

BRUNEI DARUSSALAM

TRADE SUMMARY

The U.S. goods trade surplus with Brunei was \$161 million in 2011, an increase of \$49 million from 2010. U.S. goods exports in 2010 were \$184 million, up 48.4 percent from the previous year. Corresponding U.S. imports from Brunei were \$23 million, up 97.2 percent. Brunei is currently the 134th largest export market for U.S. goods.

The stock of U.S. foreign direct investment (FDI) in Brunei was \$34 million in 2010 (latest data available), up from \$20 million in 2009.

In December 2009, the United States announced its intention to enter into an Asia-Pacific trade agreement called the Trans-Pacific Partnership (TPP), with the objective of shaping a high standard, broad-based regional agreement. This agreement will create a potential platform for economic integration across the Asia-Pacific region, a means to advance U.S. economic interests with the fastest-growing economies in the world, and a tool to expand U.S. exports, which are critical to U.S. economic recovery and the creation and retention of high-paying, high-quality jobs in the United States. In addition to Brunei, the TPP negotiating partners currently include Australia, Chile, Malaysia, New Zealand, Peru, Singapore, and Vietnam. Japan, Canada, and Mexico also have expressed interest in joining the negotiations.

IMPORT POLICIES

Tariffs

Brunei has bound nearly 93 percent of its tariff lines. The average bound rate is 25.8 percent, and applied rates averaged 3.6 percent in 2008 (down from 4.8 percent in 2007) and ranged from zero percent to 30 percent. With the exception of a few products, including coffee, tea, tobacco, and alcohol, tariffs on agricultural products are zero. Roughly 130 products, including alcoholic beverages, tobacco, coffee, tea, petroleum oils, and lubricants, are subject to specific rates of duty and greater overall protection. Brunei also applies high duties of up to 20 percent on automotive parts, machinery, and electrical equipment.

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

GOVERNMENT PROCUREMENT

All procurement is conducted by Ministries, Departments, and the State Tender Board of the Ministry of Finance. Most invitations for tenders or quotations below B\$250,000 (approximately \$168,000) are published in a bi-weekly government newspaper, but often are selectively tendered only to locally registered companies. The relevant ministry may approve purchases up to a B\$250,000 threshold, but tender awards above B\$250,000 must be approved by the Sultan in his capacity as Minister of Finance based on the recommendation of the State Tender Board. The award process often lacks transparency, with tenders sometimes not being awarded or being re-tendered for reasons not made public.

FOREIGN TRADE BARRIERS

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

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

INTELLECTUAL PROPERTY RIGHTS PROTECTION

Brunei was listed on the Watch List in the 2011 Special 301 report, primarily because of the continued high rate of copyright piracy. Movie and software piracy is prevalent, and pirated optical discs and unlicensed software are openly sold in legitimate retail shops and department stores throughout Brunei.

In August 2009, Brunei enforcement authorities undertook several raids in connection with a Recording Industry Malaysia music anti-piracy campaign. Although the raids had the immediate effect of temporarily reducing music piracy in Brunei, they do not appear to have had a long-term effect on piracy rates. In addition, there has been a long delay in the drafting of proposed amendments to Brunei's copyright law that would provide police with *ex officio* authority to take action against pirated goods.

A positive development in 2011 was the Brunei government's announcement that it intended to establish a Patents Registry Office, which was set up in January 2012 to promote and protect local innovation.

OTHER BARRIERS

Transparency is lacking in many areas of Brunei's economy. Brunei operates state-owned monopolies in key sectors of the economy, such as oil and gas, telecommunications, transport, and energy generation and distribution. However, Brunei has not yet notified its state trading enterprises to the WTO Working Party on State Trading Enterprises. In addition, some of Brunei's foreign investment policies are unclear, including with respect to restrictions on foreign investment and equity participation in specific sectors.