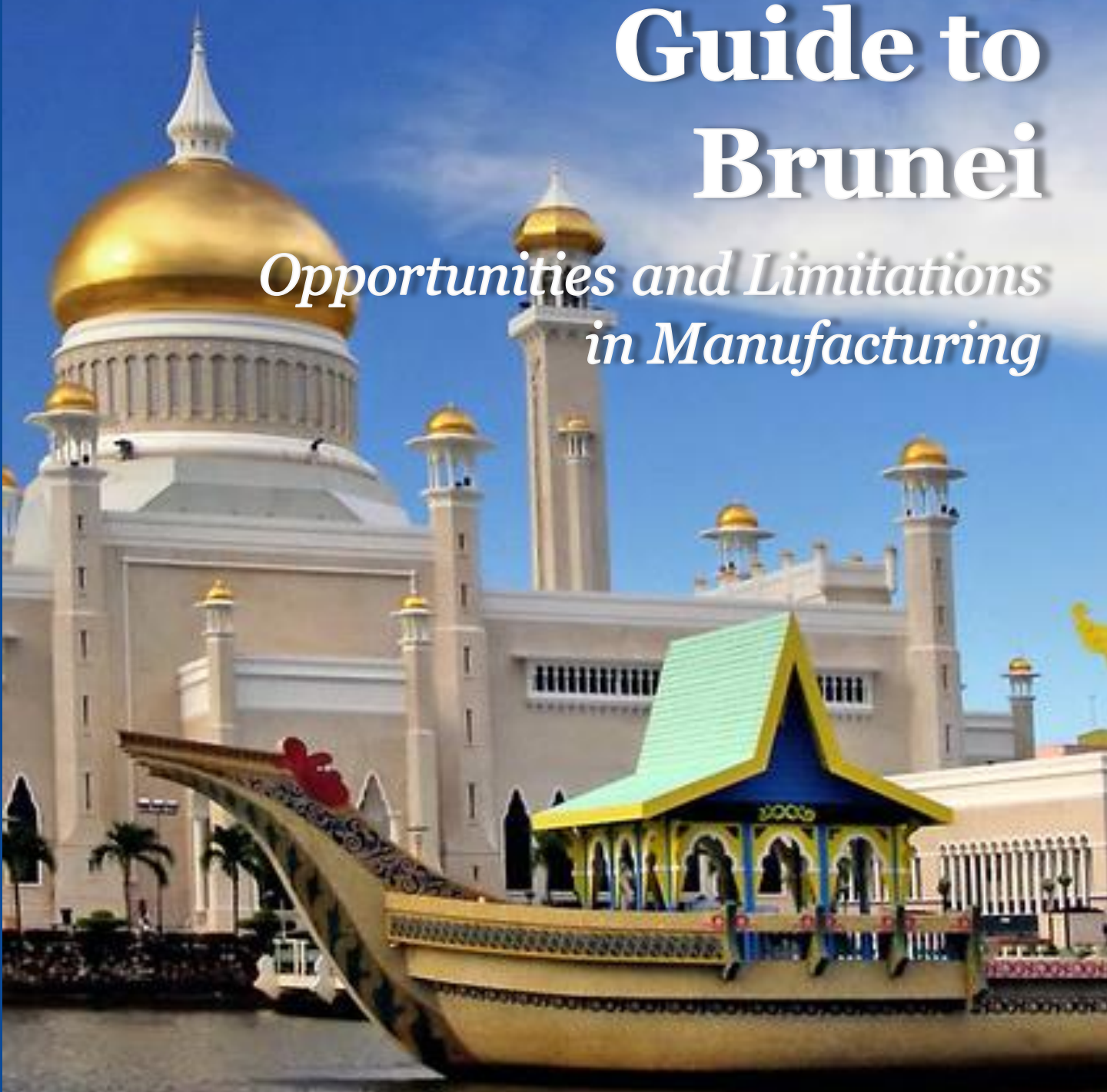


Guide to Brunei

*Opportunities and Limitations
in Manufacturing*



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Disclaimer

This material is prepared and intended for general information and reference purposes only. It does not cover exhaustively the subject it treats, but is intended to answer some of the important broad questions that may arise. When specific issues arise in practice, it will often be necessary to consider the relevant laws and regulations, and to obtain appropriate professional advice. The information contained here is current at the date of publishing and may change over time, and no representation, expressed or implied, is made as to its accuracy, completeness or correctness.

