDP on account of the large foreign investment income (Appendix Table 9).

²The oil/gas sector in national accounts includes not only the oil/gas industry itself but also other related activities such as wholesale trade and transportation.

revealed a shift to a more flexible conservation policy. The new policy permits the oil company to vary its production depending on price, exchange rate, and demand, but limits its annual capital budget to a level consistent with a production target of 150,000 bpd. Consequently, oil production has been fluctuating around 175,000 bpd. in recent years.

Natural gas production began in the 1960s and exports in 1973. Current gas production levels stand at about one billion cubic feet per day. Almost all of Brunei's gas is liquefied and exported, making Brunei the fourth largest producer of liquefied natural gas (LNG) in the world—after Indonesia, Malaysia, and Algeria. Until exports to Korea commenced in 1994, all of Brunei's LNG was exported to Japan under a 20-year contract that was renewed in 1994. There is no conservation policy for natural gas, and its production has increased by 18 percent in the last five years. The export of LNG has become almost as important to Brunei's trade balance as the export of crude oil. Information on gas reserves is also confidential, but unofficial estimates put them at 14 trillion cubic feet in 1992, sufficient for 40 years of production at current levels.

Although Brunei Darussalam is not a member of the Organization of Petroleum Exporting Countries (OPEC), it has benefited considerably from the changes in the world oil trade brought about by OPEC. Generally, the prices Brunei receives for its crude oil and gas have been closely linked to those obtained by OPEC producers. More than 80 percent of Brunei's oil is exported under one-year renewable contracts at a price that varies monthly based on prices on the world spot market, and the rest is sold on the spot market directly. The contract price for LNG, also denominated in U.S. dollars, is regularly adjusted (every two months) in line with prices on the world spot market for oil.

2. Primary sector

The Government has made significant efforts to promote the primary sector, but with limited success. Impediments for the promotion of the primary sector are the high cost of production mainly arising from the shortage of available labor and land, the limited market size, and competition from neighboring countries. Despite the government's target to attain 15 percent self-sufficiency, rice production continued to decline and fulfilled only 3-5 percent of demand in 1994. Without significant progress in promoting livestock production, the authorities now see more prospects in meat processing instead of livestock production itself. On the other hand, largely under the impetus of rising urban demand, production of fruit crops and vegetables continued to increase and the latter now supplies almost half of demand. The authorities also made some success in poultry production, which has emerged from the traditional backyard production to modern, large scale commercial enterprises. Still, about 70 percent of poultry consumption is imported. Egg production has been more successful, supplying 97 percent of domestic needs. Despite its long tradition of fishing, Brunei has been relying more on fresh fish imports while local fish catch continue to decline. The lack of local expertise in control of water quality and fishery management, together with labor shortages, has prevented large-scale commercial operations.

Despite the efforts by the authorities, the pattern of non-oil based manufacturing industry in Brunei remains essentially simple and underdeveloped. Most manufacturing industry is small-scale and oriented towards the domestic market. During 1991-95, real GDP by mining, quarrying, and manufacturing (excluding oil/gas) grew at an annual average rate of 2.3 percent. Employment by the manufacturing sector has slightly declined during 1991-93, even as the Government tried to promote manufacturing industry through the provision of basic infrastructural facilities and a range of fiscal incentives. The Industrial Incentives Act provides exemption from income tax and import duties to companies granted pioneer status as well as established companies planning expansion.⁴ In order to make the application for foreign direct investment easier, the Ministry of Industry and Primary Resources established in 1989 became a one-stop agency to handle every step for foreign direct investment. Besides, since only Brunei citizens can own land, the Government offers would-be foreign investors leases in industrial estates. However, the response from the private sector has not been encouraging, and only the estates in the capital region have attracted significant numbers of enterprises.

Construction is the largest employer as well as the largest component of GDP in the non oil/gas private sector. After modest growth during 1991-93, construction activities accelerated in 1994-95 as the Government increased its capital expenditure to complete the Sixth NDP. In addition, community-oriented projects also were implemented at the same time, including a large amusement park with a resort hotel and golf courses, a big commercial complex in Bandar Seri Begawan, and a marina with a hotel. Employment by the construction sector, mostly immigrant workers, rose by 48 percent during 1990-93.

4. Environmental issues

Environmental policy has been an important feature of the NDPs. Recently, an Inter-Agency Committee on the Environment was established with a full-time Secretariat in order to review and advise on the necessary actions and measures to be implemented by the relevant departments. Since more than three-quarters of the total land area is covered with forests, forestry conservation has been the main focus of environmental policy. In the Fifth NDP, the Government introduced the Forestry Conservation Protection Policy, which has classified the national forests into Conservation Forests, Protection Forests, and Production Forests. The Sixth NDP also identified solid waste and river pollution as major health hazards.

⁴See Annex I for detailed description of the Industrial Incentives Act.

B. Employment, Wages, and Prices

1. Employment and wages

In 1991, a census year for which comprehensive data are available, 55 percent of the work force was employed in the public sector, and 40 percent were temporary residents. Assuming that the number of temporary residents employed in the public sector is negligible, the implication is that some 80 percent of the local work force is employed in the public sector. The implied participation rate for the local population was 40 percent, whereas the local unemployment rate was 7.7 percent (Appendix Table 11). About 40 percent of private sector employment was in construction, and only 8 percent in the oil and gas sector (Appendix Table 12). Temporary residents made up 65 percent of the unskilled laborers but also 38 percent of professionals and 22 percent of the administrative and managerial work force (Appendix Table 13).

With an already high unemployment rate, it is a major challenge to public policy to create employment for the estimated 4,000 addition to the working age population each year, especially as the Government has decided to freeze the number of public sector jobs and in light of the rise in female participation rates (Appendix Tables 14, 15). One response has been an active policy of replacing expatriates by locals. For the government sector, this process of bumiputra ("sons of the land") or "Bruneization" is practically complete. It is also far advanced for the oil and gas sector and the financial sector, and the government agencies in charge of these sectors are mainly concerned with ensuring that qualified Bruneians are promoted into the professional and managerial ranks. As to the overall share of expatriates in the labor force, the policy enunciated in the Sixth NDP is to reduce it to about one third, from 40 percent at present, although it is accepted that certain sectors, such as construction, will continue to draw their workers mainly from abroad.

The efforts at economic diversification in Brunei are seriously hampered by the high remuneration in the public sector. Public sector salaries remain generous, and public sector workers also receive numerous benefits. The main benefit, enjoyed only by public sector employees hired before 1993, is a noncontributory pension scheme that pays a maximum of 75 percent of the last earned salary (after 30 years of service), with the retirement age set at 54 for women and 55 for men; nonpensionable public servants are covered by a gratuity scheme, also noncontributory, of at least 1/12 of total salary earned. Another important benefit is the rent subsidy that limits the monthly rent to a maximum of B\$130, with the size of the house depending on seniority. Other benefits are subsidized housing loans (in demand since the rent subsidy ends upon retirement), subsidized car loans, and a pilgrimage to Mecca (*hajj*) upon completing ten years of service. On the other hand, most private sector enterprises cannot match government remuneration. Only Brunei Shell and financial institutions, which

*Wage determination in the private sector is completely free (unions are nonexistent).

have made it a policy to try to increase the number of Bruneians on their staffs, can afford to compete with salaries of the public sector.

In order to make the private sector employment more attractive, the authorities established the Employees Trust Fund (ETF) (Tabung Amanah Pekerja, or TAP) to cover both the public and private sectors. As of January 1993, the TAP became effective for all nonpensionable civil servants and for all newly employed civil servants, replacing for the latter the noncontributory pension scheme. In January 1994, the TAP became effective for all employees in the private sector, with a temporary exemption for those working for an employer with an approved provident fund (i.e., banks and Brunei Shell). The TAP is a simple provident fund without insurance features, making lump sum payments to participants upon reaching 55 years of age, and in a number of other specified circumstances. At present, the contribution rates are 5 percent each for both employees and employers.

2. Prices

Inflation in Brunei has been quite moderate, averaging 2.5 percent per annum from 1981 to 1994 (Appendix Table 16). Given Brunei's comfortable balance of payments position and open trading regime, any variations in demand pressures arising from fluctuations in the level of economic activity have mostly been reflected in the external sector. Correspondingly, domestic prices have generally tracked movements in import prices closely. In particular, Brunei's price performance is very much in line with Singapore's, which recorded an average annual CPI inflation rate of 2.5 percent from 1981 to 1994. Price controls on some basic necessities have also helped contain price increases. Prices of sugar and rice are set by the authorities. There is also a long list of items for which indicative price ceilings have been set by the Ministry of Finance. These items include basic foods, household goods, automobiles, tobacco goods, and liquor. In addition, gas and utilities are also subsidized, as is housing, both rentals and owner-occupied.

Significant deviations of price developments in Brunei from those abroad could result from disruptions in imports, price controls, or nontraded-goods price inflation. Inflation picked up to 6 percent in 1995, partly owing to significant increases in import duty rates on cigarettes (December 1994), and motor vehicles (February 1995). Although import duties on 688 consumer items were reduced substantially in April 1995, the effects of this measure were not significant because of the relatively low weight of affected items in the CPI basket. The pick up of inflation in 1995 was also exacerbated by mounting demand pressures on nontraded goods, especially services such as private school tuition, car repairs, and domestic services. In recent years, rent in the capital area has also risen sharply.

III. Public Finance

Highly dependent on revenue from the oil and gas sector, the public sector in Brunei provides generous remuneration for public workers while continuing a high level of investment in infrastructure. In response to a continuous decline in oil and gas revenues, the

Government has gradually attempted to contain current expenditure. Meanwhile, capital expenditure has accelerated in 1993-95 to complete the Sixth NDP (Table 2, Chart 2) (Appendix Table 17). In the face of weakening of oil/gas prices and in the absence of significant measures, revenues continuously declined and transfers from the General Reserve Fund—which is managed by the Brunei Investment Agency (BIA)—have financed the budgetary shortfalls since 1992, amounting to about 35 percent of total revenue in recent years.

A. Institutional Structure

The Ministry of Finance is in charge of the budget process, under supervision of a Budget Committee appointed by the Sultan, with specific responsibility for the capital budget relegated to the Economic Planning Unit (EPU). The Government is organized in 12 ministries, one of which is the Office of the Prime Minister, and each ministry comprises a number of operational units called departments, for a total of about 65. Only the central government collects revenues, and lower levels of government are dependent on transfers.

The fiscal year coincides with the calendar year, and the budget cycle commences with the appointment of the Budget Committee early in the year, which usually includes senior government officials, representatives from the public, and members chosen for their technical expertise. It provides the Ministry of Finance with spending limits by ministry for the next fiscal year. The Committee begins to scrutinize the spending plans by departments in June and reaches a final decision on departmental allocations by October. Finally, the budget is submitted to the Sultan for his approval. All payments are made centrally by the Treasury Department of the Ministry of Finance, which ensures that spending remains within the allocations. All spending in excess of allocations must be approved by the Budget Committee.

In addition to the yearly budget cycle there is a five-yearly NDP Plan cycle which covers most of the capital expenditures. Although the design and implementation of NDPs is coordinated and monitored by the EPU, the National Development Committee, chaired by the Minister for Development and including various deputy ministers and the permanent secretaries of all other ministries, makes the final allocation. Even though revenues during the Sixth NDP were far below projections, the projects were executed as planned, with the shortfall in revenues made up by transfers from the General Reserve Fund. In the context of the annual budget cycle, the EPU is given an allocation for disbursements on capital expenditures, but in practice disbursements seldom exceed 70 percent of the allocation.

The Government operates a number of extra-budgetary funds. The largest is the General Reserve Fund, which contains revenues from oil and gas set aside for future generations. Information on this fund is not available as the BIA presents its accounts only to the Sultan. Since the mid-1980s, the Government ceased recording BIA's investment income as revenues and started to keep its foreign transactions out of the exchange records. Other extra-budgetary funds are: the Government Consolidated Fund, a reserve fund to smooth current expenditures, the Development Fund, a reserve fund to smooth capital expenditures,

Table 2. Brunei Darussalam: Selected Fiscal Sector Indicators, 1990-95

	1990	1991	1992	1993	1994	1995 Budget	Est.
(In millions of Brunei dollars)							
Total revenue	2,706	2,686	2,730	3,416	4,318	1,881	3,538
Tax	1,605	1,459	1,286	1,137	1,092	909	1,118
Non-tax revenue	1,102	1,226	1,444	2,278	3,226	972	2,420
Of which: Transfers 1/	0	0	405	1,142	2,072	0	1,452
Total expenditure	2,791	2,760	3,057	3,397	4,285	4,481	3,649
Current	1,947	2,024	2,224	2,375	2,327	3,044	2,358
Capital	843	736	833	1,022	1,057	1,437	1,088
Investment in pub. enterprises 2/	0	0	0	0	901	0	203
Surplus or deficit (-)	-84	-74	-328	19	33	-2,600	-111
(In percent of GDP)							
Total revenue	41.6	40.6	41.6	51.9	64.6	26.6	50.1
Tax	24.7	22.0	19.6	17.3	16.3	12.9	15.8
Non-tax revenue	16.9	18.5	22.0	34.6	48.3	13.8	34.2
Of which: Transfers 1/	0.0	0.0	6.2	17.3	31.0	0.0	20.5
Total expenditure	42.9	41.7	46.6	51.6	64.1	63.4	51.6
Current	29.9	30.6	33.9	36.1	34.8	43.1	33.4
Capital	13.0	11.1	12.7	15.5	15.8	20.3	15.4
Investment in pub. enterprises 2/	0.0	0.0	0.0	0.0	13.5	0.0	2.9
Surplus or deficit (-)	-1.3	-1.1	-5.0	0.3	0.5	-36.8	-1.6
Memorandum items:	(In millions of Brunei dollars)						
Ordinary expenditure	1,871	1,944	2,136	2,281	2,235	2,924	2,265
Charged expenditure	458	446	460	426	414	448	460
Development expenditure	462	370	461	690	735	1,109	721
GDP	6,509	6,621	6,565	6,585	6,686	7,067	7,067

Sources: Ministry of Finance, Brunei Statistical Yearbook (various issues); and staff estimates.

1 Transfers from Brunei Investment Agency (BIA) to the budget.

2 BIA investment in the public enterprises through the budget.

CHART 2

BRUNEI DARUSSALAM
Fiscal Indicators, 1990-95
(In percent of GDP)

Sources: Data provided by the Brunei authorities

1/ Transfers from Brunei Investment Agency (BIA)

2/ Includes BIA investment in public enterprises through the budget

and the Government Trust Fund (GTF), which finances loans on favorable terms to government employees. All these extra-budgetary funds are managed by the BIA.

B. Revenues

Government revenues are dominated by receipts from the hydrocarbon sector in the form of corporate income tax, royalties, and dividends (Appendix Table 18). Consequently, revenues fluctuate with oil and gas production and prices, and the profitability of the oil and gas industry. Since 1980, tax revenues have exhibited a general decline: from a high of B\$3.5 billion in 1981 they went as low as B\$1.1 billion in recent years. In the 1990s, despite a temporary recovery in the wake of the Middle East crisis, the U.S. dollar depreciation has exacerbated the revenue situation and tax revenue as a ratio to GDP dropped sharply from 22 percent in 1991 to 14 percent in 1995. While expenditure continues to rise, budget shortfalls have been financed by the large transfers from the General Reserve Fund.

Brunei does not have personal income tax and corporate income tax accounts for the major share of tax revenue—85 percent in 1995.³ The tax has three rates: 55 percent for oil companies; 50 percent for gas companies; and 30 percent for all other companies. About a dozen foreign joint-venture companies enjoy 2-5 year tax holidays because they were granted “pioneer status” under the Investment Incentives Act. Of about 4,000 registered companies, 1,500-2,000 file income tax declarations, but only 500 pay taxes. The oil and gas companies pay taxes on a quarterly basis and all other companies annually. The share of import duties in tax revenue was 14 percent in 1995, which is likely to decline in coming years as Brunei lowers import-duty rates further, consistent with commitments under various multinational agreements.

Nontax revenue consists of royalty, some commercial receipts, and transfers from the General Reserve Fund. Royalty payments differ for onshore, and offshore fields. For onshore the royalty currently paid by BSP is a flat 12½ percent (in cash or kind) of production, for offshore, it is 10 percent of production between 3 and 10 miles, and 8 percent of production farther offshore. Similar terms apply to natural gas production. Since 1986, government investment income accruing to the General Reserve Fund is no longer included in revenue but transfers from the General Reserve Fund have regularly taken place since 1992 to finance budgetary shortfalls. In 1994 and 1995, the transfers also included investments by the BIA in some public enterprises. Even after excluding these investments, the amount of the transfers averaged about 35 percent of total revenue during 1993-95.

