



SUMMARY REPORT

BRUNEI ECONOMY ROUNDTABLE 2024

Future-Proofing Brunei: Investing in the Next Generation of Economic Drivers

Prepared by



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Overview

The Brunei Economy Roundtable 2024 brought together senior figures from government, business and academia to discuss the economic outlook under the theme ‘Future-proofing Brunei: Investing in the Next Generation of Economic Drivers’. The Roundtable took place on the 20th of February under the Chatham House rule.

Yang Berhormat Dato Dr Amin Liew Abdullah, Minister at the Prime Minister’s Office and Minister of Finance and Economy II delivered the opening keynote address which was followed by a discussion on the outlook of the Brunei economy and a discussion on how to grow the economy further.

The discussion emphasized the importance of dialogue and greater engagement between the public and private sectors as a key to progress and highlighted the need for sustainability and innovation in Brunei’s economic development. Overall, the participants had a positive outlook for the year ahead tempered by warnings of possible impacts by global events. Diversifying beyond oil and gas will continue but the sector will still be a priority for Brunei and also the world. The importance of right-skilling, being ready for the AI-led digital transformation underway and developing the green economy further were underscored as key areas to focus on.

The Brunei Economy Roundtable 2024 is an element of the Brunei Economy Programme hosted by the ASEAN and APEC Business Advisory Councils of Brunei in collaboration with the Ministry of Finance and Economy that aims to connect issues being addressed at ASEAN and APEC with the Brunei business community.

Our thanks to Baiduri Bank for kindly hosting the Roundtable at the Baiduri Community Space. Watch the [highlight reel here](#).



According to the [International Monetary Fund](#), Brunei’s economy will grow 3.5% in 2024. Brunei will benefit from [Asia’s growth](#), forecasted by the IMF to be 4.5% this year. This is against the backdrop of a challenging global economic landscape where the [World Bank](#) predicts growth to dip from 2.6% to 2.4%. Brunei, as a small and open economy, is exposed to global shifts and the dependency on oil and gas exports, adds a layer of complexity as energy markets fluctuate due to global circumstances beyond Brunei’s control.

Apart from retail, the different sectors of the economy are performing well. While some sectors such as banking (good corporate and housing loan growth) and petrochemicals (with first time sales to new CPTPP markets) are outperforming, the general sentiment from the participants was that the outlook for 2024 is ‘cautiously optimistic’. Although [inflation](#) is lower than 2022, some sectors are facing rising cost pressures due to global developments and cost management is becoming increasingly important. Given that Brunei imports 90% of its goods, global inflation is naturally imported into Brunei.

One area that has flattened is the retail sector as borders have reopened post Covid and consumers look to purchase goods in neighbouring countries with favourable exchange rates.

ASEAN and APEC Areas of Focus

The ASEAN and APEC Business Advisory Councils of Brunei provided an overview of the work streams for the year ahead.

ASEAN’s theme for the year is ‘ASEAN: Enhancing Connectivity and Resilience’ and the [ASEAN Business Advisory Council](#) will focus on six priority areas namely Digital Transformation, Sustainable Development, Health Resilience, Food Security, Trade and Investment Facilitation and Connectivity and Supply Chain. This year, ASEAN is Chaired by Laos PDR.

[APEC Business Advisory Council’s](#) (ABAC) theme is ‘People, Business, Prosperity’ and themes include trade and investment facilitation, sustainability and inclusion. ABAC is committed to open markets, innovation, and inclusive growth is paramount in navigating the dynamic landscape of global trade and investment. APEC 2024 is hosted by Peru.

Global Uncertainty and Adaptability

The fragile geopolitics in the world today is creating increased uncertainty and impacting industries in Brunei. The importance of being agile and adaptable to the changing world was highlighted several times by those whose business is global in nature.

Cost pressures will continue due to these global developments and Brunei’s industries need to be cognisant of how it impacts them in order to be prepared.

It was also noted that when the global uncertainty improves, Brunei should remain focused on diversification, cost control and maintain the pressure for continuous improvement.