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1. Overview of Brunei

Executive Summary

Brunei is a small territory located on the island of Borneo and surrounded by East Malaysia. The country's past economic growth has mostly been fueled by the exploitation of its oil and gas resources. However, the country's reserves are expected to run out, therefore Brunei is now trying to diversify its economy.

Brunei has two signed and effective bilateral free trade agreement (FTA), with Japan and the Trans-Pacific Strategic Economic Partnership. As a member of the Association of Southeast Asian Nations (ASEAN), Brunei also benefits from nine other regional FTAs.

Brunei is an absolute monarchy country. The Sultan of Brunei has supreme power in the country and acts as the Head of State and Head of Government. Given this system, Brunei is seen as one of the most politically stable countries in the world. However, foreign investors should consider that the country is now implementing a strict Syariah Law which applies to both Muslim and non-Muslim residents.



1. Overview of Brunei

I. Country Profile^{1,2,3,4,5,6}

Brunei (officially Brunei Darussalam) is located on the island of Borneo and is surrounded by East Malaysia. Brunei can be considered as a relatively young country as it only gained independence from the United Kingdom in 1984.

Brunei's economy is highly dependent on its oil and gas resources. Indeed, the sector accounts for two-thirds of the nation's gross domestic product (GDP). However, the country's resources are slimming and are expected to run out within two decades. The government is therefore implementing a long-term strategy (Wawasan Brunei 2035) in order to accelerate the diversification of the country's economy.



GDP (in USD)

13.6 billion (2018)



GDP Per Capita (in USD)

31,627 (2018)



Economic Structure

(in terms of GDP composition, 2017)

Agriculture: 1.2%

Industry: 56.6%

Services: 42.3%



External Trade (% of GDP)

Import: 42.0% (2018)

Export: 51.9% (2018)



Population

0.43 million (2019)

World ranking: 175/191



Median Age

30.5 (2018)

World ranking: 115/228 (from oldest to youngest)



Language

Bahasa Malaysia (official)

English



English Literacy

N/A



Government Structure

Monarchy



Land Area

5,270 sq. km



II. Country Profile on Trade

A. International Trade Agreements and Restrictions^{7,8,9}

International trade agreements provide various benefits for the participating countries. It allows companies of two or more countries to trade goods with eliminated or decreased tariffs, therefore enhancing economic growth on both sides. Brunei is a full member of ASEAN and the World Trade Organization (WTO), which gives the country preferential access to the Southeast Asian markets and international trade.

Currently, Brunei has 10 signed and effective trade agreements, including one bilateral and nine collective trade agreements. Brunei signed its first and only bilateral trade agreement with Japan in 2007. Brunei has also signed a plurilateral agreement with Chile, New Zealand, and Singapore known as the Trans-Pacific Strategic Economic Partnership (TPSEP). Nevertheless, the country is currently studying the possibility of signing FTAs with two other countries (the United States and Pakistan) and participates in the negotiation regarding the Regional Comprehensive Economic Partnership (RCEP). In addition, the country also benefits from nine regional trade agreements, including the ASEAN Free Trade Area (AFTA), all the FTAs signed by the ASEAN (including the recent ASEAN – Hong Kong FTA), and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

Signed and Effective Bilateral and Plurilateral Trade Agreements

Affected Industry	Agreement (effective date)
 <ul style="list-style-type: none"> All 	<p>Trans–Pacific Strategic Economic Partnership (TPSEP) (2006)</p> <ul style="list-style-type: none"> Eliminated all tariffs for goods that Brunei exports to other TPSEP countries. Promoted cross-border economic cooperation.
 <ul style="list-style-type: none"> All 	<p>Brunei – Japan Economic Partnership Agreement (2008)</p> <ul style="list-style-type: none"> Brunei’s first bilateral free trade agreement; Eliminated almost all tariffs on Brunei export to Japan; Reduced import duties for Japanese goods and services; Promoted a more open investment environment and encouraged foreign direct investments (FDI); and Increased investment opportunities and enhanced investment protection in both countries.

Signed and Effective Regional Trade Agreements as Member of the ASEAN

As a member of the ASEAN, Brunei benefits from agreements signed between the association and other countries. Therefore, the country has effective FTAs with: Mainland China (2005), South Korea (2007), Japan (2008), India (2010), Australia and New Zealand (2010).

In addition to these bilateral and multilateral agreements, another recent key FTA for Brunei, which opened up an important trading bloc, is the CPTPP.