New revenue measures were introduced in recent years, but their revenue impact was limited. The measures included a 30 percent increase in the price of gasoline in 1992, the introduction of a few co-payments in the medical insurance scheme, and increases in fees and charges for government services. Also, effective December 1994, import-duty rates on

³See Annex II for detailed description of the tax system.

cigarettes and alcoholic beverages were raised substantially. In February 1995, a steep increase in the import tariffs on automobiles took place which raised a uniform rate of 20 percent to a range of 40-200 percent, depending on the size of engines. In April of that year, the Government reduced import duty rates on 688 items, mainly consumer goods. The reduction brought the share of tariff lines in the 0-5 percent range to nearly four-fifth of the total, which goes beyond Brunei's commitments under the Uruguay Round.

C. Expenditures

1. Budget presentation

The Brunei expenditure statistics distinguish between ordinary, charged, and development expenditures. "Ordinary expenditures" consist mostly of wages and salaries, and pensions and gratuities, for public sector workers. "Charged expenditures" cover other current operational costs, but also certain capital expenditures; in the early 1980s, this category of expenditures rose sharply as a result of public sector construction associated with independence. Finally, the category "development expenditures" contains all capital spending decided in the context of the five-year NDPs. In the following analysis, current and capital expenditures are estimated by splitting the charged expenditures. A consistent functional breakdown of expenditures is not available, although "ordinary expenditures" are published by ministries and for a subset of major departments (Appendix Table 19).

2. Current expenditure

Brunei Darussalam's budget policy is centered around the principle that all its people should share in the revenues from the exploitation of oil and gas. Based on this policy, current expenditure has provided public sector employees with generous remuneration and an elaborate welfare system. The welfare system offers essentially free medical care, with treatment abroad if required; a noncontributory old age pension of B\$200 per month for citizens and permanent residents who are 60 years old or older; special allowances in case of disability and poverty; free education up to the university level, abroad where necessary; subsidized housing and staple foods; and financial support in making pilgrimages to Mecca. These benefits are generally not available to temporary residents, and for permanent residents they are partly financed privately from the 10 percent of income (*zakat*) Muslims are expected to give to charity; an important channel in this connection is His Majesty's Foundation, financed by the Sultan. Apart from welfare-related expenditures, the budget puts emphasis on defense, providing 18 percent of ordinary expenditure in 1994, equivalent to about 6 percent of GDP.

In response to a decline in oil/gas revenues, the Government has gradually shifted to a policy of expenditure restraint but with limited results. Current expenditure as a ratio to GDP still remained at 33 percent in 1995 which was almost the same as the average during 1986-94 (34 percent). Several measures target the increase in the public sector payroll: the pay scales have not been adjusted since 1985 and salary increases have been kept below

inflation; recently there has been a freeze on the creation of new positions, although existing vacancies continue to be filled; and the Sixth NDP limited the annual increase of the public sector payroll to 5 percent. Furthermore, since 1993 nominal current expenditures other than wages have been frozen. Over time the contributory ETF will be important in restraining expenditures, since it replaced the noncontributory pension scheme for public sector employees hired after 1993.

3. Capital expenditure

During 1986-93, annual capital expenditure averaged 13 percent of GDP, while fluctuating within the range of 10-15 percent. In 1993-95, however, it continuously exceeded 15 percent of GDP as the Government accelerated the implementation of the projects in the Sixth NDP in order to complete them within the Plan period. Apart from capital expenditure, large investments in some public enterprises took place in 1994 and 1995, financed by transfers from the General Reserve Fund. Data on the composition of capital expenditure are not available on an annual basis but are available for the five-year plan periods (Appendix Table 20).

While their principal objective has been to diversify the economic base through the expansion of agriculture and industry, the NDPs have shifted their emphasis on different spending categories. Under the first three NDPs, expenditures were concentrated in infrastructure, especially roads and telecommunications, and public utilities. Under the Fourth NDP (1980-84), which covered the immediate pre-independence period, the plan shifted the emphasis somewhat to expenditures on public buildings and public security. The Fifth NDP (1986-90), which was the first full plan since independence, officially espoused a full-fledged industrial policy, geared toward import substitution in the short run and export promotion in the long run. Spending on industry and commerce was stepped up, as was spending on utilities in support of private industry. The Sixth NDP (1991-95) essentially continued this industrial policy approach and launched institutional initiatives such as the one-stop agency to expedite investment approvals; the centralization of all regulation and supervision to better support a growing financial sector; the establishment of the Brunei Development Bank (BDB) to expand the financing of small domestic business ventures; and the creation of the ETF to enhance the relative attractiveness of private sector employment.

D. Public Enterprises

There are no majority state-owned enterprises in Brunei Darussalam,⁶ but since 1985 the Government has held a 50 percent share in Brunei Shell Petroleum Company Limited (BSP) and Brunei Shell Marketing. In 1973, the Government first bought a 25 percent share in BSP, which was established in 1957 as a fully owned subsidiary of the Royal Dutch/Shell

⁶It is likely, however, that through the BIA the Brunei Government has a controlling or majority interest in enterprises domiciled abroad.

group. Brunei Shell Marketing was established in 1974 to sell oil and gas products domestically. The Government eventually also raised to 50 percent its initial 10 percent share in three other companies—Brunei LNG, Brunei Coldgas, and Brunei Shell Tankers—formed in 1969 to handle the liquefied natural gas trade with Japan. The remaining equity in these three companies is divided equally between Royal Dutch/Shell and the Mitsubishi Corporation. The Government's interests in the oil and gas companies are looked after by the Petroleum Unit, a division within the Prime Minister's Office, which is also the principal regulator of the oil and gas industry. In addition, the Bruneian members of the BSP board and their alternates formed, since 1993, a ministerial committee, called the Brunei Oil and Gas Authority, with policy responsibility for major decisions; the Director of the Petroleum Unit serves as secretary to this committee.

IV. Financial Sector

Given the long-standing parity between the Brunei and Singapore dollars, financial and exchange markets in Brunei function as extensions of these markets in Singapore. Banks set their interest and exchange rates following Singapore where their excess liquidity is mainly invested. Monetary policy is passive, consistent with Brunei's currency board framework, and the Brunei Currency Board (BCB) has responsibility over the issue of legal tender. Monetary aggregates are strongly affected by Government and quasi-Government activities, given their dominant role in the economy. Since 1993, broad money has increased strongly as a large amount of money has been brought in from abroad to finance large construction projects (Table 3, Chart 3).

A. Structure of the Financial System

For the small size of its domestic financial market, and given the Government's large role in extending housing and car loans, Brunei's financial sector is sizable. The banking system is composed of eight commercial banks; of these, two are locally incorporated. In addition, there is a post office savings bank. The three largest banks, all foreign owned, accounted at end-1994 for almost 90 percent of deposits and 75 percent of loans. The share of demand deposits in total deposits is high at 44 percent as of end-September 1995 while the shares of savings deposit and time deposit are 18 percent and 38 percent, respectively. The main depositors in the banking system are the Treasury Department of the Ministry of Finance and the Brunei Shell group of companies. The latter cumulates, on a monthly basis, funds for the quarterly payments of taxes and royalties. Banks also derive substantial income from negotiating and collecting oil export bills on behalf of BSP.

Brunei's financial sector regulation is very liberal and there are no credit or interest rate restrictions or guidelines. Monetary policy is passive, consistent with the nature of the currency board framework, and the authorities do not utilize any policy instruments to influence monetary developments. An important role in interest rate determination is played by the Brunei Bankers' Association (BBA). The BBA agrees monthly on the prime rate for the coming month, based on the Singapore prime rate for the previous month and market

Table 3. Brunei Darussalam: Selected Monetary Sector Indicators, 1990-95

	1990	1991	1992	1993	1994	Sept. 1995
(In millions of Brunei dollars)						
Brunei Currency Board						
External assets	395	412	434	431	446	459
Of which: liquid	202	236	213	255	155	167
Cash at banks	49	63	76	107	104	107
Demand liabilities	406	425	460	479	515	330
BCB external asset ratio	0.97	0.97	0.94	0.90	0.87	0.87
Monetary survey						
Foreign assets (net)	3,411	3,027	4,047	3,847	5,313	4,778
Claims on private sector	1,255	1,831	1,927	2,410	3,237	2,466
Money	2,333	2,245	2,446	2,458	4,398	3,293
Of which: Currency outside banks	364	385	418	426	432	457
Quasi-money	2,135	2,424	2,426	2,935	3,118	3,599
(Percent change)						
Claims on private sector	26.9	46.0	5.2	25.1	34.3	-3.9
Money	5.3	-3.7	8.9	0.5	78.9	-22.9
Of which: Currency outside banks	3.4	5.9	8.6	2.0	1.3	10.2
Quasi-money	12.3	13.5	0.1	21.0	6.3	24.5
Broad money	8.5	4.5	4.3	10.7	39.4	-3.8
Prime lending rate (end of period)	7.0	7.0	6.0	5.8	6.0	6.5

Source: Data provided by the Brunei authorities.

CHART 3

BRUNEI DARUSSALAM

Monetary Indicators, 1990-95 1/

Source: Data provided by the Brunei authorities

1/ Data for 1995 are for September

expectations. The prime rate usually constitutes the minimum lending rate; it also functions as an orientation rate to which banks on an individual basis link the rates for different purpose loans with premia depending on risk. The BBA also sets every month maximum rates for savings and time deposits up to B\$100,000, but not in a fixed relation to the prime rate. When banks seek extra liquidity, they are willing to pay significantly higher rates on large deposits; sporadically, they also may borrow interbank domestically. Demand deposits are unremunerated except for those from the Government, which earn 2.5 percent.

B. Brunei Currency Board

The BCB is a statutory body chaired by the Minister of Finance. It was established in 1967 under the Currency Act, which also introduced the Brunei dollar (or ringgit). The operations of the BCB are limited to the issue and redemption of Brunei currency notes and coins and the investment of its external reserves (Appendix Table 21). To safeguard the value of the domestic currency, the BCB is required by statute not to let its external assets drop below 70 percent of its demand liabilities, or its liquid external assets below 30 percent of the same. Although both ratios have traditionally been well above their legal minima, valuation losses reportedly have contributed to the decline in the external asset ratio from 0.97 in 1990 to 0.87 in September 1995. The BCB sells Brunei dollars only in exchange for Singapore dollars, at par. It does not act as lender of last resort to banks and it does not lend to Government. Consistent with this policy, the BCB had not maintained accounts for banks or the Government until December 1995 when a minimum cash balance requirement on all banks and finance companies was introduced. The BCB maintains accounts in three domestic banks, which are used for the settlement of currency transactions.

Since 1967, the BCB has had an agreement with the Board of Commissioners of Currency of Singapore (BCCS) that ensures the free interchangeability of the two countries' currencies in the interest of facilitating trade and investment. Under this currency interchangeability agreement, the two currencies are "customary tender" in the country in which they are not legal tender, allowing them to circulate side-by-side. The BCB and BCCS are committed to exchange, at par and without charge, each other's currency when offered by banks, and have requested from their banks that they do the same for their customers. Periodically, excess notes and coins are returned to the institution of issue, which pays for them in the other currency and also reimburses the costs of the repatriation. Because of Brunei's large bilateral deficit in trade and services with Singapore, in practice, repatriation is almost solely from Singapore to Brunei.

C. Monetary Developments

Given their dominant size in the economy, monetary aggregates have been strongly affected by the Government and quasi-Government activities. Broad money has increased strongly since 1993 reflecting a large amount of money brought in from abroad to finance large projects. As a result, broad money has increased by more than 40 percent between end-1992 and end-September 1995 (Appendix Table 22). The broad money growth had been

lumpy and was especially high in 1994, as a sizable sum of money was reportedly brought into the country late during that year for some large financial settlements. Closely following those in Singapore, interest rates continued to rise in 1994 and the first quarter of 1995, but appear to have since softened somewhat.

Despite the large amount of liquidity originated from the oil/gas revenue, investment opportunities in the domestic market are limited and, as a result, the banking system has had excess liquidity which is mainly invested in the Singapore market. Domestic bank loans are heavily concentrated in personal loans amounting to almost half of total loans (Appendix Table 23). Moreover, the share of personal loans becomes more dominant if loans to the credit and finance sector (which are mainly for car financing companies) are also included. Other major direction of lending is construction and commerce sectors, providing working capital or stock financing. Reflecting active construction activities and the associated rise in consumption demand, credit to the private sector increased by 28 percent between end-1992 and end-September 1995.

D. Nonbank Financial Institutions

The principal nonbank financial institutions are in the public sector: the BIA, the ETF, the BDB, and the GTF. The BIA was established in 1983 for holding and managing the Government Reserve Fund and all the Government's external assets. The ETF, which covers new employees in the public sector since 1993 and all private sector employees since 1994, so far has assets of less than B\$100 million, which are placed with the BIA. With a contribution rate of 10 percent of wages, it should grow to become a sizable fund. The BDB, founded in April 1995, has taken over from the Economic Development Board its subsidized lending activities in the interest of economic diversification. The GTF provides subsidized housing and car loans to public sector employees. Private sector nonbank financial institutions comprise a number of finance companies, securities brokers, insurance companies, money lenders, cooperative societies, and pawn shops. There are also a number of money transfer services catering to the large expatriate work force.

E. Prudential Policy

Brunei experienced several financial failures in the 1980s and fiscal policy has always brought relief: in 1985, the United National Finance Company; in 1986, the National Bank of Brunei, the second largest local bank; and in 1988, Jan Shen, a commodity trading firm. In all cases the Government was heavily involved in the liquidation, the recovery of assets, and the repayment of depositors (including in one case a budgetary transfer). Trying to develop Brunei as a regional financial center, the authorities are aware of the need to develop prudential policy and to strengthen their capacity for bank supervision. In 1993, the Financial Institutions Division of the Ministry of Finance became solely responsible for all licensing, regulation, and supervision of financial institutions. Commercial banks regularly report their balance sheets including the amount of past due loans. The ratio of past due loans (more than sixty days) has shown a decline recently from about 9 percent in 1991 to about 5-6 percent in

1995. For prudential reasons, effective December 1995, a minimum cash balance requirement of 6 percent on all bank and finance companies was introduced.

V. External Sector

Sizable hydrocarbon exports and the steady accumulation of long-term foreign assets over many years have provided Brunei with a comfortable external payments position, facilitating the maintenance of a liberal exchange and trade system. In recent years, however, both trade and current account balances deteriorated steadily (in terms of GDP) as imports rose sharply while exports remained stagnant (Table 4, Chart 4). Japan is the major export market, while the increase in imports, which has been fueled by increased Government expenditure, largely came from ASEAN countries, mainly Singapore.

A. Balance of Payments

Brunei Darussalam does not compile comprehensive balance of payments statistics, although trade and other key data are available. The staff compiled tentative balance of payments estimates for the period 1985-95, relying on the exchange record of the resident commercial banks, the foreign banking transactions of the Brunei Shell group, the balance sheet of the BCB, and the trade statistics derived by the EPU from customs data. Hydrocarbon exports, merchandise imports, and investment income dominate the external current account (Appendix Table 24). Based on a number of assumptions, it appears that the current account stayed in substantial surplus throughout this period.⁷ With reduced earnings from petroleum and the weakening of the U.S. dollar (in which hydrocarbon exports and presumably most investment earnings are denominated), the surplus fell in relation to GDP from 90 percent in 1985 to about 58 percent in 1995.

1. Merchandise exports

Exports consist almost totally of hydrocarbons, with revenues from LNG since 1986 close to those from the export of oil (Appendix Table 25). The excess capacity of the domestic refinery permits the exportation of small amounts of petroleum products. Although its share in total exports is still minimal at around 6 percent in 1994, the export of

⁷Crucial assumptions had to be made in order to estimate foreign investment income. The mission traced the evolution of Brunei's net foreign investment position, based on unofficial estimates, by adding to the amount of foreign investments reportedly controlled by the BIA at end-1985 the current account surpluses of subsequent years plus all investment earnings. Earnings were assumed to accrue at a rate equal to the average annual U.S. government bond yield.