Organisational Behaviour

The culture of productivity and efficiency needs to be addressed and properly understood. The mindset of spending a budget for the sake of spending it completely needs to be altered to trying to achieve the goal of the budget without wastage or unnecessary spending.

The quality of Bruneians in large companies is generally very good. This ranges from senior executives to [i-Usahawan](#) participants.

Labour and Unemployment

Ten years ago, over 50% of the labour force worked in the public sector. Over the last decade, there has been a sizable shift from working in the public sector to the private sector where 70% now work in the private sector and 30% in the public sector.

Unemployment has come down and the rate of [unemployment is 5.2%](#) or around 11,000 people.

Foreign talent is needed in specialized areas especially when locals are not available. Foreign talent can also provide knowledge transfer to local staff and raise the overall quality of performance.

Directors that are not local who are over 60 years old now have their visas renewed annually. This has caused some concern as should foreigners decide to close the business and leave this will then cause unemployment. It was also suggested that management handover strategies need to be developed.

Some of the Roundtable participants commented that businesses face challenges with labour in terms of bringing in foreigners to work and that some sectors, such as MSMEs, face a high turnover of local employees.

Skills, Human Capital Development and Education

To foster a vibrant private sector there is a need for more engineers, accountants (especially good Chief Financial Officers) and human resource specialists.

Some companies are finding that when they send their staff overseas for cross postings, they are reluctant to return home.

Given the fast-changing world of digitalisation, Bruneians need to be more adaptable to change. Agility needs to be incorporated into the education system.

University students could benefit from work experience as part of their courses. There is a need to have a collaborative spirit between industry and academia to align the needs of the Brunei economy with academic courses.

The roundtable discussed the changing skills needs of the job market. Brunei's academic institutions need to be agile and flexible to provide courses that are required for a digital future. The nature of learning is also changing with students preferring to study shorter online courses and joining the workforce rather than spending four years studying a degree.

Universiti Brunei Darussalam

Universiti Brunei Darussalam (UBD) plays a crucial role in preparing the workforce of the future. UBD is now [ranked](#) in the top 400 of the Times Higher Education global ranking and in the top 60 in Asia. UBD is ranked 16th in the world for [Small Universities](#) with less than 5000 students (the first being [Caltech](#)). UBD has a Sustainability ranking of 600 in the world out of 1200 and 162 in Asia.

UBD will launch a new course on Data Analytics. Companies like EVYD and the banks are in need of graduates with data analytical skills .

Infrastructure

As we celebrate 40 years of independence, it was highlighted that a lot of government infrastructure was built many decades ago such as water, electricity, housing and the need for investments in maintaining infrastructure is growing.

The government alone cannot invest in creating industries and be the policy maker, infrastructure provider and operator. There is a need to get the private sector involved strategically.

The UNN model of taking over the telecommunications infrastructure and having a competitive reseller framework was a good example of public – private sector partnership. Costs have come down since the restructuring under UNN and internet speed rankings have improved, [achieving 10th fastest](#) 5G download speed in the Asia Pacific in February.

Foreign Direct Investment and MSME Development

The [Brunei Economic Development Board](#) (BEDB) has three areas of focus:

1) Investment promotion and facilitation

Darussalam Enterprise (DARE) and The Brunei Economic Development Board (BEDB) continue to build the Foreign Direct Investment (FDI) pipeline and they are seeing more projects coming through, especially in the growing chemical hub and exploring using the feedstock from chemicals being produced in Brunei.

The food export wins to [Sabah](#) and [Singapore](#) are expected to continue and are working on capability production, maintaining quality and being cost competitive. Ghanim's [Multipurpose Manufacturing and Processing Facility](#) will be able to produce export ready food that will support Brunei's food industry development.

Construction of the [Marine Maintenance Yard and Decommissioning Yard](#) will begin this year and will bring more opportunities as an area of growth.

2) Industrial Site Management

Industrial Sites in Brunei, such as [SPARK](#), are continuously being improved and developed to be ready for FDI led projects. BEDB is investing in better infrastructure for the industrial sites. BEDB is also charging market rates and seeing greater efficiency in land utilization.

3) Enterprise development

Enterprise development is also a continuing area of work that aims to make MSMEs ready to take advantage of new opportunities. Financial literacy and understanding of credit reporting is an area of improvement that is needed.