The Comprehensive and Progressive Trans-Pacific Partnership (CPTPP)

Originally an American initiative, the Trans-Pacific Partnership (TPP) has been amended since the withdrawal of the USA. The remaining 11 countries therefore decided to sign a new FTA called the CPTPP or TPP¹¹. This agreement is set between Canada and 10 other countries in Latin America and Asia-Pacific: Chile, Peru, Mexico, Australia, New-Zealand, Singapore, Brunei, Malaysia, Vietnam and Japan. The CPTPP fully entered into force in January 2019 creating a trading bloc of 495 million consumers representing an estimated 13.5% of global GDP with reduced tariffs for agriculture, metals, wood and fishery products.

The Association of Southeast Asian Nations (ASEAN)

The ASEAN was founded in 1967 and currently has 10 members. The five founding members are Indonesia, Singapore, Malaysia, the Philippines, and Thailand. The remaining five countries joined in subsequent years: Brunei in 1984, Vietnam in 1995, Laos in 1997, Myanmar in 1997, and Cambodia in 1999.



The Association's Three Major Goals:

- Acceleration of economic growth, social progress and cultural development in the region;
- Promotion of regional peace and stability in Southeast Asia; and
- Foster cooperation and mutual assistance in economic, social, cultural, technical, scientific and educational fields.

The ASEAN Free Trade Area (AFTA)

In 1992, ASEAN countries decided to strengthen this comprehensive cooperation by implementing the AFTA. The main objective of the AFTA is to increase the region's economic competitive advantage through trade liberalisation and the elimination of tariffs and non-tariff barriers among the ASEAN members.

The Common Effective Preferential Tariff (CEPT) Agreement for AFTA reduces the tariff rates on a wide range of products within the region to 0-5%. In addition, restrictions on quantity traded and other non-tariff barriers are eliminated.

The CEPT covers all manufactured products, including capital goods and processed agricultural products, and those falling outside the definition of agricultural products. Agricultural products are excluded from the CEPT Scheme (further details on www.asean.org).

There are only three situations where a product can be excluded from the CEPT Scheme:

- General Exceptions: a member may exclude a product considered necessary for the protection of its national security, the protection of public moral, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic or archaeological value;
- Temporary Exclusions: a member which is temporarily not ready to include certain sensitive products (i.e. rice) in the CEPT Scheme may exclude such products on a temporary basis; and
- Unprocessed agricultural goods.

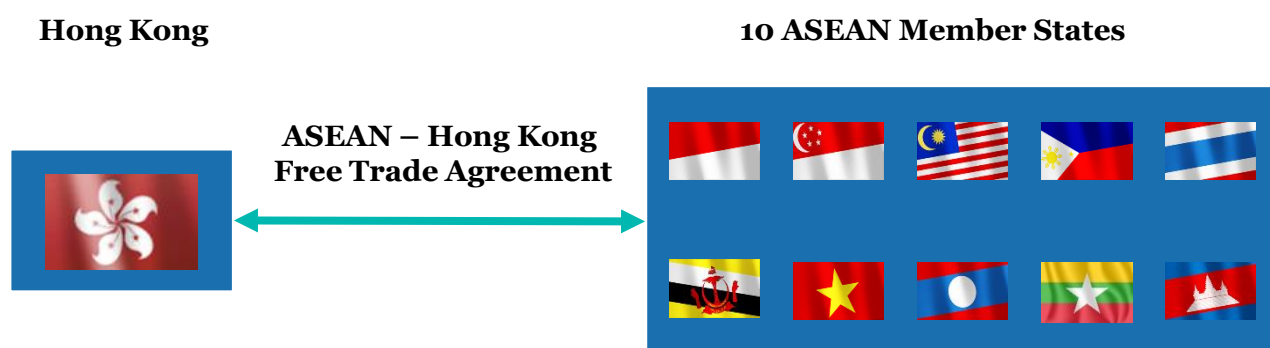
International Trade Agreement between Hong Kong and the ASEAN¹⁰

Overview

Trade within the region has been booming since the removal of tariffs between the ASEAN member states in 2015.

Hong Kong and the ASEAN announced the conclusion of negotiations on their Free Trade Agreements in September 2017 and forged agreements on 12 November 2017. Member states agreed to progressively cut down or eliminate customs duties on goods originating from Hong Kong. The agreements are comprehensive in scope and cover trade of goods and services, investments, economic and technical cooperation, dispute settlement, and other relevant areas.