Table 4. Brunei Darussalam: External Sector Indicators, 1990-95

	1990	1991	1992	1993	1994	Est. 1995
(In millions of U.S. dollars)						
Trade balance	1,264	1,415	1,256	1,100	653	704
Exports (f.o.b.)	2,212	2,470	2,372	2,280	2,215	2,746
Imports (f.o.b.)	948	1,055	1,115	1,181	1,562	2,042
Services, net	-282	-311	-402	-160	-119	-302
Receipts	30	63	119	74	53	79
Payments	312	374	521	234	171	381
Investment income, net 1/	1,917	1,939	1,882	1,738	2,471	2,569
Receipts	2,113	2,215	2,094	1,927	2,622	2,810
Payments	195	276	211	188	151	241
Current transfers, net	-176	-99	-60	-88	-6	-104
Receipts	15	6	11	1	1	8
Payments	191	105	71	89	7	112
Current account balance	2,724	2,944	2,676	2,590	2,999	2,867
Capital account balance	-2,706	-2,918	-2,666	-2,586	-2,962	-2,849
Overall balance	18	26	11	4	37	18
Imports (percent growth)	16.5	11.2	5.7	5.9	32.3	30.8
(In percent of GDP)						
Exports	61.6	64.5	58.8	56.0	50.6	55.1
Imports	26.4	27.5	27.7	29.0	35.7	41.0
Investment income, net 1/	53.4	50.6	46.7	42.7	56.4	51.5
Current account balance	75.9	76.8	66.4	63.6	68.5	57.5
(In millions of U.S. dollars)						
Value of major exports						
Petroleum (crude and products)	1,250	1,291	1,325	1,181	1,084	1,114
Natural gas	886	1,098	959	985	925	
International reserves 2/	2,274	2,134	2,573	2,479	4,396	4,008
Official reserves	545	531	377	355	1,065	967
BCB	227	253	264	268	305	323
Consolidated Fund	319	278	113	87	759	644
Commercial banks	1,729	1,603	2,196	2,124	3,332	3,040
(In months of imports of goods and services)						
International reserves 2/						
Official reserves	5.2	4.5	2.8	3.0	7.4	4.8
Total reserves	21.7	17.9	18.9	21.0	30.7	19.8
Exchange rates						
Brunei dollar per U.S. dollar (period average)	1.81	1.73	1.63	1.62	1.53	1.42
Nominal effective 3/	115.5	119.4	121.0	121.3	124.7	126.8
Real effective 3/	105.0	106.7	108.8	108.8	113.6	118.7

Source: Data provided by the Brunei authorities; and staff estimates

1/ Investment income is based on staff estimates

2/ Data for 1995 are for September

3/ End period 1980=100 Data for 1995 are for September

CHART 4
BRUNEI DARUSSALAM
External Sector Indicators, 1984-95

Sources: Data provided by the Brunei authorities, staff estimates

1. The figures for 1995 are staff estimates

2. The balance of payments data are compiled by the staff and based on estimates of foreign investment income

nonhydrocarbons increased by 60 percent during 1990-94, led by re-exports (mainly to Sarawak and Sabah in eastern Malaysia) as well as garment exports which began recently, taking advantage of the fact that Brunei does not have any quota under the Multifibre Arrangement. The value of manufactured goods^a increased from B\$108 million in 1990 to B\$205 million in 1994.

A conservation policy stabilized the volume of oil exports and the long-term contract with Japan has ensured a steady export of LNG (Appendix Table 26). The year-to-year changes in the value of hydrocarbon exports are therefore mainly the result of price fluctuations in the world oil market. After a gradual but continuous decline during 1991-94, exports increased by 24 percent in 1995, recovering to the highest level since 1985 (in U.S. dollar terms). The strong recovery was mainly due to an increase in oil and gas prices as well as an increase in gas export to Korea which started in 1994. The average export price of oil increased by 7 percent and that of natural gas by more than 14 percent in 1995. While the oil export volume remained unchanged since 1992, that of natural gas is estimated to have increased by 14 percent in 1995. Regarding the destination of exports, Japan still has a dominant share (59 percent of total exports in 1995) while Korea increased its share as it started to import LNG in 1994 (Appendix Table 27). Imports from ASEAN have risen sharply in recent years, although the share of exports to ASEAN remained unchanged at 20 percent.

2. Merchandise imports

Brunei Darussalam imports almost everything, including most foodstuffs and beverages (Appendix Table 28). In value terms, machinery and transportation equipment account for the highest share, ranging between 30 percent and 40 percent of all imports, reflecting the high levels of motorization and construction activity in Brunei. Manufactured goods, such as consumer electronics and electrical appliances, come next with some 20-25 percent of imports, followed by food (including live animals) and other manufactures, such as textiles. The share of foodstuffs and beverages is shrinking and that of manufactured items is expanding.

The ratio of merchandise imports to GDP has increased rapidly from 29 percent in 1991 to 41 percent in 1995. The surge in imports took place in 1994 and 1995, as their share in GDP increased by 6.7 percentage points and 5.3 percentage points, respectively. In U.S. dollar terms, imports more than doubled from 1991 to 1995 and the rates of increase in 1994 and 1995 were 32 percent and 31 percent, respectively. Although information on the composition of imports is limited, it appears that the increase came from both machinery and equipment for industrial use, especially for construction, and miscellaneous consumer goods including consumer electronics and clothing. Looking at the origin of imports, most of the

^aSum of chemicals," "manufactured goods classified chiefly by material," "machinery and transportation equipment," and "miscellaneous manufactured goods."

increase came from ASEAN countries, raising their share in total imports from 36 percent in 1991 to 49 percent in 1995 (Appendix Table 29). During this period, 46 percent of the increase in imports came from Singapore and 20 percent from Malaysia.

3. Other current account transactions

Estimated investment income has been rising as the persistent current account surpluses boosted Brunei's net foreign investment position. Thus, the steady growth of imports were easily financed, even though investment income may have fluctuated substantially from year to year depending on financial market performance. Small net outflows on account of services and current transfers occurred each year. There were growing payments for foreign travel and occasionally high consulting, management, and other professional fees by the oil and gas sector. Current transfer outflows mainly consist of remittances by immigrant workers from neighboring Asian countries. The decline in private transfer outflows in recent years calls for the review of the source data used for estimating the balance of payments, because it does not appear to be consistent with the sharp increase in immigrant workers. Private remittances are reportedly no longer captured by the exchange record of commercial banks because immigrant workers are using money transfer services by nonbank financial institutions. Similarly, it appears that the shift to nonbank money transfer services is affecting the service account through the under recording of travel payments and receipts.

4. Capital account transactions

In the absence of capital restrictions and attractive investment opportunities at home, a steady net outflow had been recorded of portfolio and direct investment, except for large investment inflows in 1992-94. The recorded inflows, however, are dwarfed by the long-term capital outflows which were derived as a residual in the balance of payments compilation, combining direct placements and reinvested earnings. Short-term capital (the sum of recorded transactions through the domestic banking system and by the Brunei Shell group plus estimated export trade credits) provided net financing in most years; short-term outflows occurred in 1987 and 1991. In placing their structural excess liquidity abroad, commercial banks in Brunei contributed importantly to both outward portfolio investment and short-term lending in most years.

5. International reserves and foreign investment position

The international reserves position of Brunei Darussalam is very comfortable. At the end of September 1995, international reserves amounted to US\$4.0 billion, or 20 months of imports of goods and services, with most reserves held by the commercial banks (Appendix Table 30). Of the international reserves, the external assets of the BCB and the commercial banks are immediately available reserves. The remainder is the Government's Consolidated Fund which could be mobilized if necessary for balance of payments financing. The staff considers as official reserves the BCB's external assets and the Consolidated Fund. The

BCB's external assets have been increasing steadily with currency circulation. At the end of September 1995, total official reserves (there are no official reserve liabilities) were US\$967 million, or five months of imports of goods and services. Commercial banks have invested their international reserves mostly with affiliated banks in Singapore; at the end of September 1995, those investments amounted to almost US\$3.0 billion.

B. Exchange Rate and Trade System⁹

Through the currency board arrangement and the currency interchangeability agreement, the Brunei dollar is pegged at par to the Singapore dollar. The BCB's only intervention currency is the Singapore dollar. The BCB does not prescribe exchange rates for currencies other than the Singapore dollar and in practice the Brunei exchange market functions as an extension of the Singapore market. In the absence of governmental regulation or prescription of exchange rates or exchange rate margins, the commercial banks are free to set the exchange rates for currencies other than the Singapore dollar in their dealings with the general public. In the 1990s, both nominal and real effective exchange rates have appreciated by more than 10 percent (Chart 5, Appendix Table 31).

With the removal of exchange controls in 1984, the Brunei dollar became fully convertible. Because of the absence of controls there is no requirement to collect, repatriate, or surrender foreign exchange proceeds from exports. Financing terms may be freely agreed between residents and nonresidents. Also, banks in Brunei are not limited by regulation in their foreign exchange exposure. The possibility of accepting deposits denominated in foreign currency, presently amounting to about one fifth of total liabilities, offers banks a way by which to reduce their foreign exchange exposure.

The trade system is also very liberal. There are no restrictions on the destination and origin or provenance of merchandise trade. On the export side, there are neither bans nor taxes. Licenses are required for alcoholic beverages, cigarettes, petroleum products, rice, salt, and sugar; in the case of the latter four because they are subsidized. On the import side, a few bans or restrictions exist but these are not for protective or balance of payments reasons, and restricted items may be imported with the permission of the ministry concerned. Since January 1992, Brunei Darussalam has been applying the Harmonized Description and Coding System of the Customs Cooperation Council.

⁹See Annex III for more detailed description of the exchange and trade system.

CHART 5
BRUNEI DARUSSALAM
Exchange Rate Indices, 1984-95
(1980=100)

Source: IMF, International Financial Statistics; and staff estimates

Table 5. Brunei Darussalam: Gross Domestic Product in Current Prices by Economic Activity, 1984-95

(In millions of Brunei dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Total	8,069	7,752	5,136	5,801	5,415	5,845	6,509	6,621	6,565	6,585	6,686	7,067
Oil and gas sector	6,276	5,897	3,063	3,567	2,884	3,034	3,491	3,335	2,984	2,753	2,541	2,535
Non-oil and gas sector	1,793	1,855	2,073	2,234	2,531	2,811	3,018	3,286	3,582	3,832	4,145	4,532
Government	864	940	1,110	1,151	1,317	1,375	1,437	1,656	1,754	1,845	1,917	2,191
Private sector	929	916	963	1,083	1,213	1,436	1,581	1,630	1,828	1,987	2,228	2,341
Agriculture and hunting	60	69	71	80	91	103	117	119	122	125	128	132
Forestry and logging	13	15	16	18	13	22	14	15	16	17	18	20
Fishing	12	13	12	14	16	19	23	26	28	32	33	36
Mining, quarrying, and manufacturing	57	53	120	123	138	157	177	195	204	208	213	221
Electricity production	15	31	31	33	43	54	59	62	64	67	70	74
Construction	207	159	170	183	196	255	277	303	316	334	364	405
Wholesale trade	100	84	71	90	92	116	122	128	137	142	152	163
Retail trade	141	122	156	180	208	240	257	273	285	296	307	325
Restaurants and hotels	42	42	40	46	52	59	68	73	78	86	96	108
Transportation, storage, and communication	116	136	123	150	171	196	214	235	252	265	278	299
Banking and finance	134	144	155	170	186	204	223	236	241	254	274	298
Insurance	8	13	14	21	31	46	67	70	74	77	82	90
Real estate and business services	113	102	58	60	62	63	65	67	70	73	76	81
Ownership of dwellings	30	33	33	38	43	49	55	66	69	73	76	80
Community, social, and personal services	856	916	1,090	1,127	1,293	1,349	1,421	1,568	1,783	1,948	2,153	2,390
Less bank charges	113	77	87	98	103	121	142	149	157	164	176	188

Sources: Ministry of Finance, Fifth and Sixth National Development Plans, and Statistical Yearbook (various issues).

Table 6 Brunei Darussalam Composition of Gross Domestic Product in Current Prices, 1984-95

(In percent of total GDP)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Oil and gas sector	77.8	76.1	59.6	61.5	53.3	51.9	53.6	50.4	45.4	41.8	38.0	35.9
Non-oil and gas sector	22.2	23.9	40.4	38.5	46.7	48.1	46.4	49.6	54.6	58.2	62.0	64.1
Government	10.7	12.1	21.6	19.8	24.3	23.5	22.1	25.0	26.7	28.0	28.7	31.0
Private sector	11.5	11.8	18.7	18.7	22.4	24.6	24.3	24.6	27.8	30.2	33.3	33.1
Agriculture and hunting	0.7	0.9	1.4	1.4	1.7	1.8	1.8	1.8	1.9	1.9	1.9	1.9
Forestry and logging	0.2	0.2	0.3	0.3	0.2	0.4	0.2	0.2	0.2	0.3	0.3	0.3
Fishing	0.2	0.2	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.5	0.5
Mining, quarrying, and manufacturing	0.7	0.7	2.3	2.1	2.5	2.7	2.7	2.9	3.1	3.2	3.2	3.1
Electricity production	0.2	0.4	0.6	0.6	0.8	0.9	0.9	0.9	1.0	1.0	1.0	1.0
Construction	2.6	2.1	3.3	3.2	3.6	4.4	4.3	4.6	4.8	5.1	5.5	5.7
Wholesale trade	1.2	1.1	1.4	1.6	1.7	2.0	1.9	1.9	2.1	2.2	2.3	2.3
Retail trade	1.8	1.6	3.0	3.1	3.8	4.1	4.0	4.1	4.3	4.5	4.6	4.6
Restaurants and hotels	0.5	0.5	0.8	0.8	1.0	1.0	1.0	1.1	1.2	1.3	1.4	1.5
Transportation, storage, and communication	1.4	1.8	2.4	2.6	3.2	3.4	3.3	3.6	3.8	4.0	4.2	4.2
Banking and finance	1.7	1.9	3.0	2.9	3.4	3.5	3.4	3.6	3.7	3.9	4.1	4.2
Insurance	0.1	0.2	0.3	0.4	0.6	0.8	1.0	1.1	1.1	1.2	1.2	1.3
Real estate and business services	1.4	1.3	1.1	1.0	1.1	1.1	1.0	1.0	1.1	1.1	1.1	1.1
Ownership of dwellings	0.4	0.4	0.6	0.6	0.8	0.8	0.8	1.0	1.0	1.1	1.1	1.1
Community, social, and personal services	10.6	11.8	21.2	19.4	23.9	23.1	21.8	23.7	27.2	29.6	32.2	33.8
Less Bank charges	1.4	1.0	1.7	1.7	1.9	2.1	2.2	2.3	2.4	2.5	2.6	2.7

Sources: Ministry of Finance, Fifth and Sixth National Development Plans, and Statistical Yearbook (various issues).

Table 7 Brunei Darussalam Gross Domestic Product in Constant Prices by Economic Activity, 1984-95

(In millions of Brunei dollars)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
Total	3,589	3,535	3,440	3,508	3,547	3,509	3,605	3,751	3,709	3,728	3,795	3,871
Oil and gas sector	2,628	2,574	2,392	2,414	2,346	2,219	2,268	2,338	2,204	2,151	2,130	2,106
Non-oil and gas sector	961	962	1,048	1,094	1,201	1,290	1,337	1,413	1,505	1,577	1,666	1,765
Government	494	525	609	624	705	727	743	843	882	890	902	975
Private sector	467	437	439	471	496	563	594	570	623	687	763	791
Agriculture and hunting	29	29	33	35	37	40	43	43	43	44	44	44
Forestry and logging	7	8	8	8	5	9	5	5	5	5	6	6
Fishing	6	6	6	6	7	8	8	9	9	10	10	11
Mining, quarrying, and manufacturing	30	25	55	52	54	57	61	63	63	64	66	68
Electricity production	9	17	17	18	23	29	31	31	32	32	33	34
Construction	95	73	80	80	81	99	102	105	106	109	115	125
Wholesale trade	58	32	41	49	47	56	56	56	57	57	59	62
Retail trade	82	71	90	98	106	116	117	118	119	119	120	123
Restaurants and hotels	17	17	20	23	25	27	30	32	34	36	40	44
Transportation, storage, and communication	65	74	57	66	71	78	84	85	90	94	99	107
Banking and finance	88	86	70	75	80	86	92	92	94	98	104	111
Insurance	5	8	7	9	13	19	28	28	29	30	31	34
Real estate and business services	74	61	26	26	27	27	27	27	27	28	29	30
Ownership of dwellings	17	18	18	19	19	20	21	21	22	22	24	25
Community, social, and personal services	486	511	595	606	683	704	721	792	872	933	997	1,063
Less Bank charges	106	73	74	75	77	82	87	93	98	104	111	120

Sources: Ministry of Finance, Fifth and Sixth National Development Plans, and Statistical Yearbook (various issues).

