BRUNEI DARUSSALAM

TRADE SUMMARY

U.S. goods exports in 2014 were $550 million, down 1.4 percent from the previous year. Brunei is currently the 101st largest export market for U.S. goods. Corresponding U.S. imports from Brunei were $32 million, up 86.2 percent. The U.S. goods trade surplus with Brunei was $518 million in 2014, a decrease of $23 million from 2013.

The stock of U.S. foreign direct investment (FDI) in Brunei was $132 million in 2013 (latest data available), up from $116 million in 2012.

Trade Agreements

Brunei is a participant in the Trans-Pacific Partnership (TPP) negotiations, through which the United States and 11 other Asia-Pacific partners are working to establish a comprehensive, high-standard, next-generation regional agreement to liberalize trade and investment in the Asia-Pacific. Once concluded this agreement will advance U.S. economic interests with some of the fastest-growing economies in the world; expand U.S. exports, which are critical to the creation and retention of jobs in the United States; set high standards for regional trade and investment that promote U.S. interests and values; and serve as a potential platform for economic integration across the Asia-Pacific region. The United States is proposing to include in the TPP agreement ambitious commitments on goods, services, and other traditional trade and investment matters, and enforceable labor and environment obligations. TPP will also address a range of new and emerging issues of concern to U.S. businesses, workers and other stakeholders in the 21st century. In addition to the United States and Brunei, the TPP negotiating partners currently include Australia, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Wine and Distilled Spirits

It is illegal to import alcohol to Brunei for sale. Non-Muslims are permitted to bring a limited amount of alcohol into Brunei for personal use, subject to restrictions on display, sale, and public consumption.

Meat and Poultry Products – Halal Standards

Most food sold in Brunei is certified as halal, although there is a small market for non-halal foods, which are sold in designated rooms in grocery stores separated from other products or at restaurants that are specified as non-halal. The Ministry of Religious Affairs administers Brunei's halal standards under guidelines first published in 2007, which are among the most stringent in the world.

Under the Halal Meat Act, halal meat (including beef, mutton, lamb, and chicken) can be imported only by a person holding a halal import permit and an export permit from the exporting country. The importers and local suppliers of halal meat must be Muslim. The Bruneian government maintains a list of the foreign and local slaughtering centers that have been inspected and declared fit for providing halal meat. Brunei's stringent system of abattoir approval involves on-site inspections carried out by Bruneian government officials for every establishment seeking to export meat or poultry to Brunei. Halal meat must be kept separately from non-halal meat at all times, and halal certification must be renewed annually by the Brunei Religious Council. Non-halal food importers must also notify the Ministry of Religious Affairs.

IMPORT POLICIES

Tariffs

Brunei's bound tariff lines in the WTO decreased from 92.8 percent in 2007 to 89.1 percent in 2014, due to changes made in harmonized system nomenclature. However, applied rates have not changed; Brunei’s average bound MFN tariff rate is 25.4 percent and its applied MFN tariff of 1.7 percent. With the exception of a few products, including coffee, tea, tobacco, and alcohol, tariffs on agricultural products are zero. Alcoholic beverages, tobacco, coffee, tea, petroleum oils, and lubricants are among the products included in the 55 tariff lines subject to specific rates of duty. Brunei reduced the tariff rate for machinery and electrical equipment from 20 percent to 5 percent in 2013, but continues to apply duties of up to 20 percent on automotive parts.

GOVERNMENT PROCUREMENT

Government procurement in Brunei is conducted by individual ministries and departments, which must comply with financial regulations and procurement guidelines issued by the State Tender Board of the Ministry of Finance. Procurement practices are determined by the estimated value of procurement: direct purchase of goods, services, or construction services up to BND $2,000 ($1,523); solicitation of at least three quotations for goods, services, or construction services valued above BND $2,000 and up to BND $50,000 ($38,090); and open tenders for procurement of goods, services, or construction services above BND $50,000. Selective tenders may be used with approval of the department or ministry’s Mini Tender Board (BND $50,000 to BND $500,000 ($380,908) or State Tender Board (above BND $500,000). Tender awards above BND $500,000 must be approved by the Sultan in his capacity as Minister of Finance, based on the recommendation of the State Tender Board.

Most invitations for tenders or quotations are published in a bi-weekly government newspaper but are often selectively tendered only to locally registered companies. Some ministries and departments publish tenders on their individual websites. Foreign firms can participate in the tenders individually, but are advised by the government to form a joint venture with a local company. A project performance bond is required at the tender approval stage to guarantee the delivery of a project in accordance with the project specifications. The bond is returned to the companies involved after the project is successfully completed.

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

INTELLECTUAL PROPERTY RIGHTS (IPR) PROTECTION

Brunei was removed from the Special 301 Watch List in 2013 in light of its increased focus on IPR protection and enforcement in recent years. Brunei made notable progress in 2013 by conducting nationwide raids against vendors of pirated recordings and by prosecuting vendors of pirated goods. Brunei's enforcement efforts have contributed to a general decline in the physical piracy of music, now estimated to be about 30 percent. In 2014, Brunei continued progress in combatting pirated goods, notably with amendments made to the Copyright Order, which included much stiffer fines and penalties for copyright infringers.

However, concerns remain in some areas, including with respect to whether Brunei provides effective protection against unfair commercial use, as well as unauthorized disclosure of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products and IPR border enforcement, particularly against transshipments. The United States also continues to urge Brunei to proceed with steps to join the WIPO Internet Treaties. The United States will continue to work closely with Brunei to ensure that progress is sustained and to address remaining areas of concern, including through the TPP negotiations.

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. In addition, Brunei's foreign direct investment policies are not transparent, particularly with respect to limits on foreign equity participation, partnership requirements, and the identification of sectors in which foreign direct investment is restricted.

Brunei's Local Business Development Framework seeks to increase the use of local goods and services, provide local employment, and develop Bruneian businesses by placing requirements on all operators in the oil and gas industry in Brunei to meet targets in hiring and contracting. The Framework sets targets based on the sophistication of technology involved and the value of the contract. High technology, low value contracts are open to all companies and require only best endeavor efforts for local employment and content. Low technology, high value contracts are only open to local companies, with local employment targets of 50 percent to 90 percent and local content targets above 70 percent.

Food importers must provide customs declaration forms with required documentation five days prior to arrival of the food shipment. Import permits are required for a variety of goods, including industrial machines, used vehicles, salt, sugar, rice, cigarettes, and meat. Prepackaged goods are required to comply with labeling requirements and food requiring a date marking must be registered with the Director General of Health prior to importation. Foods containing artificial sweeteners other than saccharin, sodium saccharin, and aspartame require a license, as does irradiated food.