The ASEAN was Hong Kong’s second largest merchandise trade partner in 2018 with a total value of HKD 1.1 trillion (around 12% of the total trade value).



Entry

Free Trade Agreement Effective Date:

- 11 June 2019 – Laos, Myanmar, Singapore, Thailand and Vietnam
- 13 October 2019 – Malaysia

Investment Agreement Effective Date:

- 17 June 2019 – Laos, Myanmar, Singapore, Thailand and Vietnam
- 13 October 2019 – Malaysia

The dates of entry for the remaining four countries have not been announced yet.

<u>Affected Major Industries</u>		<u>Other Affected Industries</u>	
The tariff reduction commitments cover different kinds of major Hong Kong export commodities, such as (non-exhaustive):			
 Jewellery	Watches and Clocks 	<ul style="list-style-type: none"> • Food and Beverages • Chemicals • Pharmaceutical • Metals • Plastics & Rubber • Footwear • Machinery and Mechanical Appliances 	
 Apparel and Clothing Accessories	Toys 		

B. Government Structure^{11,12,13}

Brunei's government is an absolute monarchy, where the Sultan is both the Head of State and the Head of Government. The supreme power of the Sultan is protected by the Constitution. The current Sultan is Hassanal Bolkiah, who became the 29th Sultan of Brunei in 1967 and has been ruling the country since then. Currently, the Sultan is also Brunei's Prime Minister, Defence Minister and Finance Minister.

In the country, the three different powers are divided as such:

- The Sultan holds the executive power. He is assisted and advised by five councils: the Council of Ministers, the Privy Council, the Council of Succession, the Religious Council, and the Legislative Council.
- The legislative branch of the government is held by the unicameral Legislative Council. The council is composed of 36 members: 20 appointed members (appointed for five years by the Sultan), 14 cabinet ministers, the Sultan and the Prince of Brunei.
- The judicial branch of the government includes the Supreme Court and the Sharia Court. The judge of the Supreme Court is appointed by the Sultan and stays in position until he turns 65 years old (unless an extension is approved by the Sultan). The judge of the Sharia Court is also appointed by the Sultan, and the tenure is lifetime.

The legal system in Brunei is based on the British common law and the Islamic Law (i.e. Syariah Law). In 2014, the Brunei government announced that the country would start strictly adopting the Syariah Law that includes harsh penalties such as caning, stoning and hands amputation. The law applies to all people in Brunei, whether Muslims or non-Muslims.

C. Political Uncertainties¹⁴

As Brunei is an absolute monarchy, the country is considered as politically stable. Brunei ranked 15th out of 194 countries in the World Bank's Political Stability Index (with an above average value of 1.19 in 2017). No major political uncertainties can be identified since Sultan Hassanal Bolkiah inherited the throne.

Source:

¹ *Brunei Market Profile, HKTDC Research, 2019*

² *Brunei's GDP (current USD) and GDP per Capita (current USD), The World Bank*

³ *The World Factbook, CIA*

⁴ *Imports of Goods and Services (% of GDP), Exports of Goods and Services (% of GDP), The World Bank*

⁵ *Brunei population, Worldometers 2019*

⁶ *Geography Statistics Of Brunei, Worldatlas*

⁷ *FTA with Brunei takes effect, the Japanese Times*

⁸ *ASEAN Business Guide – Brunei Darussalam 2018 Edition, KPMG*

⁹ *What is the CPTPP?, Government of Canada*

¹⁰ *The Government of Hong Kong Special Administrative Region – Trade and Industry Department, Press Release 2019*

¹¹ *Southeast Asian Legal Research Guide: Introduction to Brunei & its Legal System, the University of Melbourne*