Table 8. Brunei Darussalam: Growth in Gross Domestic Product in Constant Prices, 1984-95

(Percentage change)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Est.
Total	0.6	-1.5	-2.7	2.0	1.1	-1.1	2.7	4.0	-1.1	0.5	1.8	2.0
Oil and gas sector	-2.9	-2.1	-7.1	0.9	-2.8	-5.4	2.2	3.1	-5.7	-2.4	-1.0	-1.1
Non-oil and gas sector	11.7	0.1	8.9	4.4	9.8	7.4	3.7	5.7	6.5	4.8	5.6	6.0
Government	49.2	6.2	16.1	2.4	13.1	3.0	2.3	13.4	4.6	0.9	1.4	8.0
Private sector	-11.7	-6.4	0.3	7.3	5.3	13.6	5.5	-4.0	9.3	10.3	11.0	3.6
Agriculture and hunting	5.8	1.0	13.0	5.7	6.9	7.0	7.5	0.2	0.5	0.5	0.7	0.9
Forestry and logging	6.0	11.3	-3.8	3.9	-31.6	57.4	-40.0	2.0	1.9	1.9	1.9	1.8
Fishing	-15.4	7.3	-6.8	10.9	9.8	11.9	12.0	4.8	6.8	6.4	1.0	7.9
Mining, quarrying, and manufacturing	-17.7	-18.2	120.2	-5.1	3.9	5.2	7.1	3.5	1.0	1.3	2.2	3.7
Electricity production	-5.4	97.7	-2.9	6.5	27.2	24.5	7.7	1.0	3.5	0.3	1.6	3.1
Construction	-22.9	-23.1	9.1	0.6	0.6	22.6	3.3	2.5	1.2	2.7	6.1	8.1
Wholesale trade	40.2	-44.7	29.1	18.6	-4.3	19.6	-0.7	0.5	1.6	0.9	3.3	3.9
Retail trade	-12.1	-13.9	27.1	8.6	8.4	9.3	1.5	0.9	0.4	0.3	0.7	2.5
Restaurants and hotels	-17.5	-1.8	21.6	10.8	10.2	10.1	11.0	5.3	5.3	8.0	9.9	10.3
Transportation, storage, and communication	-19.2	13.0	-23.2	16.8	7.9	9.5	7.8	1.4	5.4	4.0	6.2	7.2
Banking and finance	9.9	-2.2	-18.5	6.9	6.8	7.0	7.0	0.1	2.9	4.0	6.1	7.0
Insurance	-28.4	45.3	-15.6	43.1	44.1	43.3	43.2	1.5	3.9	2.1	5.7	7.3
Real estate and business services	2.6	-17.3	-56.8	0.4	0.4	0.4	0.4	0.4	2.2	2.2	3.2	4.2
Ownership of dwellings	4.2	2.3	2.3	3.3	3.2	2.6	3.5	1.5	3.4	3.7	5.8	5.9
Community, social, and personal services	45.5	5.2	16.6	1.8	12.7	3.0	2.4	9.9	10.1	6.9	6.9	6.6
Less: Bank charges	11.8	-31.7	1.8	1.9	1.9	6.5	6.6	7.0	5.4	5.8	7.0	7.5

Sources: Ministry of Finance, Fifth and Sixth National Development Plans, and Statistical Yearbook (various issues).

Table 9 Brunei Darussalam Trends in GDP and GNP, 1984-95 1/

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Est.
(In current prices; B\$ mn.)												
GDP	8,069	7,752	5,136	5,801	5,415	5,845	6,509	6,621	6,565	6,585	6,686	7,067
Net factor payments	1,759	2,266	2,401	2,760	3,182	3,263	3,463	3,340	3,056	2,799	3,764	3,631
GNP	9,828	10,019	7,537	8,561	8,597	9,108	9,972	9,961	9,622	9,384	10,450	10,698
(In current prices; percentage growth)												
GDP	-0.7	-3.9	-33.8	13.0	-6.7	7.9	11.4	1.7	-0.8	0.3	1.5	5.7
GNP	11.7	1.9	-24.8	13.6	0.4	5.9	9.5	-0.1	-3.4	-2.5	11.4	2.4
(In prices of 1974; B\$ mn.)												
GDP	3,589	3,535	3,440	3,508	3,547	3,509	3,605	3,751	3,709	3,728	3,795	3,871
GNP	4,532	4,710	4,653	4,860	5,057	5,006	5,139	5,187	4,994	4,880	5,308	5,286
(In prices of 1974; percentage change)												
GDP	0.6	-1.5	-2.7	2.0	1.1	-1.1	2.7	4.0	-1.1	0.5	1.8	2.0
GNP	15.2	3.9	-1.2	4.4	4.1	-1.0	2.7	0.9	-3.7	-2.3	8.8	-0.4
(In current prices; US\$ mn.) 2/												
GDP	3,783	3,521	2,359	2,754	2,691	2,997	3,591	3,832	4,030	4,075	4,378	4,985
GNP	4,607	4,554	3,461	4,065	4,272	4,670	5,502	5,766	5,906	5,808	6,842	7,547
(Per capita; US\$) 2/												
GDP	17,891	16,155	10,473	11,852	11,244	12,168	14,171	14,712	15,049	14,750	15,387	...
GNP	21,794	20,878	15,370	17,491	17,852	18,961	21,711	22,135	22,055	21,020	24,048	...

Sources: Ministry of Finance, Fifth and Sixth National Development Plans, and Statistical Yearbook (various issues); and staff estimates.

1/ GNP was calculated on the basis of net factor payments estimated by the staff

2/ Converted at current exchange rates

Table 10. *Jerusalem: Oil and Gas Production and Sales, 1984-95*

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(Oil Production)												
	(Thousands of cubic meters per day)											
Crude petroleum	25	24	24	22	21	21	21	23	26	25	26	25
Casing head petroleum spirit	3	3	3	3	3	3	3	3	3	3	3	3
Total	27	27	26	25	24	24	24	26	29	28	28	28
	(Thousands of barrels per day)											
Crude petroleum	155	149	149	119	133	132	134	147	165	157	161	157
Casing head petroleum spirit	17	19	16	16	17	18	18	17	17	18	18	18
Total	172	168	165	155	150	150	152	165	182	175	178	175
Number of wells	721	690	511	607	564	558	724	720	737	735	741	740
	(Millions of cubic feet per day)											
Gas Production	884	869	841	885	871	885	916	940	953	965	993	1079
Exports												
Volumes												
Oil (thousands of barrels per day)	167	164	158	151	147	146	147	162	176	170	174	167
Gas (trillions of BTU per year)	275	265	264	270	277	276	276	275	276	286	283	323
Average prices received												
Crude oil (U.S. dollars/barrel)	29.7	27.5	14.5	18.4	15.2	18.3	23.5	20.7	20.7	18.8	17.1	18.3
Gas (U.S. dollars/million BTU)	4.9	4.8	3.0	3.1	3.1	3.6	3.8	3.5	3.3	3.1	3.0	3.4

Sources: Ministry of Finance, Statistical Yearbook, 1994; and Sixth National Development Plan; export data from Petroleum Unit of the Prime Minister's Department.

1/ Estimate by Petroleum Unit.

2/ Average price for January to October 1995.

Table 11. Brunei Darussalam: Labor Force and Employment, 1971, 1981 and 1991 1/

	1971	1981	1991	1971	1981	1991
	(In percent)					
Population	136,256	192,832	260,482	100.0	100.0	100.0
Males	72,772	102,942	137,616	53.4	53.4	52.8
Females	63,484	89,890	122,866	46.6	46.6	47.2
Employed	40,012	68,128	106,746	100.0	100.0	100.0
Males	33,562	52,737	72,338	83.9	77.4	67.8
Females	6,450	15,391	34,408	16.1	22.6	32.2
Unemployed	1,087	2,562	5,209	100.0	100.0	100.0
Males	649	1,122	2,745	59.7	43.8	52.7
Females	438	1,440	2,464	40.3	56.2	47.3
Total labor force	41,099	70,690	111,955	100.0	100.0	100.0
Males	34,211	53,859	75,083	83.2	76.2	67.1
Females	6,888	16,831	36,872	16.8	23.8	32.9
Total employed			106,746			100.0
Citizens			54,595			51.1
Permanent residents			7,344			6.9
Temporary residents			43,993			41.2
Excluding temporary residents:						
Unemployment rate			7.7			
Participation rate			39.8			
Employment						
All sectors	40,012	68,128	106,746	100.0	100.0	100.0
Males	33,562	52,737	72,338	83.9	77.4	67.8
Females	6,450	15,391	34,408	16.1	22.6	32.2
Private sector	24,433	36,402	48,998	61.1	53.4	45.9
Males	20,130	28,492	33,153	50.3	41.8	31.1
Females	4,303	7,910	15,845	10.8	11.6	14.8
Public sector	15,579	31,726	57,748	38.9	46.6	54.1
Males	13,432	24,245	39,185	33.6	35.6	36.7
Females	2,147	7,481	18,563	5.4	11.0	17.4

Sources: Ministry of Finance, Statistical Yearbook (various issues), and staff estimates

1/ Data for census years 1971, 1981, and 1991.

Table 12 Brunei Darussalam: Private Sector Employment by Major Industry, 1984-93

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
(In persons)										
Agriculture, forestry, and fishing	652	610	664	780	923	1,077	1,091	1,188	1,313	1,379
Production of oil and natural gas	5,434	5,128	4,690	4,176	4,093	4,150	4,170	4,257	4,236	4,193
Sawmilling and timber processing	1,052	772	690	656	816	891	702	587	683	716
Other mining, quarrying, and manufacturing	2,316	2,427	2,159	2,924	3,681	4,656	5,580	5,244	6,294	5,161
Construction	11,818	10,935	9,247	11,126	16,653	19,940	20,718	21,538	25,738	30,560
Wholesale and retail trading	3,883	3,936	4,261	4,983	6,224	6,718	6,916	7,435	8,668	8,850
Coffee shops, restaurants, and hotels	1,944	2,088	2,123	2,192	2,542	2,764	3,113	2,814	3,580	3,843
Transport, storage, and communication	2,296	1,521	1,360	1,559	2,890	2,460	3,935	3,853	4,026	4,136
Financial, insurance, and business services	1,831	2,075	2,022	2,094	2,287	2,832	2,955	2,974	3,252	3,453
Community, social, and personal services	3,121	3,027	2,757	3,237	3,761	4,491	4,433	4,530	5,328	5,699
Total private sector employment	34,347	32,519	29,973	33,727	43,870	49,979	53,613	54,420	63,118	67,990
(In percent of total)										
Agriculture, forestry, and fishing	1.9	1.9	2.2	2.3	2.1	2.2	2.0	2.2	2.1	2.0
Production of oil and natural gas	15.8	15.8	15.6	12.4	9.3	8.3	7.8	7.8	6.7	6.2
Sawmilling and timber processing	3.1	2.4	2.3	1.9	1.9	1.8	1.3	1.1	1.1	1.1
Other mining, quarrying, and manufacturing	6.7	7.5	7.2	8.7	8.4	9.3	10.4	9.6	10.0	7.6
Construction	34.4	33.6	30.9	33.0	38.0	39.9	38.6	39.6	40.8	44.9
Wholesale and retail trading	11.3	12.1	14.2	14.8	14.2	13.4	12.9	13.7	13.7	13.0
Coffee shops, restaurants, and hotels	5.7	6.4	7.1	6.5	5.8	5.5	5.8	5.2	5.7	5.7
Transport, storage, and communication	6.7	4.7	4.5	4.6	6.6	4.9	7.3	7.1	6.4	6.1
Financial, insurance, and business services	5.3	6.4	6.7	6.2	5.2	5.7	5.5	5.5	5.2	5.1
Community, social, and personal services	9.1	9.3	9.2	9.6	8.6	9.0	8.3	8.3	8.4	8.4
(Percent change)										
Total private sector employment	2.9	-5.3	-7.8	12.5	30.1	13.9	7.3	1.5	16.0	7.7

Source: Ministry of Finance, Brunei Statistical Yearbook (various issues)

Table 13 Brunei Darussalam: Employment Composition, 1991

	Total	Males	Females	Total	Males	Females	Malay	Chinese	Brunei citizens	Permanent residents	Temporary residents
(In percent of total employment)											
Workers not classifiable by occupation	7,055	6,781	274	6.6	9.4	0.8	7.1	0.9	7.8	0.3	6.2
Legislators, administrators and managers	4,664	3,868	796	4.4	5.3	2.3	4.2	9.7	5.2	10.4	2.3
Professionals	7,334	4,866	2,468	6.9	6.7	7.2	7.2	6.8	7.7	4.2	6.3
Technicians and associate professionals	13,184	8,259	4,925	12.4	11.4	14.3	17.2	9.5	18.6	8.6	5.4
Clerical workers	12,635	4,567	8,068	11.8	6.3	23.4	17.3	11.7	18.7	14.8	3.1
Service workers and shop, market, and related sales workers	13,430	8,415	5,015	12.6	11.6	14.6	13.0	16.7	13.6	18.1	10.4
Agricultural and fishery workers	1,352	1,190	162	1.3	1.6	0.5	1.3	1.4	1.3	3.4	0.9
Production craftsperson and related workers	16,074	14,768	1,306	15.1	20.4	3.8	7.4	30.0	7.3	18.8	23.8
Plant and machine operators and assemblers	7,754	7,396	358	7.3	10.2	1.0	7.0	7.0	6.5	8.7	7.9
Cleaners, laborers and related workers	23,264	12,228	11,036	21.8	16.9	32.1	18.3	6.2	13.2	12.7	33.8
All occupations	106,746	72,338	34,408	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
				100.0	67.8	32.2	50.6	18.6	51.1	6.9	41.2

Source: Ministry of Finance, Brunei Statistical Yearbook 1994.

Table 14 Brunei Darussalam: Population Indicators, 1971-94 1/

	1971	1975	1980	1981	1985	1990	1991	1992	1993	1994	Annual average rates or annual averages		
	Census			Census			Census				1971-81	1981-91	1971-91
(In persons)													
Male	72,772	83,271	98,860	102,942	115,900	134,000	137,616	141,300	145,800	150,000	3.5	2.9	3.2
Female	63,484	72,909	86,360	89,890	102,200	119,400	122,866	126,500	130,500	134,500	3.5	3.2	3.4
Total population	136,256	156,180	185,220	192,832	218,100	253,400	260,482	267,800	276,300	284,500	3.5	3.1	3.3
Annual population growth	5,996	5,240	6,210	7,612	6,700	7,100	7,082	7,318	8,500	8,200	5,688	6,842	6,201
-natural increase	4,380	4,413	5,035	5,227	5,888	6,241	6,254	6,403	6,296	6,363	4,654	5,848	5,252
-immigration (+)	1,616	827	1,175	2,385	812	859	828	915	2,204	1,837	1,034	994	949
Live-births	5,181	5,141	5,777	5,878	6,682	7,011	7,106	7,290	7,314	7,270	5,371	6,614	5,998
Total deaths	801	728	742	651	794	770	852	887	1,018	907	717	766	746
of which infants	199	140	101	80	76	52	79	70	82	61	132	66	100
(In percent of total population)													
Crude birth rate	38.0	32.9	31.2	30.5	30.6	27.7	27.3	27.2	26.6	25.7	33.2	29.4	31.3
Crude death rate	5.9	4.7	4.0	3.4	3.6	3.0	3.3	3.3	3.7	3.2	4.5	3.4	4.0
Natural rate of increase	32.1	28.3	27.2	27.1	27.0	24.6	24.0	23.9	22.9	22.6	28.7	26.0	27.4
(In percent of infant live births)													
Infant mortality rate	38.4	27.2	17.5	13.6	11.4	7.4	11.1	9.6	11.2	8.4	25.0	10.2	17.7
(Percentage change from previous year)													
Population growth rate	4.6	3.5	3.5	4.1	3.2	2.9	2.8	2.8	3.2	3.0			

Source: Ministry of Finance, Brunei Statistical Yearbooks (various issues)

1/ The years 1971, 1981, and 1991 were census years; for the other years, the numbers are estimates.