The [Brunei Innovation Lab](#) is active and becoming a platform where stakeholders in innovation can come together to solve national problems and work as ‘Team Brunei’.

The [five priority cluster](#) areas of Downstream Oil & Gas, Manufacturing & Other Services, Food, Tourism and Info-Communication Technology will continue to be the areas of focus.

Business Sentiment Index

The Brunei Darussalam Central Bank (BDCB) produces a monthly Business Sentiment Index (BSI). It was noted that the data in the BSI reflects the conversations that took place in the roundtable (see [para 8 of the BSI](#) for economic sector breakdown). Over 500 companies take part in the BSI from a range of sectors and provide a useful barometer and pulse check of business confidence in the economy.

During Covid, the indicator saw how business confidence went down. BDCB also produces a time series of the data from August 2020 (see [Annex 1](#)).

During Covid retail business was very good as people had to spend in the country. With borders open, and a favourable exchange rate with Malaysia, the retail sector has been impacted negatively with some having to close. It was suggested that rental amounts for MSMEs could be supported by banks and other institutions.

Recommendations

Focus on Current Assets

The Roundtable emphasized the importance of ensuring that existing businesses and assets operate to a high degree of efficiency. Developing new business opportunities is important but it was stressed that Brunei needs to ensure its current stable of industries operates

smoothly. Availability of plants for industries is key to ensure production stays online and targets are met. Restricted production capacity means that Brunei is losing out on revenue generating opportunities.

Greater synergy is being seen in the petrochemical hub and more opportunities are expected to flow.

Green Economy

Brunei has a huge opportunity to be the center of energy transition and could be an example on Borneo of how to be a green economy. The discussions echoed the opinion piece by Dr Wee Chian Koh in the [East Asia Forum](#) which posited that Brunei should embrace opportunities in green growth and renewable energy.

In August 2023, the [oil and gas sector discussed](#) becoming a net zero cluster and the discussion was picked up by the [World Economic Forum](#).

Oil and gas companies in Brunei are starting to put clauses in contracts with suppliers to meet sustainability standards. Contractors are being asked to provide services in an environmentally friendly way. The supply chain is also being provided training and assistance to meet these standards. This is an initiative that other industries could adopt.

Green methanol is an area that is being looked into. This will require new skills and will need to train staff in the industry. Brunei Fertiliser Industries are also looking at sustainable products like zinc coated urea.

Brunei contributes 0.0017% to global emissions but will still work towards achieving its stated [climate change goals](#). It was suggested that policies should encourage investments into sustainability.

Digital Transformation

Artificial Intelligence (AI) will change the future. Brunei's public and private sector must keep up to date in AI developments or be left behind.

[Singapore](#) was cited as an example where policies are designed to become a smart nation and encourage everyone to become digital. Customs clearance and taxation could benefit from being digitized. These issues could be addressed by Brunei's participation in the ASEAN Digital Economic Framework Agreement ([DEFA](#)).

Digitalisation can also support Brunei's sustainability ambitions. Greater digitalization will lead to better energy consumption with smart metering use.

Digital Payments

Roundtable participants were updated on the [National Payment Gateway](#) (NDPx), a very important digital payments initiative spearheaded by Darussalam Assets involving the local banks of BIBD, Baiduri Bank and TAIB. The first phase will make the gateway available to the domestic market and the second phase will link Brunei and regional countries in ASEAN enabling greater intra ASEAN trade.

Market Access through Free Trade Agreements

Around 90% of Brunei's exports go to free trade agreement (FTA) partners, while 55% of our imports come from the trade agreement partners. To bring down the costs of import it was suggested to look at how we can import from countries where we have FTAs and the tariff is almost zero. For the first time, Brunei is exporting fertilizer to Chile and Peru aided by the participation in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ([CPTPP](#)).

Brunei has [signed 10 FTAs](#), 1 bilateral FTA with Japan and 9 Multilateral FTAs.

The pattern of trade is important for banks and as Brunei's exports grow the hope is to have greater export trade financing facilities.