Table 15 Brunei Darussalam Government Sector Employment by Grade, 1984-94

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In persons)											
Division I: Heads of departments	179	210	277	332	359	386	381	397	425	434	453
Division II: Senior officers	1,295	1,533	1,726	2,101	2,315	2,533	2,389	2,664	3,101	3,337	3,710
Division III: Supervisory	5,335	5,866	6,433	6,567	6,896	7,301	7,331	7,313	7,699	8,036	8,116
Division IV: Clerical and operators	6,740	7,240	7,818	8,471	8,848	9,285	9,588	9,815	10,348	10,528	10,848
Division V: Clerical and operators	8,377	9,388	10,278	11,012	11,883	12,778	13,448	13,185	13,768	14,205	14,236
Total government employment	21,926	24,237	26,532	28,483	30,301	32,283	33,137	33,374	35,341	36,540	37,363
(In percent of total)											
Division I: Heads of departments	0.8	0.9	1.0	1.2	1.2	1.2	1.1	1.2	1.2	1.2	1.2
Division II: Senior officers	5.9	6.3	6.5	7.4	7.6	7.8	7.2	8.0	8.8	9.1	9.9
Division III: Supervisory	24.3	24.2	24.2	23.1	22.8	22.6	22.1	21.9	21.8	22.0	21.7
Division IV: Clerical and operators	30.7	29.9	29.5	29.7	29.2	28.8	28.9	29.4	29.3	28.8	29.0
Division V: Clerical and operators	38.2	38.7	38.7	38.7	39.2	39.6	40.6	39.5	39.0	38.9	38.1
(Percent change)											
Total government employment	7.1	10.5	9.5	7.4	6.4	6.5	2.6	0.7	5.9	3.4	2.3

Source: Ministry of Finance, Brunei Statistical Yearbook 1994

Table 16 Brunei Darussalam: Consumer Price Index, 1984-95

(Period average and percent change, 1990=100)

	All commodities		Food		Clothing and footwear		Housing		Transportation and communication		Miscellaneous	
1984	90.6	3.1	95.1	3.1	86.9	2.0	86.6	3.6	86.3	5.2	87.0	0.7
1985	92.7	2.3	96.1	1.0	88.3	1.6	92.8	7.3	87.9	1.8	90.0	3.4
1986	94.3	1.8	96.6	0.6	90.1	2.1	95.1	2.4	90.7	3.2	92.8	3.1
1987	95.5	1.3	97.6	1.0	91.7	1.8	95.8	0.7	93.6	3.2	93.2	0.4
1988	96.6	1.2	99.2	1.7	93.6	2.0	96.1	0.3	93.8	0.2	94.5	1.4
1989	97.9	1.3	100.4	1.2	96.7	3.3	97.2	1.2	94.5	0.7	95.8	1.4
1990	100.0	2.1	100.0	-0.4	100.0	3.4	100.0	2.9	100.0	5.8	100.0	4.4
1991	101.6	1.6	102.5	2.5	101.1	1.1	100.9	0.9	101.4	1.4	100.8	0.8
1992	102.9	1.3	103.3	0.8	104.1	3.0	100.7	-0.2	103.4	2.0	103.2	2.4
1993	107.3	4.3	106.0	2.6	113.1	8.6	106.0	5.3	108.7	5.1	107.7	4.4
1994	109.9	2.4	107.3	1.3	116.3	2.8	109.0	2.8	113.8	4.7	109.9	2.0
1995	116.5	6.0	110.1	2.6	122.7	5.5	111.3	2.1	129.8	14.1	118.8	8.2
1994												
Q1	108.1	1.2	106.7	1.1	114.3	2.6	107.4	1.8	109.0	0.4	108.5	1.2
Q2	109.4	2.1	106.6	0.8	115.9	2.6	108.2	2.1	114.3	5.1	108.6	1.0
Q3	110.4	2.7	107.7	1.4	116.9	2.6	109.0	2.7	115.7	6.4	109.3	1.3
Q4	111.9	3.8	108.3	1.6	118.0	3.3	111.4	4.7	116.3	6.9	113.0	4.7
1995												
Q1	113.7	5.2	109.4	2.5	121.2	6.1	112.0	4.3	117.2	7.5	118.8	9.5
Q2	117.2	7.2	110.0	3.2	122.7	5.9	111.3	2.9	133.7	17.0	118.8	9.4
Q3	117.2	6.2	110.2	2.4	122.9	5.1	110.3	1.2	134.1	15.9	118.6	8.6
Q4	117.8	5.3	110.9	2.3	123.9	5.0	111.3	-0.1	134.4	15.6	119.0	5.3
Memorandum:												
Weights (percen	100.0		38.7		6.4		18.6		19.9		16.3	

Sources: Ministry of Finance, Brunei Statistical Yearbook (various issues); and Economic Planning Unit.

Table 17 Brunei Darussalam: Summary Budget, 1984-95

	1981	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Budget	Est.
(In millions of Brunei dollars)													
Total revenue	7,345	7,533	3,312	2,750	2,487	2,526	2,706	2,686	2,730	3,416	4,318	1,881	3,538
Tax	2,482	2,574	1,976	1,618	1,488	1,562	1,605	1,459	1,286	1,137	1,092	909	1,118
Non-tax revenue	4,862	4,959	1,335	1,133	999	964	1,102	1,226	1,444	2,278	3,226	972	2,420
Of which: Transfers 1/							..	..	405	1,142	2,072		1,452
Total expenditure	4,137	4,318	2,720	2,415	2,721	2,846	2,791	2,760	3,057	3,397	4,285	4,481	3,649
Current	2,408	1,665	1,951	1,743	2,026	1,954	1,947	2,024	2,224	2,375	2,327	3,044	2,358
Capital	1,729	2,653	770	691	696	892	843	736	833	1,022	1,057	1,437	1,088
Investment in pub. enterprises 2/		..					..	..	..	..	901		203
Surplus or deficit (-)	3,208	3,215	611	316	-235	-320	-84	-74	-328	19	33	-2,600	-111
(In millions of Brunei dollars; end of period balances)													
Consolidated Fund	..	..	963	1,319	930	579	556	453	186	140	1,109	..	1,590
Development Fund	..	..	631	591	745	775	713	743	682	523	488	..	251
Government Trust Fund	..	..	195	157	165	109	48	26	13	207	179	..	164
(Percent change)													
Total revenue	-5.3	2.6	-55.8	-17.4	-9.6	1.6	7.1	-0.8	1.6	25.1	26.4	-56.5	-18.1
Total expenditure	-7.2	4.4	-37.0	-10.5	11.8	4.6	-2.0	-1.1	10.8	11.1	26.1	4.6	-14.8
(In percent of GDP)													
Total revenue	91.0	97.2	64.9	47.4	45.9	43.2	41.6	40.6	41.6	51.9	64.6	26.6	50.1
Of which: Tax	30.8	33.2	38.5	27.9	27.5	26.7	24.7	22.0	19.6	17.3	16.3	12.9	15.8
Total expenditure	51.3	55.7	53.0	42.0	50.3	48.7	42.9	41.7	46.6	51.6	64.1	63.4	51.6
Current	29.8	21.5	38.0	30.1	37.4	33.4	29.9	30.6	33.9	36.1	34.8	43.1	33.4
Capital	21.4	34.2	15.0	11.9	12.8	15.3	13.0	11.1	12.7	15.5	15.8	20.3	15.4
Investment in pub. enterprises 2/							..	..	..	..	13.5		2.9
Surplus or deficit (-)	39.8	41.5	11.9	5.4	-4.3	-5.5	-1.3	-1.1	-5.0	0.3	0.5	-36.8	-1.6
(In millions of Brunei dollars)													
Memorandum items													
Ordinary expenditure	2,312	1,599	1,874	1,674	1,946	1,877	1,871	1,944	2,136	2,281	2,235	2,924	2,265
Charged expenditure	1,483	2,387	468	421	399	473	458	446	460	426	414	448	460
Development expenditure	312	332	370	340	376	496	462	370	461	690	735	1,109	721
GDP	8,069	7,752	5,136	5,801	5,415	5,815	6,509	6,621	6,565	6,585	6,686	7,067	7,067

Sources: Ministry of Finance; Brunei Statistical Yearbook (various issues); data provided by the Brunei authorities, and staff estimates.

- 1/ Transfers from BFA to the budget.
2/ BFA investment through the budget.

Table 18. Brunei Darussalam: Composition of Government Revenues, 1984-95

	1981	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Budget
(In millions of Brunei dollars)												
Total revenue	1,345	1,511	1,332	2,750	2,487	2,526	2,706	2,686	2,730	3,416	4,318	1,881
Tax revenue	2,482	2,574	1,976	1,618	1,488	1,562	1,605	1,459	1,286	1,137	1,092	909
Import duty	66	63	58	61	69	78	83	91	104	105	101	100
State duty	1	1	1	2	2	3	1	1	1	2	0	2
Corporate income tax	2,415	2,509	1,916	1,553	1,415	1,480	1,519	1,365	1,179	1,029	989	805
Stamp duty	1	1	1	1	2	2	2	2	2	2	2	2
Nontax revenue	4,862	4,959	1,355	1,133	999	964	1,102	1,226	1,444	2,278	3,226	972
Licenses	4	5	4	5	5	5	6	6	6	6	8	8
Service receipts	4	4	5	4	5	5	4	5	5	6	8	7
Commercial receipts	95	112	123	134	155	178	176	193	243	248	259	272
Property income	4,760	4,839	1,224	990	835	776	916	1,022	784	876	880	685
Transfers 1/	..	..	..	..	..	..	..	..	405	1,142	2,072	..
(In percent of total revenue)												
Tax revenue	33.8	34.2	59.3	58.8	59.8	61.8	59.3	54.3	47.1	33.3	25.3	48.3
Of which												
Import duty	0.9	0.8	1.7	2.2	2.8	3.1	3.1	3.4	3.8	3.1	2.3	5.3
Corporate income tax	32.9	33.3	57.5	56.5	56.9	58.6	56.1	50.8	43.2	30.1	22.9	42.8
Nontax revenue	66.2	65.8	40.7	41.2	40.2	38.2	40.7	45.7	52.9	66.7	74.7	51.7
Of which												
Commercial receipts	1.3	1.5	3.7	4.9	6.2	7.0	6.5	7.2	8.9	7.3	6.0	14.4
Property income	64.8	64.2	36.7	36.0	33.6	30.7	33.9	38.1	28.7	25.6	20.4	36.4
Transfers 1/	..	..	..	..	..	..	..	..	14.8	33.4	48.0	..
(In percent of GDP)												
Total revenue	91.0	97.2	64.9	47.4	45.9	43.2	41.6	40.6	41.6	51.9	64.6	26.6
Tax revenue	30.8	33.2	38.5	27.9	27.5	26.7	24.7	22.0	19.6	17.3	16.3	12.9
Of which												
Import duty	0.8	0.8	1.1	1.0	1.3	1.3	1.3	1.4	1.6	1.6	1.5	1.4
Corporate income tax	29.9	32.4	37.3	26.8	26.1	25.3	23.3	20.6	18.0	15.6	14.8	11.4
Nontax revenue	60.3	64.0	26.4	19.5	18.4	16.5	16.9	18.5	22.0	34.6	48.3	13.8
Of which												
Commercial receipts	1.2	1.4	2.4	2.3	2.9	3.0	2.7	2.9	3.7	3.8	3.9	3.8
Property income	59.0	62.4	23.8	17.1	15.4	13.3	14.1	15.4	11.9	13.3	13.2	9.7
Transfers 1/	..	..	..	..	..	..	..	..	6.2	17.3	31.0	..

Sources: Ministry of Finance, Brunei Statistical Yearbook (various issues) and data provided by the Brunei authorities.

1/ Transfers from IMA.

Table 12. Brunei Darussalam: Current Expenditures by Ministries and Major Departments, 1984-95 1/

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Budget
Ministries												
	(In millions of Brunei dollars)											
Prime Minister's Office	132	147	162	125	126	131	127	128	146	157	162	185
Defense	229	246	279	251	358	363	419	424	410	378	400	595
Foreign Affairs	24	35	41	52	56	60	66	78	82	79	90	104
Finance	17	28	34	41	54	337	341	356	475	580	425	702
Home Affairs	53	59	61	68	70	71	68	74	82	88	88	102
Education	245	253	103	233	253	248	257	271	278	285	301	345
Law	9	9	11	13	18	11	17	15	13	14	16	24
Industry and Primary Resources	...	...	...	...	40	35	35	40	38	40	45	45
Religious Affairs	...	...	...	58	65	70	73	81	89	96	113	113
Development	200	233	257	311	390	324	270	272	292	306	350	389
Culture, Youth, and Sports	19	25	25	30	34	37	37	38	44	48	48	55
Health	...	...	...	92	102	114	104	122	125	142	148	168
Communication	48	57	57	62	63	72	60	60	69	79	72	96
Total	2,312	1,599	1,874	1,674	1,946	1,877	1,871	1,944	2,136	2,281	2,234	2,924
	(In percent of total "ordinary expenditures")											
Prime Minister's Office	5.7	9.2	8.6	7.5	6.5	7.0	6.8	6.6	6.8	6.9	7.2	6.3
Defense	9.9	15.4	14.9	15.0	18.4	19.3	22.4	21.8	19.2	16.6	17.9	20.4
Foreign Affairs	1.0	2.2	2.4	3.1	2.9	3.2	3.5	4.0	3.8	3.5	4.0	3.6
Finance	0.7	1.7	1.8	2.4	2.7	18.0	18.2	18.3	22.2	25.4	19.0	24.0
Home Affairs	2.3	3.7	3.2	4.0	3.6	3.8	3.7	3.8	3.9	3.9	3.9	3.5
Education	10.6	15.8	16.1	13.9	13.0	13.2	13.7	13.9	13.0	12.5	13.5	11.8
Law	0.4	0.5	0.6	0.8	0.9	0.6	0.9	0.8	0.6	0.6	0.7	0.8
Industry and Primary Resources	...	...	...	...	2.1	1.9	1.8	1.9	1.9	1.7	1.8	1.5
Religious Affairs	...	...	...	3.5	3.3	3.7	3.8	3.8	3.8	3.9	4.3	3.9
Development	8.6	14.6	13.7	18.6	20.0	17.3	14.4	14.0	13.6	13.4	15.6	13.3
Culture, Youth, and Sports	0.8	1.6	1.3	1.8	1.7	2.0	2.0	1.9	2.1	2.1	2.2	1.9
Health	...	...	...	5.5	5.3	6.1	5.6	6.2	5.9	6.2	6.6	5.8
Communication	2.1	3.6	3.1	3.7	3.2	3.8	3.2	3.1	3.2	3.5	3.2	3.3
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Major departments												
	(In millions of Brunei dollars)											
Education	177	180	207	210	253	247	257	271	278	285	301	345
Electrical	51	55	57	66	71	72	75	78	83	81	97	102
Medical and Health	68	72	93	91	102	114	104	122	125	142	148	169
Police	43	43	51	55	54	52	48	51	61	69	63	67
Public Works	118	141	156	190	257	228	171	167	179	193	218	248
Royal Brunei Armed Forces	208	221	240	220	359	363	419	424	410	378	400	488
Religious Affairs	40	47	50	58	56	69	70	73	81	89	96	113

Source: Ministry of Finance (Brunei Statistical Yearbook (various issues), and data provided by the Brunei authorities.

1/ "Current expenditures" are approximated here by the Brunei category of "ordinary expenditures."

Table 20. Brunei Darussalam: Development Expenditures

	Third NDP 1975-79 actual		Fourth NDP 1980-84 actual		Fifth NDP 1986-90 actual		Sixth NDP 1991-95 allocation	
	(B\$ mn)	(% total)	(B\$ mn)	(% total)	(B\$ mn)	(% total)	(B\$ mn)	(% total)
Industry and Commerce	35	6.6	39	2.2	344	9.3	450	8.4
Agriculture	28	5.3	30	1.7	30	0.8	56	1.1
Forestry	0	0.1	1	0.1	5	0.1	26	0.5
Fisheries	1	0.3	2	0.1	19	0.5	39	0.7
Industrial estates	1	0.1	1	0.0	145	3.9	171	3.2
Commerce	4	0.8	5	0.3	45	1.2	57	1.1
Fund for promoting industries	0	0.0	0	0.0	99	2.7	101	1.9
Transport and Communications	179	33.6	408	23.3	713	19.3	1064	19.9
Roads	60	11.2	190	10.8	274	7.4	490	9.2
Civil aviation	31	5.8	83	4.7	84	2.3	89	1.7
Marine and ports	14	2.5	49	2.8	57	1.5	89	1.7
Telecommunications	75	14.0	84	4.8	288	7.8	393	7.4
Postal services	0	0.1	2	0.1	11	0.3	2	0.0
Social services	195	36.6	493	28.2	1107	29.9	1341	25.2
Education	66	12.5	99	5.6	303	8.2	384	7.2
Medical and health	24	4.5	147	8.4	53	1.4	103	1.9
Government housing	41	7.7	167	9.6	303	8.2	261	4.9
Town and country planning	0	0.1	60	3.4	411	11.1	523	9.8
Religious affairs	13	2.4	16	0.9	37	1.0	56	1.0
Radio and television	50	9.4	5	0.3	0	0.0	14	0.3
Public Utilities	108	20.3	250	14.3	879	23.8	1343	25.2
Electricity	41	7.7	110	6.3	278	7.5	590	11.1
Sanitation	8	1.6	18	1.0	75	2.0	82	1.5
Water supplies	55	10.4	78	4.5	323	8.7	317	5.9
Public facilities	3	0.6	44	2.5	124	3.4	248	4.7
Drainage	0	0.0	0	0.0	80	2.2	106	2.0
Public Buildings	15	2.9	286	16.4	366	9.9	545	10.2
Security	0	0.0	272	15.5	280	7.6	386	7.2
RBAF	0	0.0	240	13.7	255	6.9	350	6.6
Police	0	0.0	32	1.8	25	0.7	36	0.7
Miscellaneous	0	0.0	1	0.1	11	0.3	203	3.8
Surveys and investigations	0	0.0	1	0.1	8	0.2	38	0.7
Contingency reserves	0	0.0	0	0.0	2	0.1	165	3.1
Total	534	100.0	1750	100.0	3700	100.0	5332	100.0
Memorandum item								
Total (US\$ mn)	227		822		1839		3367	

Source: Ministry of Finance, Economic Planning Unit, Fifth and Sixth National Development Plans, and staff estimates.

Table 21 Brunei Darussalam: Accounts of the Brunei Currency Board, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Sept. 1995
(In millions of Brunei dollars; end-of-period)												
Assets	280	323	378	389	450	453	444	476	510	538	550	567
External assets	238	284	303	335	367	396	395	412	434	431	446	459
Liquid assets	124	161	122	174	182	192	202	236	213	255	155	167
Securities	114	123	175	157	182	201	188	173	219	174	290	291
Accrued interest	0	0	6	4	3	3	6	3	2	2	1	1
Other assets	41	39	75	54	83	57	49	63	76	107	104	107
Of which:												
Cash at bank	41	39	74	54	82	57	49	63	76	107	104	107
Liabilities	280	323	378	389	450	453	444	476	510	538	550	567
Currency in circulation	242	265	295	325	360	397	406	425	460	479	515	530
Notes	229	251	280	310	344	380	388	406	440	459	493	508
Coins	13	14	14	15	16	17	18	19	20	21	22	22
Other liabilities	0	0	0	0	0	0	0	0	0	0	0	0
Reserve fund	38	58	83	64	89	56	38	51	50	59	35	36
Memorandum items												
Ratio to demand liabilities of												
external assets	0.98	1.07	1.03	1.03	1.02	1.00	0.97	0.97	0.94	0.90	0.87	0.87
liquid external assets	0.51	0.61	0.41	0.53	0.51	0.48	0.50	0.56	0.46	0.53	0.30	0.32
Commemorative coins (B\$ mn.)	20	28	25	18	59	67	63	71	75	82	31	50
External assets (US\$ mn.)	109	135	140	167	189	209	227	253	264	268	305	323

Sources: Brunei Currency Board, Annual Report (various issues); and data provided by the Brunei authorities.

Table 22. Brunei Darussalam: Monetary Survey, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995 Sept.
(In millions of Brunei dollars, end of period)												
Net foreign assets	1,801	2,312	2,551	3,777	3,447	3,366	3,411	3,027	4,047	3,847	5,313	4,778
BCB	238	284	303	335	367	396	395	412	434	431	446	459
Commercial banks	1,563	2,028	2,247	3,443	3,079	2,970	3,016	2,614	3,613	3,416	4,867	4,319
Assets	1,634	2,522	2,283	3,521	3,130	3,034	3,374	2,804	3,834	3,708	5,160	4,403
Liabilities	71	494	36	79	51	64	359	190	222	292	293	84
Claims on private sector	1,100	1,728	615	700	859	989	1,255	1,831	1,927	2,410	3,237	2,466
Other assets	1,149	532	496	632	529	695	639	347	543	335	289	302
BCB	41	39	75	54	83	57	49	63	76	107	104	107
Commercial banks	1,107	493	421	578	447	638	590	283	467	228	185	194
Assets liabilities	4,050	4,572	3,662	5,109	4,835	5,050	5,305	5,205	6,517	6,591	8,839	7,546
Money	1,331	1,235	1,121	2,527	2,203	2,215	2,333	2,245	2,446	2,458	4,398	3,293
Currency	223	237	272	299	328	352	364	385	418	426	432	457
Demand deposits	1,108	998	848	2,228	1,876	1,864	1,969	1,860	2,028	2,032	3,966	2,836
Quasi-money	1,576	2,389	2,034	1,919	1,927	1,901	2,135	2,424	2,426	2,935	3,118	3,599
Time deposits	1,255	1,894	1,346	1,267	1,173	986	1,093	1,288	1,522	1,935	2,040	2,454
Savings and other deposits	322	496	688	651	754	915	1,042	1,136	903	999	1,078	1,145
Other liabilities	1,143	947	507	664	705	933	837	536	1,645	1,199	1,323	654
BCB	0	0	0	0	0	0	0	0	0	0	0	0
Commercial banks	1,143	947	507	664	705	933	837	536	1,645	1,199	1,323	654
Memorandum items												
Currency with banks	19	27	23	26	33	45	42	40	42	53	83	73
Broad money	2,907	3,624	3,155	4,446	4,130	4,117	4,468	4,669	4,871	5,393	7,516	6,892
Prime lending rate (end of period)	9.5	8.0	6.5	6.5	6.5	6.5	7.0	7.0	6.0	5.8	6.0	6.5
(Percent change)												
Net foreign assets	29.5	28.3	10.3	48.1	-8.7	-2.4	1.3	-11.3	33.7	-4.9	38.1	-10.3
Claims on private sector	1.8	57.1	-64.4	13.8	22.7	15.1	26.9	46.0	5.2	25.1	34.3	-3.9
Money	15.9	-7.2	-9.3	125.5	-12.8	0.6	5.3	-3.7	8.9	0.5	78.9	-22.9
Currency	9.7	6.5	14.6	9.8	9.5	7.3	3.4	5.9	8.6	2.0	1.3	10.2
Demand deposits	17.3	-10.0	-15.0	162.6	-15.8	-0.6	5.6	-5.5	9.0	0.2	95.2	-26.5
Quasi-money	11.0	51.6	-14.9	-5.7	0.4	-1.3	12.3	13.5	0.1	21.0	6.3	24.5
Time deposits	16.1	50.9	-28.9	-5.8	-7.5	-16.0	10.9	17.8	18.2	27.1	5.4	33.2
Savings and other deposits	-5.1	54.1	38.8	-5.4	15.8	21.4	13.9	9.0	-20.5	10.6	7.9	9.3
Memorandum item												
Broad money 1/	13.2	24.7	-13.0	40.9	-7.1	-0.3	8.5	4.5	4.3	10.7	39.4	-3.8

Sources: Brunei Currency Board, Annual Report (various issues); data provided by the Brunei authorities, and staff estimates.

1/ The huge jump in 1987 was due to an adjustment to the recording of offshore deposits.

Table 23. Brunei Darussalam: Direction of Loans by
Commercial Banks, 1991-95

	1984	1985	1986	1987	1988	1989	1991	1992	1993	1994	Sept. 1995
(In millions of Brunei dollars)											
Total Loans							1,835	1,928	2,406	3,238	2,466
Agricultural							9	9	17	9	8
Credit and Finance							390	357	599	1,308	281
Manufacturing							15	23	22	26	30
Transport							54	32	49	29	24
Construction							254	281	271	343	472
General Commerce							200	251	319	311	341
Professional Services							22	22	32	50	30
Personal Loans							890	954	1,097	1,163	1,280
(In percent of total loans)											
Total Loans							100.0	100.0	100.0	100.0	100.0
Agricultural							0.5	0.5	0.7	0.3	0.3
Credit and Finance							21.3	18.5	24.9	40.4	11.4
Manufacturing							0.8	1.2	0.9	0.8	1.2
Transport							2.9	1.7	2.0	0.9	1.0
Construction							13.9	14.6	11.3	10.6	19.1
General Commerce							10.9	13.0	13.3	9.6	13.8
Professional Services							1.2	1.1	1.3	1.5	1.2
Personal Loans							48.5	49.5	45.6	35.9	51.9

Sources: Data provided by the Brunei authorities.

Table 24. Brunei Darussalam: Balance of Payments, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Est. 1995
(In millions of U.S. dollars)												
Trade balance	2,603	2,388	1,198	1,294	1,002	1,069	1,264	1,415	1,256	1,100	653	704
Exports	3,194	2,969	1,833	1,902	1,708	1,883	2,212	2,470	2,372	2,280	2,215	2,746
Imports	592	581	634	608	705	814	948	1,055	1,115	1,181	1,562	2,042
Services, net	-353	-134	-191	-95	-67	-170	-282	-311	-402	-160	-119	-302
Receipts	40	31	16	9	20	23	30	63	119	74	53	79
Payments	393	165	207	104	87	192	312	374	521	234	171	381
Investment income, net 1/	832	1,032	1,107	1,314	1,583	1,683	1,917	1,939	1,882	1,738	2,471	2,568
Receipts	1,183	1,525	1,206	1,477	1,734	1,854	2,113	2,215	2,094	1,927	2,622	2,809
Payments	350	493	99	163	151	172	195	276	211	188	151	241
Current transfers, net	-127	-128	-134	-200	-161	-198	-176	-99	-60	-88	-6	-104
Receipts	6	12	10	21	57	13	15	6	11	1	1	8
Payments	133	140	145	221	219	212	191	105	71	89	7	112
Current account balance	2,955	3,158	1,980	2,313	2,358	2,384	2,724	2,944	2,676	2,590	2,999	2,866
Capital transfers, net	-12	-6	-19	-36	-12	-20	-19	-19	-17	-4	0	-14
Foreign investment, net	-76	-6	-22	-54	-44	-73	-71	-55	413	824	670	396
Long-term capital, net	-3,191	-3,269	-2,200	-2,076	-2,295	-2,271	-2,678	-2,567	-3,148	-3,522	-4,452	-3,425
Short-term capital, net	330	149	266	-118	16	1	61	-278	86	116	820	196
Overall balance	6	25	5	28	21	20	18	26	11	4	37	18
External assets BCB (increase -)	-6	-25	-5	-28	-21	-20	-18	-26	-11	-4	-37	-18
(In percent of GDP)												
Trade balance	68.8	67.8	50.8	47.0	37.3	35.7	35.2	36.9	31.2	27.0	14.9	14.1
Exports	84.5	84.3	77.7	69.1	63.5	62.8	61.6	64.5	58.8	56.0	50.6	55.1
Imports	15.6	16.5	26.9	22.1	26.2	27.2	26.4	27.5	27.7	29.0	35.7	41.0
Services	-9.3	-3.8	-8.1	-3.4	-2.5	-5.7	-7.9	-8.1	-10.0	-3.9	-2.7	-6.1
Receipts	1.0	0.9	0.7	0.3	0.7	0.8	0.8	1.6	2.9	1.8	1.2	1.6
Payments	10.4	4.7	8.8	3.8	3.2	6.4	8.7	9.8	12.9	5.8	3.9	7.6
Investment income, net 1/	22.0	29.3	46.9	47.7	58.8	56.1	53.4	50.6	46.7	42.7	56.4	51.5
Receipts	31.3	43.3	51.1	53.6	64.5	61.9	58.8	57.8	52.0	47.3	59.9	56.3
Payments	9.3	14.0	4.2	5.9	5.6	5.7	5.4	7.2	5.2	4.6	3.4	4.8
Current transfers	-3.4	-3.6	-5.7	-7.3	-6.0	-6.6	-4.9	-2.6	-1.5	-2.2	-0.1	-2.1
Receipts	0.2	0.3	0.4	0.8	2.1	0.4	0.4	0.1	0.3	0.0	0.0	0.2
Payments	3.5	4.0	6.1	8.0	8.1	7.1	5.3	2.7	1.8	2.2	0.2	2.3
Current account balance	78.1	89.6	84.0	84.0	87.6	79.5	75.9	76.8	66.4	63.6	68.5	57.5

Sources: Ministry of Finance, Statistical Yearbook (various issues), data provided by the Brunei authorities, and staff estimates

1/ Investment income as of 1985, based on staff estimates of BIA assets only

Table 25. Brunei Darussalam: Exports by Commodity, 1984-94

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In millions of Brunei dollars)											
Total exports	6,814	6,533	3,990	4,006	3,436	3,673	4,010	4,267	3,863	3,685	3,383
Food and live animals	8	10	18	18	21	18	25	16	...	...	19
Beverages and tobacco	4	4	5	6	6	3	2	6	...	...	1
Crude material (inedible), except fuel	2	2	3	1	3	3	2	1	...	...	1
Mineral fuels, lubricants, and related materials	6,730	6,436	3,878	3,907	3,352	3,560	3,871	4,128	...	...	3,156
Animal and vegetable oils and fats	0	0	0	0	0	0	0	0	...	...	0
Chemicals	5	3	2	2	2	3	3	3	...	...	6
Manufactured goods classified chiefly by material	10	11	14	11	13	13	20	18	...	...	22
Machinery and transportation equipment	32	55	55	41	29	49	55	56	...	...	121
Miscellaneous manufactured articles	21	11	13	17	10	22	30	39	...	...	56
Miscellaneous transactions and commodities not elsewhere classified	2	2	2	4	1	1	1	1	...	...	1
(In percent of total exports)											
Mineral fuels, lubricants, and related materials	98.8	98.5	97.2	97.5	97.5	96.9	96.5	96.7	...	...	93.3
(In percent of total non-oil/gas exports)											
Food and live animals	9.8	10.3	15.7	18.0	25.2	16.4	18.2	-11.2	...	...	8.5
Beverages and tobacco	5.0	3.8	4.8	6.3	6.8	2.4	1.2	4.5	...	...	0.2
Crude material (inedible), except fuel	1.9	1.6	2.3	1.2	3.4	2.4	1.6	0.7	...	...	0.5
Animal and vegetable oils and fats	0.3	0.1	0.0	0.1	0.3	0.2	0.1	0.1	...	...	0.0
Chemicals	5.9	3.4	2.2	1.7	2.2	2.7	2.2	2.1	...	...	2.5
Manufactured goods classified chiefly by material	11.7	11.1	12.5	10.8	15.3	11.8	14.7	12.8	...	...	9.9
Machinery and transportation equipment	38.0	56.9	49.2	41.2	33.8	43.5	39.3	40.2	...	...	53.3
Miscellaneous manufactured articles	25.0	11.2	11.7	17.1	11.5	19.6	21.9	27.8	...	...	24.5
Miscellaneous transactions and commodities not elsewhere classified	2.4	1.7	1.5	3.6	1.5	1.1	0.8	0.7	...	...	0.6
(Percent change)											
Total exports	-5.0	-4.1	-38.9	0.4	-14.2	6.9	9.2	6.4	-9.5	-4.6	-8.2
Mineral fuels, lubricants, and related materials	-5.1	-4.4	-39.7	0.8	-14.2	6.2	8.7	6.6	...	...	...
Other	8.4	15.2	15.5	-12.1	-14.4	32.6	24.0	0.1	...	...	...

Source: Ministry of Finance, Statistical Yearbook, 1994

Table 26. Brunei Darussalam: Value and Destination of Selected Exports, 1984-94

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In millions of Brunei dollars)											
Value of major exports											
Crude petroleum	3,840	3,532	1,620	1,954	1,460	1,719	2,040	2,025	2,036	1,786	1,550
Petroleum products	36	99	147	180	174	195	225	206	121	122	106
Natural gas	2,852	2,783	2,111	1,772	1,718	1,646	1,605	1,897	1,562	1,591	1,413
(In millions of U.S. dollars)											
Crude petroleum	1,800	1,615	744	928	726	882	1,126	1,172	1250	1105	1015
Petroleum products	17	45	67	85	86	100	124	119	74	76	69
Natural gas	1,337	1,265	969	841	854	844	886	1,098	959	985	925
(In millions of Brunei dollars)											
Major exports by destination											
Crude petroleum											
Japan	1,786	1,217	551	691	481	439	642	626	...	...	385
Korea	370	459	282	353	325	432	447	399	...	...	353
Philippines	116	33	29	129	68	93	196	165	...	...	51
Singapore	452	508	226	207	145	128	225	243	...	...	279
Taiwan Province of China	146	229	67	97	100	125	135	114	...	...	88
Thailand	442	692	322	468	302	378	309	350	...	...	361
United States	374	414	130	0	0	75	29	16	...	...	...
Natural gas: Japan	2,852	1,783	2,111	1,772	1,718	1,646	1,605	1,897	...	...	1,358
Korea	0	0	0	0	0	0	0	0	...	...	55
Petroleum products											
Australia	0	0	20	34	15	0	0	6	...	...	0
Japan	24	0	6	9	36	50	82	141	...	...	54
Korea	0	0	12	38	32	30	49	40	...	...	45
New Zealand	0	0	0	0	0	0	0	9	...	...	0
Sarawak (Malaysia)	4	3	3	2	0	2	2	2	...	...	0
Singapore	9	32	0	21	22	0	0	0	...	...	7
Taiwan Province of China	0	0	0	13	0	0	0	0	...	...	0
United States	0	64	106	64	66	93	92	8	...	...	0
(In percent of total)											
Crude petroleum	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...	...	100.0
Japan	46.5	34.3	34.0	35.4	32.9	25.6	31.4	30.9	...	...	24.8
Korea	9.6	12.9	17.4	18.1	22.2	25.1	21.9	19.7	...	...	22.7
Philippines	3.0	0.9	1.8	6.6	4.7	5.4	9.6	8.2	...	...	3.3
Singapore	11.8	14.3	14.0	10.6	9.9	7.4	11.0	12.0	...	...	18.0
Taiwan Province of China	3.8	6.4	4.1	5.0	6.9	7.2	6.6	5.6	...	...	5.7
Thailand	11.5	19.5	19.9	23.9	20.7	22.0	15.1	17.3	...	...	23.3
United States	9.7	11.7	8.0	0.0	0.0	4.4	1.4	0.8	...	...	0.0
Natural gas: Japan	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...	...	96.1
Korea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	...	...	3.9
Petroleum products	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...	...	100.0
Japan	66.1	0.0	3.8	5.2	21.2	25.5	36.6	68.5	...	...	51.3
Korea	0.0	0.0	8.0	20.9	18.8	25.7	21.8	19.4	...	...	42.4
Singapore	23.8	32.0	0.0	11.5	12.8	0.0	0.0	0.0	...	...	6.3
United States	0.0	64.8	72.3	35.4	38.5	47.8	40.9	3.7	...	...	0.0