Strengthening the National Chamber of Commerce and Industry

The Roundtable agreed that efforts should be made to strengthen the National Chamber of Commerce and Industry Brunei Darussalam (NCCIBD). Now located at the [Design and Technology Building](#), it was suggested that there should be greater interaction between the ASEAN and APEC Business Advisory Councils, as well as industry, to provide key updates that would be of interest to its members.

An outcome of the Roundtable is that the National Chamber of Commerce and Industry will join the Brunei Economy Programme as a Supporting Partner. Another outcome is that the Brunei Darussalam Central Bank will provide hardcopies of useful reports for visitors to NCCIBD offices.

Borneo

The Roundtable discussed the need to increase connectivity, do more business with Borneo and develop a Borneo Economic Community. In terms of attracting FDI, there is a growing interest in pitching Brunei as a launch pad to Borneo.

It was also suggested that Brunei could house a data center for Borneo.

Greater Collaboration Between Public and Private Sector

Roundtables that facilitate greater discussion between the public and private sector are very important. They act as enablers for collaboration and identify key areas of synergy and partnership between sectors and between industries and companies.

It was also suggested that business delegations should be brought to attend the ASEAN and APEC business related meetings which could be led by ASEAN and APEC Business Advisory Councils of Brunei respectively.

Industry Experience for Undergraduates

It was recommended that there should be a discussion with UBD and educational institutions on how to align industry needs with academic qualifications. It was also suggested that UBD could consider internships with industry within their degree courses.

Baiduri Bank runs a [Graduate Apprenticeship Programme](#) where they bring in 10-15 graduates both from Brunei universities and abroad.

Private Sector Input into Policy Recommendations

Steering committees that include the private sector were suggested as a model to incorporate private sector input into policy decision making that impacts the economy. It was suggested that the private sector could make recommendations and provide specific suggestions into issues from a private sector perspective.

The Roundtable recommended the importance of good communications when introducing new policies that impact business. Some businesses have been caught by surprise with the short notice of new policies, citing the [plastic tax](#) as an example. Without proper notice, businesses find it hard to adjust and have to pass the cost onto the consumer.

Industry ratings will help to develop standards that businesses must adhere to and meet. This will improve the trustworthiness of businesses in Brunei and ensure they are of an international standard.

Business Park

The Roundtable suggested developing a business park with a focus on innovation. The business park could leverage on the assets in Brunei with access to cloud hosting and business services. For foreign investors it is important to see businesses they will want to do business with, and invest in, located in respectable premises and not shop houses.

Key Considerations and Trends

In the next few years, there will be a cohort of pensioners retiring under the National Pension Scheme. The amount that retirees will receive is very different to the previous

scheme where government employees (which then made up the majority of employment) received up to 70% of their final monthly salary every month. This has provided a financial cushion for families where children and grandchildren need financial contributions.

The concern raised was that under the new scheme the availability of support for families will be considerably less and that this will have an impact on the economy.

The Roundtable highlighted that agrifood, tourism, transport and downstream activities are areas to watch as these sectors are expected to do well over the next few years.

Resources

For visual highlights of the Brunei Economy Roundtable 2024, please find below links to photos and video recordings:

- Photos: <https://flic.kr/s/aHBqjBhb1>
- Video Highlights: https://youtu.be/hnzp_jsLRs

Further Reading

[Global Economy Set for Weakest Half-Decade Performance in 30 Years](#). World Bank
[Asia's Prospects for a Soft Landing Have Improved](#). International Monetary Fund
[Business Sentiment Index for Brunei Darussalam for January 2024](#). Brunei Darussalam Central Bank

[National Summary Data Page](#). Ministry of Finance and Economy.

[Brunei's Free Trade Agreements](#). Ministry of Finance and Economy

[i-Usahawan for Non-Energy Sector](#). Darussalam Enterprise

[i-Usahawan for Energy Sector](#). Department of Energy

[Brunei's Labour Force Statistics](#). Department of Economic Planning and Statistics

[Energy leader, government agencies convene to discuss net-zero industrial clusters](#). Borneo Bulletin

[Brunei's stagnant economy is ripe for change](#). East Asia Forum.