Source: Ministry of Finance, Statistical Yearbook, 1994

Table 27. Brunei Darussalam: Exports by Country of Destination, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(In millions of Brunei dollars)												
ASEAN	1,097	1,340	676	915	612	692	839	845	...	...	884	782
Indonesia	1	22	1	0	0	0	1	0	...	...	1	26
Malaysia - West	1	1	5	1	1	3	3	3	...	...	34	14
- Sabah	9	11	10	8	7	9	9	9	...	...	2	4
- Sarawak	36	31	41	38	39	31	38	32	...	...	37	26
Philippines	117	35	29	129	69	94	196	166	...	...	61	12
Singapore	490	569	267	269	194	176	284	285	...	...	357	339
Thailand	443	693	324	469	302	379	309	351	...	...	372	362
European Union	158	4	5	7	3	5	10	22	...	...	23	26
Of which:												
France	155	0	1	3	1	2	2	3	...	...	5	8
Other	5,558	5,169	3,309	3,084	2,822	2,975	3,161	3,400	...	...	2,476	3,085
Of which:												
Australia	0	0	33	43	46	34	53	113	...	...	2	24
Japan	4,663	4,001	2,668	2,473	2,235	2,136	2,330	2,671	...	...	1,847	2,283
Korea	370	459	294	390	357	483	496	439	...	...	464	599
Taiwan Province of China	147	229	67	110	100	125	135	114	...	...	90	90
United States	377	479	243	65	71	181	137	45	...	...	47	67
Total	6,814	6,533	3,990	4,006	3,436	3,673	4,010	4,267	...	...	3,383	3,893
(In percent of total exports)												
ASEAN	16.1	20.8	17.0	22.8	17.8	18.9	20.9	19.8	...	...	26.1	20.1
Indonesia	0.0	0.3	0.0	0.0	0.0	0.0	0.0	0.0	...	...	0.0	0.7
Malaysia - West	0.0	0.0	0.1	0.0	0.0	0.1	0.1	0.1	...	...	1.6	0.4
- Sabah	0.1	0.2	0.3	0.2	0.2	0.2	0.2	0.2	...	...	0.1	0.1
- Sarawak	0.5	0.5	1.0	0.9	1.1	0.9	1.0	0.7	...	...	1.1	0.7
Philippines	1.7	0.5	0.7	3.2	2.0	2.6	4.9	3.9	...	...	1.8	0.3
Singapore	7.2	8.7	6.7	6.7	5.7	4.8	7.1	6.7	...	...	10.6	8.7
Thailand	6.5	10.6	8.1	11.7	8.8	10.3	7.7	8.2	...	...	11.0	9.3
European Union	2.3	0.1	0.1	0.2	0.1	0.1	0.2	0.5	...	...	0.7	0.7
Of which:												
France	2.3	0.0	0.0	0.1	0.0	0.1	0.1	0.1	...	...	0.1	0.2
Others	81.6	79.1	82.9	77.0	82.1	81.0	78.8	79.7	...	...	73.2	79.2
Of which:												
Australia	0.0	0.0	0.8	1.1	1.3	0.9	1.3	2.6	...	...	0.0	0.6
Japan	68.4	61.2	66.9	61.7	65.0	58.1	58.1	62.6	...	...	54.6	58.6
Korea	5.4	7.0	7.4	9.7	10.4	13.1	12.4	10.3	...	...	13.7	15.4
Taiwan Province of China	2.2	3.5	1.7	2.8	2.9	3.4	3.4	2.7	...	...	2.7	2.3
United States	5.5	7.3	6.1	1.6	2.1	4.9	3.4	1.1	...	...	1.4	1.7

Source: Ministry of Finance, Statistical Yearbook, 1994; and data provided by the Brunei authorities.

Table 28. Brunei Darussalam: Imports by Commodity, 1984-94

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
(In millions of Brunei dollars)											
Total imports	1,332	1,348	1,457	1,350	1,497	1,675	1,813	1,922	1,917	2,013	2,517
Food and live animals	205	196	209	237	247	242	277	247	...	...	283
Beverages and tobacco	70	71	85	80	69	64	63	46	...	...	52
Crude material (inedible), except fuel	12	17	17	15	16	20	23	24	...	...	59
Mineral fuels, lubricants, and related materials	21	24	15	16	14	15	17	12	...	...	4
Animal and vegetable oils and fats	9	8	6	6	8	8	6	7	...	...	8
Chemicals	102	95	101	93	99	102	122	121	...	...	124
Manufactured goods classified chiefly by material	271	290	306	331	355	433	489	527	...	...	542
Machinery and transportation equipment	466	456	551	403	490	598	624	736	...	...	1,007
Miscellaneous manufactured articles	119	145	153	153	175	179	185	194	...	...	433
Miscellaneous transactions and commodities not elsewhere classified	56	47	14	17	23	14	6	9	...	...	6
(In percent of total imports)											
Total imports	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	...	...	100.0
Food and live animals	15.4	14.5	14.4	17.6	16.5	14.4	15.3	12.9	...	...	11.2
Beverages and tobacco	5.3	5.2	5.8	5.9	4.6	3.8	3.5	2.4	...	...	2.1
Crude material (inedible), except fuel	0.9	1.2	1.2	1.1	1.1	1.2	1.3	1.2	...	...	2.3
Mineral fuels, lubricants, and related materials	1.6	1.8	1.0	1.2	0.9	0.9	0.9	0.6	...	...	0.2
Animal and vegetable oils and fats	0.7	0.6	0.4	0.4	0.5	0.5	0.3	0.3	...	...	0.3
Chemicals	7.7	7.1	7.0	6.9	6.6	6.1	6.7	6.3	...	...	4.9
Manufactured goods classified chiefly by material	20.3	21.5	21.0	24.5	23.7	25.9	27.0	27.4	...	...	21.5
Machinery and transportation equipment	35.0	33.8	37.8	29.8	32.8	35.7	34.4	38.3	...	...	40.0
Miscellaneous manufactured articles	9.0	10.8	10.5	11.3	11.7	10.7	10.2	10.1	...	...	17.2
Miscellaneous transactions and commodities not elsewhere classified	4.2	3.5	1.0	1.3	1.6	0.8	0.3	0.5	...	...	0.2
(Percent change)											
Total imports	-13.7	1.3	8.1	-7.3	10.9	11.9	8.2	6.0	-0.3	5.0	25.1

Source: Ministry of Finance, Statistical Yearbook, 1994.

Table 29. Brunei Darussalam: Imports by Country of Origin, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
(In millions of Brunei dollars)												
ASEAN	433	445	516	509	595	698	760	695	...	...	1,183	1,491
Indonesia	2	3	10	12	19	29	34	32	...	...	82	61
Malaysia - West	64	61	76	94	96	125	155	157	...	...	278	336
- Sabah	6	5	6	7	9	8	10	9	...	...	5	18
- Sarawak	2	5	4	10	13	19	21	19	...	...	16	52
Philippines	2	2	3	2	2	2	3	2	...	...	3	7
Singapore	322	329	374	325	396	451	469	424	...	...	728	941
Thailand	34	42	45	59	60	64	67	52	...	...	71	76
European Union	227	251	351	307	290	341	328	459	...	...	436	501
Of which:												
Denmark	9	10	10	8	8	12	14	52	...	...	21	34
France	24	15	23	61	23	28	26	20	...	...	20	31
Germany 1/	25	52	88	46	70	74	71	82	...	...	94	132
Italy	11	16	33	36	24	30	39	85	...	...	46	62
Netherlands	34	24	48	21	32	28	37	50	...	...	51	26
United Kingdom	116	124	115	113	117	147	119	135	...	...	176	178
Other	672	652	589	534	612	636	725	769	...	...	898	1,061
Of which:												
Australia	44	37	37	47	50	43	47	42	...	...	80	94
China	27	27	27	31	32	39	49	55	...	...	41	89
Hong Kong	19	20	16	18	17	19	28	34	...	...	24	81
Japan	266	267	256	194	239	247	264	303	...	...	231	261
Korea	13	14	13	21	22	17	11	12	...	...	22	42
Taiwan Province of China	39	37	34	35	34	26	20	26	...	...	36	52
United States	202	210	177	163	188	212	277	263	...	...	285	325
Total	1,331	1,348	1,457	1,350	1,497	1,675	1,813	1,922	...	...	2,517	3,054
(In percent of total imports)												
ASEAN	32.5	33.0	35.4	37.7	39.8	41.7	41.9	36.2	...	...	47.0	48.8
Indonesia	0.2	0.2	0.7	0.9	1.3	1.7	1.9	1.7	...	...	3.3	2.0
Malaysia - West	4.8	4.5	5.2	6.9	6.4	7.5	8.6	8.2	...	...	11.0	11.0
- Sabah	0.4	0.3	0.4	0.5	0.6	0.5	0.5	0.5	...	...	0.2	0.6
- Sarawak	0.2	0.4	0.3	0.8	0.9	1.1	1.2	1.0	...	...	0.6	1.7
Philippines	0.2	0.1	0.2	0.2	0.1	0.1	0.2	0.1	...	...	0.1	0.2
Singapore	24.2	24.4	25.6	24.1	26.5	26.9	25.9	22.1	...	...	28.9	30.8
Thailand	2.5	3.1	3.1	4.4	4.0	3.8	3.7	2.7	...	...	2.8	2.5
European Union	17.0	18.6	24.1	22.7	19.4	20.4	18.1	23.9	...	...	17.3	16.4
Of which:												
Germany 1	1.9	3.8	6.0	3.4	4.7	4.4	3.9	4.2	...	...	3.8	4.3
United Kingdom	8.7	9.2	7.9	8.3	7.8	8.8	6.5	7.0	...	...	7.0	5.8
Other	50.5	48.4	40.4	39.6	40.9	37.9	40.0	40.0	...	...	35.7	34.7
Of which:												
Japan	20.0	19.8	17.6	14.4	16.0	14.7	14.6	15.8	...	...	9.2	8.5
United States	15.2	15.6	12.2	12.1	12.6	12.7	15.3	13.7	...	...	11.3	10.7

Source: Ministry of Finance, Statistical Yearbook, 1994, and data provided by the Brunei authorities

1. Data for 1984-90 relate to the former Federal Republic of Germany.

Table 30. Brunei Darussalam: International Reserves, 1984-95

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	Sept. 1995
(In millions of U.S. dollars)												
Brunei Currency Board	109	135	140	167	189	209	227	253	264	268	305	323
Of which: liquid assets	57	77	56	87	94	101	116	145	129	159	106	118
Consolidated Fund 1/	...	...	443	660	478	306	319	278	113	87	759	644
Official reserves	109	135	582	827	667	515	545	531	377	355	1,065	967
Commercial banks	718	964	1,033	1,723	1,582	1,568	1,729	1,603	2,196	2,124	3,332	3,040
International reserves	827	1,098	1,615	2,550	2,249	2,082	2,274	2,134	2,573	2,479	4,396	4,008
(In months of imports of goods and services)												
Official reserves	1.3	2.2	8.3	14.0	10.1	6.1	5.2	4.5	2.8	3.0	7.4	4.8
International reserves	10.1	17.7	23.1	43.0	34.1	24.8	21.7	17.9	18.9	21.0	30.4	19.8
Memorandum items:												
Imports of goods and services (US\$ mn.)	985	746	841	712	792	1,006	1,260	1,429	1,636	1,415	1,733	2,423
Brunei dollar/U.S. dollar (end of period)	2.18	2.11	2.18	2.00	1.95	1.89	1.74	1.63	1.64	1.61	1.46	1.42

Sources: Brunei Currency Board, Annual Report (various issues); and data provided by the Brunei authorities

1/ Data on government Consolidated Fund are not available prior to 1986.

Table 11 Brunei Darussalam: Exchange Rates, 1984-95 1/

	Brunei dollar per U.S. dollar		SDR		Yen per Brunei dollar		Brunei dollar per ECU		Brunei dollar Effective exchange rates 2/ nominal real		Singapore dollar real effective exchange rate 3/
	Period average	End of period	Period average	End of period	Period average	End of period	Period average	End of period	Period average	Period average	Period average
1984	2.13	2.18	2.19	2.13	111	115	1.68	1.54	110.9	109.7	113.9
1985	2.20	2.11	2.23	2.31	108	95	1.68	1.87	112.5	111.2	111.1
1986	2.18	2.18	2.55	2.66	77	73	2.14	2.33	105.9	105.1	94.7
1987	2.11	2.00	2.72	2.84	68	62	2.43	2.60	103.3	101.7	88.9
1988	2.01	1.95	2.70	2.62	64	65	2.38	2.28	102.8	99.6	87.6
1989	1.95	1.89	2.50	2.49	71	76	2.15	2.27	107.7	101.7	91.5
1990	1.81	1.74	2.46	2.48	80	77	2.31	2.38	113.9	105.1	96.9
1991	1.73	1.63	2.36	2.33	78	77	2.14	2.19	116.8	105.3	99.5
1992	1.63	1.64	2.29	2.26	78	76	2.11	1.99	119.7	106.3	101.6
1993	1.62	1.61	2.26	2.21	69	70	1.89	1.80	120.3	108.9	101.3
1994	1.53	1.46	2.19	2.13	67	68	1.82	1.80	122.8	110.7	104.7
1995	1.42	1.41	2.15	2.10	66	73	1.85	1.86	125.5	116.9	106.0
1995											
Q1	1.44	1.42	2.15	2.21	67	63	1.83	1.90	125.3	115.1	106.1
Q2	1.40	1.40	2.19	2.19	60	61	1.86	1.88	124.8	117.2	104.3
Q3	1.41	1.42	2.15	2.14	66	69	1.86	1.87	126.3	118.4	106.1
Q4	1.42	1.41	2.12	2.10	72	73	1.87	1.86	---	---	107.9

Sources: IMF, International Financial Statistics, and staff estimates.

1/ Exchange rates for the Brunei dollar are based on Singapore dollar rates reported to IMF, International Financial Statistics.

2/ Annual data for 1995 are January-September average

3/ Annual data for 1995 are January-November average Quarterly data for 1995/Q4 is for October-November average.

Investment Incentives Act

The Act which is administered by the Economic Development Board offers incentives in the form of tax exemption under the following headings.

A. Pioneer Status

In order to encourage participation from the private sector, both foreign and domestic, the law provides the following incentives for firms granted pioneer status.

1. Exemption from corporate tax

The 30 percent corporate tax is exempted for a basic period of 2-5 years depending on the level of fixed capital expenditure. In certain circumstances, tax exemption may be extended up to three additional years. The exemption commences on the first day of production. The tax exemption periods are as follows:

Fixed capital expenditure	Tax exemption period
Less than B\$250,000	2 years
B\$250,000 but less than B\$500,000	3 years
B\$500,000 but less than B\$1 million	4 years
B\$1 million or over	5 years

2. Exemption from taxes on imported capital goods

A pioneer company is also exempted from import duty on plant, machinery, and equipment to be installed in the pioneer factory.

3. Exemption from taxes on imported raw materials

A pioneer company is exempted from paying import duties on raw materials not available or produced in Brunei Darussalam intended for the production of the pioneer products.

A firm can be given pioneer status if it engages in an industry previously not carried out in the country on a commercial scale. The industry must be suited to the economic and development needs of the nation, and there should be favorable prospects for further developing the industry to provide for exports. Pioneer status can be given if there are insufficient facilities in the country to carry out the industry on a commercial scale and it is in the public interest.

Pioneer Status Industries, 1994/95

Industries	Products
Aircraft catering	Food for airlines
Cement finish mill	Cement
Pharmaceutical	Medicines; vitamins
Aluminum wall tiles	Wall tiles; decorative tiles
Rolling mill plant	Iron and steel; bars; angle irons
Industrial chemicals	Chemicals for oil industry; bactericides;
Shipyard	Ship repair and maintenance
Tissue paper	Tissue paper; napkins
Textiles	Garment manufacture
Canning, bottling, and packaging	Canned soft drinks, packaged food; mineral waters
Furniture	Wooden, rattan, knock-down furniture
Glass	Industrial and household glass products
Ceramics and pottery	Tiles, sanitaryware, potteryware, etc.
Woodbased	Plywood and wooden construction elements
Plastic and Synthetic	Tubing, pipes, plastic bottles, various rubber products
Rubber	
Fertilizers and Pesticides	Fertilizers and pesticides
Toys	Various toys
Gas	Various types of industrial gas
Sheet metal-forming	Various building materials

Source: Economic Development Board.

B. Incentives for Expansion of Established Enterprises

An approved expanding company can be given tax exemption up to a period of five years subject to certain conditions. To qualify for an Expansion Certificate, the company must incur a new capital expenditure in the purchase of productive equipment exceeding B\$1 million or not less than B\$100,000 and will result in an increase of not less than 30 percent in value at original cost of all the productive equipment of the company. The tax exemption periods are as follows:

New capital expenditure incurred	Tax exemption period
Up to B\$250,000	3 years
More than B\$250,000	5 years

C. Incentives for Foreign Loans

The 20 percent withholding tax for interest paid to non-resident lenders is exempted for any "approved foreign loan" if :

1. The loan is utilized for the purchase of productive equipment;
2. The credit facilities are obtained through financial agreement with the foreign lending company; and
3. The amount of loan is not less than BS200,000.

Tax	Nature of Tax	Exemptions and Deductions	Rates
1. <u>Tax on Income and Profits</u> 1.1. <u>Tax on individuals</u>	None	None	None
1.2 <u>Corporate tax</u>	<p>Payable on resident company income accruing in, derived from, or receivable in Brunei Darussalam. A nonresident company is only taxed on its income arising in Brunei Darussalam. Sole proprietorships and partnerships are not subject to tax.</p> <p>A company, whether incorporated locally or overseas, is considered as resident in Brunei Darussalam for tax purposes if the control and management of its business is exercised in Brunei Darussalam.</p> <p>Oil and gas companies pay taxes on a quarterly basis and all other companies annually.</p>	<p>All expenses, wholly or exclusively incurred in the production of taxable income, are allowable ad deductions for tax purposes. These deductions include:</p> <ul style="list-style-type: none"> • Interest on borrowed money used in acquiring income; • Rent on land and buildings used in the trade or business; • Costs of repair on premises, plant, and machinery; • Bad debts and specific doubtful debts, with any subsequent recovery being treated as income when received; and • Employer's contributions to approved pensions or provident funds. 	<p>1. Oil companies 55% 2. Gas companies 50% 3. Other Companies 30%</p>

<p><u>Corporate Tax</u></p>		<p>For, oil and gas companies, royalties are no longer credited against income tax payments.</p> <p>Losses incurred by a company can be carried forward for six years for set-off against future income, and can be carried back one year.</p> <p>Allowances for Capital Expenditure:</p> <p>Depreciation is not allowable expense and is replaced by capital allowances for qualifying expenditure. The tax payer is entitled to claim wear and tear allowances calculated as follows:</p> <ol style="list-style-type: none"> 1. <u>Industrial Buildings</u> <p>An initial allowance of 10 percent is given in the year of expenditure, and an annual allowance of 2 percent of the qualifying expenditure is provided on a straight-line basis until the total expenditure is written off.</p> 2. <u>Machinery and Plant</u> <p>An initial allowance of 20 percent of the cost is given in the year of expenditure together with annual allowances calculated on the reducing value of the assets. The rates range from 3 to 25 percent, depending on the nature of the asset.</p> 	
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Corporate Tax		<p>3. <u>Balancing Allowances</u></p> <p>Balancing allowance is an additional allowance allowed in the year of depreciable assets to take into account any excess of tax written down value over the amount realized on disposition.</p> <p>4. <u>Balancing Charge</u></p> <p>A balancing charge is an amount which is added to the assessment for the year in which a capital asset is sold representing the excess of the amount realized on disposition over the tax written down value.</p> <p>5. <u>Gain or Loss on Disposal of Fixed Asset</u></p> <p>Any gain on disposal of fixed assets is allowed in the computation of income tax. However, any loss on the same is disallowed.</p> <p>Exemptions under Investment Incentives Act (more details in Annex I).</p> <p>A company granted a Pioneer Certificate is exempt from corporate tax for a basic period of 2-5 years depending on the level of fixed capital expenditure.</p>	
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Brunei Darussalam: Summary of Tax System, December 1995

Corporate Tax		A company granted an Expansion Certificate is exempt from corporate tax up to a period of five years subject to certain conditions.	
1.3 Withholding tax	Tax on interest paid to nonresident companies under a charge, debenture or in the respect of a loan.	<p>Tax exemption for any approved foreign loan if:</p> <ul style="list-style-type: none"> • The loan is utilized for the purchase of productive equipment; • The credit facilities are obtained through financial agreement with the foreign lending company; • The amount of loan is not less than B\$200,000. 	20%

<p>2 Social Security Contributions</p> <p>2.1 Employees Trust Fund</p>	<p>Compulsory social security scheme for all public and private employees</p> <p>The law provides for the following withdrawal schemes:</p> <p>Retirement at the age of 55: Full withdrawals.</p> <p>Pre-retirement at the age of 50: Partial withdrawal of one quarter of the savings.</p> <p>Next of kin: Full withdrawals allowed by the next of kin of the deceased member.</p> <p>Emigration: Full withdrawals allowed on emigration.</p> <p>Incapacity: Full withdrawals allowed for members who are incapacitated whether physically or mentally.</p> <p>Housing: Partial withdrawals allowed depending on the housing schemes to assist members to purchase or build their own houses.</p>	<p>The following are exempted:</p> <ul style="list-style-type: none"> • All security personnel (police, armed forces, and prison wardens). • All foreign workers. • All employees above the age of 55. • All employees working for an employer with an approved fund. 	<p>5% for employees.</p> <p>5% for employers.</p>
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Brunei Darussalam: Summary of Tax System, December 1995

3 Taxes on Property			
3.1 Capital gains tax	None	None	None
3.2 Estate duty	Levied on an estate of over B\$2 million for a person who died on or after December 15, 1988.	None	3 percent
3.3 <u>Gift taxes</u>	None	None	None
4. <u>Taxes on Goods and Services</u>			
4.4 <u>Business registration fees</u>	Imposed upon approval of registration by the Registrar of Companies and Business names depending on the form of business.		Sole proprietorship B\$30 Partnership B\$30 Private company B\$25 Public company B\$25 Branch of foreign company B\$25

5 Taxes on International Trade			Percent of Value
5.1 Taxes on imports	Levied at ad valorem rates on the C I F. value of imports, also specific rates apply on a few items including tobacco products, coffee, and alcoholic beverages.	Imports by the royal family, the Government, diplomatic representatives, religious bodies are exempt. In addition, the following items are exempt under certain conditions:	Electrical equipment and appliances 5
		• Containers and pallets.	Clothing and footwear 5
		• Deceased person's effects.	Jewelry, watches 5
		• Life-saving apparatus.	Timber products 20
		• Protective apparel, clothing, accessories, and equipment.	Photographic materials and equipment 20
		• Samples and miscellaneous articles.	Furniture 20
		• Tombstones and memorials.	Motor vehicles and spare parts 40-200
		• Ship and boat parts, accessories, and fittings.	Cosmetic and perfumes 5
		• Goods related to aircraft operations.	
		• Passengers' baggage.	<u>Specific rates</u>
		• Signs, nameplates, and street lighting equipment.	Coffee B\$0.05-0.10/lb.
		In addition, basic food stuffs and goods for industrial use (machinery, vehicles, appliances, some petroleum products, etc.) are exempt.	Beer B\$3/liter
		None	Wine B\$5.5 - 12/liter
			Spirits B\$25/liter
			Manufactured tobacco B\$18 - 60/Kg

Brunei Darussalam: Summary of Tax System, December 1995

5.2 Taxes on Exports	None		
6 Other Taxes			
6.1 Stamp duties	Levied on agreements, insurance policies, bills of sales and exchange, promissory notes, and various property and title transfers.		Some ad valorem, some specific.

Brunei Darussalam: Exchange Arrangements and External Trade and Payments System

(As of end-1995)

A. Exchange Arrangements

Legal tender in Brunei is the Brunei dollar (ringgit in Malay). It is issued by the Brunei Currency Board (BCB), only against payment in Singapore dollar and at par. Furthermore, under the terms of a 1967 currency interchangeability agreement between the BCB and the Board of Commissioners of Currency of Singapore (BCCS), the Singapore dollar is customary tender in Brunei and the Brunei dollar in Singapore. The BCB and BCCS have undertaken to accept each other's currency and exchange it, at par and without charge, into their own, and have instructed their banks to do the same vis-à-vis their customers. Any excess in currency is regularly repatriated with the issuing institution bearing the costs, and settlements are made in the other country's currency. As noted, the BCB only deals in Singapore dollars and does not prescribe any exchange rates for other currencies. Banks are free to deal in all currencies, with no restrictions on amount, maturity, or type of transaction.

The Brunei Association of Banks fixes daily buying and selling rates for telegraphic transfers and demand drafts in terms of 17 other currencies on the basis of these currencies interbank quotations in relation to the Singapore dollar.¹ Banks in Brunei must apply these rates for transactions with the general public in amounts up to B\$100,000. Exchange rates for amounts exceeding B\$100,000 are set competitively by each bank on the basis of the interbank quotations of the moment for the Singapore dollar in the Singapore market.

The Monetary Authority of Singapore (MAS), in charge of exchange rate policy in Singapore, allows the Singapore dollar to float, with its exchange rate in terms of the U.S. dollar, the intervention currency, and all other currencies being freely determined in the foreign exchange market. However, the MAS monitors the external value of the Singapore dollar against an undisclosed trade-weighted basket of currencies within a target band, with the objective of promoting noninflationary sustainable economic growth.

There is no forward market for foreign exchange in Brunei but because of the currency interchangeability agreement with Singapore, foreign exchange risk can be hedged in terms of Singapore dollars by resorting to facilities available in that country, including foreign currency futures and options traded on the Singapore International Monetary Exchange (SIMEX) or

¹The currencies are the U.S. dollar, pound sterling, Australian dollar, Canadian dollar, New Zealand dollar, Swiss franc, deutsche mark, French franc, Hong Kong dollar, Indian rupee, Malaysian ringgit, Dutch guilder, Japanese yen, Thai baht, Philippine peso, Indonesian rupiah, and Saudi riyal.

over-the-counter forward transactions arranged by banks in Singapore. There also is an active short-term foreign exchange swap market among the banks in the Singaporean money market.

There are no taxes or subsidies on purchases or sales of foreign exchange.

B. Administration of Control

There are no formal exchange controls, but under the 1956 Exchange Control Act (as amended most recently in 1984) the Financial Institutions Division in the Ministry of Finance retains responsibility for exchange control matters. The Financial Institutions Division also licenses and supervises commercial banks, including foreign-owned banks incorporated in Brunei and branches of foreign banks operating in Brunei. The Financial Institutions Division also monitors the insurance industry.

The Economic Development Board (EDB) in the Ministry of Finance is responsible for elaborating and administering programs to encourage foreign investment. It may issue certificates granting tax relief for certain approved projects and may enter into joint venture agreements with foreign investors. It may also purchase, hold, and lease land for industrial purposes. A one-stop agency in the Ministry of Industry and Primary Resources facilitates inward investment. The Registrar of Companies controls the functioning within Brunei of enterprises incorporated locally or registered as the branch of a foreign limited company. The Tourism Promotion Committee in the Ministry of Industry and Primary Resources works to encourage tourism.

C. Prescription of Currency

There are no prescription of currency requirements. Settlements with residents of Singapore and the Eastern Malaysian states of Sabah and Sarawak are normally effected in the currencies of the countries involved or in third currencies, as agreed between the parties concerned.

D. Nonresident Accounts

There is no distinction between accounts of residents and nonresidents of Brunei, and accounts may be maintained in both domestic and foreign currencies. Debits and credits to all accounts may be made freely.

E. Imports and Imports Payments

There are no restrictions on the origin or provenance of imports. A few imports are banned or restricted for nature conservation, health, safety, security, or religious reasons. Restricted items may be imported only with the permission of the applicable Ministry. Except for a few items (cigarettes, alcoholic beverages), all imports are subject to ad valorem tariff rates ranging from zero percent to 200 percent. Some 70 percent of items (including basic

foodstuffs, and construction and educational materials) are zero-rated. Rates of 5 percent, 15 percent, and 20 percent apply to most other items. Fireworks are subject to a 30 percent duty while automobiles are subject to duties of 40-200 percent, depending on engine size. Brunei is a party to the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA). The CEPT Scheme came into operation in Brunei on June 1, 1994, and under its terms Brunei will lower its tariff rates on imports from other ASEAN countries to zero by 2003, with the exception of about 120 tariff lines that are permanently excluded under the terms of the CEPT Scheme.

F. Payments for Invisibles

All payments for invisibles may be made freely. There are no restrictions on the amount of foreign exchange that may be used for travel abroad. Remittances to nonresidents of dividends, interest, and profits may be made freely, but interest payments to nonresidents are subject to a 20 percent withholding tax. Interest on loans of at least B\$200,000 that are used for the purchase of productive equipment (so-called approved foreign loans) may be exempt from the tax subject to submission of the loan documentation. Resident and nonresident travelers may take out any amount in foreign or Brunei bank notes.

G. Exports and Export Proceeds

There are no restrictions on the destination of exports. Certain exports originating in Brunei—for example, textiles and textile products—are subject to quantitative restrictions and other nontariff barriers in the importing countries, particularly the United States, Canada, Norway, and the members of the European Union. The Muara Export Zone, a free trade area, serves as an entry point for goods destined for the East ASEAN Growth Area (EAGA). There are no export taxes. Export licenses are required for alcoholic beverages, cigarettes, diesel, gasoline, kerosene, rice, salt, and sugar. Export proceeds need not be repatriated or surrendered.

H. Proceeds from Invisibles

Exchange receipts from invisibles need not be repatriated or surrendered and may be disposed of freely. Resident and nonresident travelers may bring in any amount in foreign bank notes and coins, including Brunei gold coins.

I. Capital

There are no restrictions on capital imports or exports. Nonresidents are free to repatriate capital or profits or to borrow from banks in Brunei. Banks may accept deposits and make loans in foreign currency.

There are no sectoral restrictions on foreign inward investment. Activities relating to national food security and those based on local resources require some degree of local

participation. At the other extreme, industries producing for the local market that are not related to national food security and industries that solely export may be entirely foreign owned. Joint ventures are particularly encouraged in export-oriented industries and activities supporting such industries. At least one half of the Directors of a company must be either Bruneian citizens or ordinarily resident in Brunei.

Industrial Incentives Act provides exemption from income tax and import duties to companies granted pioneer status, as well as established companies planning expansion.² There is a double taxation agreement with the United Kingdom. Under the terms of the agreement, tax credits are available only for resident companies.³ Unilateral relief may be obtained on income arising from Commonwealth countries that provide reciprocal relief. However, the maximum relief cannot exceed one-half of the rate in Brunei. That relief applies to both resident and nonresident companies.

Only Bruneian citizens are allowed to own land. However, foreign investors may lease land on a long-term basis, including in sites set aside for industry, agriculture, agro-forestry, and aqua-culture.

J. Gold

Only banks licensed to operate in Brunei and gold dealers and jewelers specifically authorized by the Ministry of Finance may buy and sell gold bars. Gold bars are not subject to import duty, but a 10 percent import duty is levied on the importation of gold jewelry.

K. Changes in 1994-95

1. 1994

May 15. The Muara Export Zone was established as a free trade area to facilitate the entry of goods for use in the East ASEAN Growth Area (EAGA).

June 1. Brunei began to implement the Agreement on the Common Effective Preferential Tariff (CEPT) under which the tariff rates on imports from other ASEAN countries are to be lowered progressively to 0-5 percent by 2003.

June 15. Brunei Coldgas and Korea Gas Corporation signed an agreement for the export of 700,000 tons of LNG a year to South Korea during 1995-96.

²See Annex I for detailed description of the Industrial Incentives Act.

³A company, whether incorporated in Brunei or overseas, is considered a resident of Brunei for tax purposes if the control and management of its activities are exercised in Brunei. This is, *inter alia*, considered to be the case if its Directors' meetings are held in Brunei.

December 1. The specific import duty on cigarettes was raised by 350 percent.

2. 1995

February 2. The import duties on motor vehicles were raised from a uniform 20 percent to 40- 200 percent in direct proportion to engine size.

April 1. The import duties on 688 consumer items were reduced, in some instances to zero. For example, the duty rates on perfumes and cosmetics were reduced from 30 percent to 5 percent; those on air conditioners, electrical appliances and consumer electronics, from 20 percent to 5 percent; those on garments from 10 percent to 5 percent; and those on personal computers, typewriters, and educational materials, from 20 percent to zero percent.

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