¹² *Legislative Council meeting to open March 7, The Scoop, 2019*

¹³ *Brunei Darussalam : Constitution and politics, The Commonwealth*

¹⁴ *Political Stability And Absence Of Violence/Terrorism, World Bank*

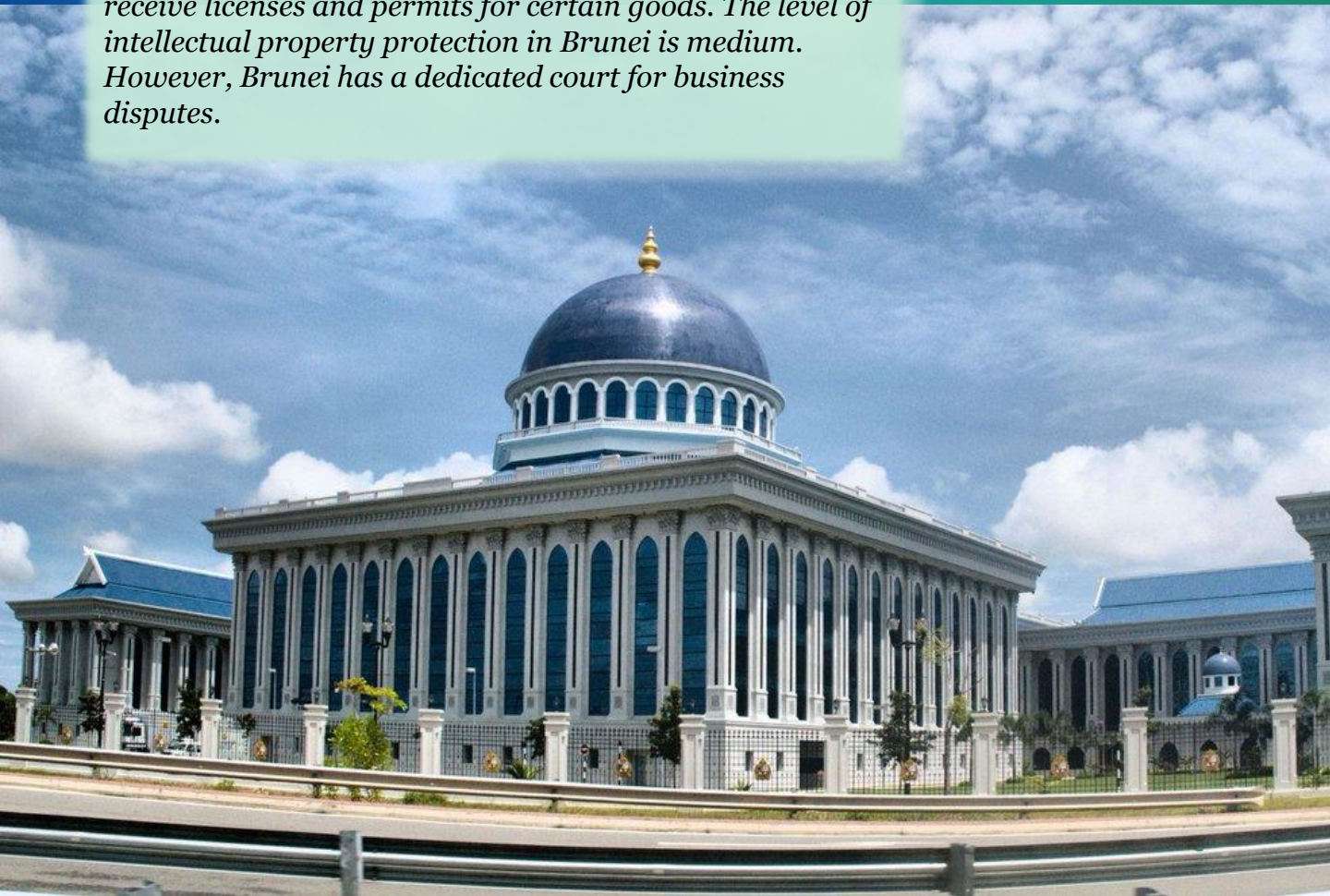
2. Legal Environment and Competition Law

Executive Summary

Brunei is an open economy which is eager to attract foreign direct investment (FDI). For most industries, 100% foreign ownership is allowed. However, for some sectors, foreign investments are restricted (i.e. foreign ownership is limited/capped).

Mainland China and Hong Kong investors can choose to set up different types of business entities in Brunei. It is possible to set up a 100% foreign-owned enterprise such as a Limited Liability Company (SDN BHD), among other types. In addition, foreign investors can choose to set up a Brunei Free Zone Company in order to enjoy financial incentives such as tax holiday.

To import and export goods to and from Brunei, companies need to register with the appropriate entities in order to receive licenses and permits for certain goods. The level of intellectual property protection in Brunei is medium. However, Brunei has a dedicated court for business disputes.



2. Legal Environment and Competition Law

Brunei is trying to diversify its economy away from the oil and gas sector. The country is therefore eager to attract foreign direct investment (FDI) in various industries. Some of Brunei's main assets helping the country attract foreign investors are: a favourable tax regime, allowed 100% foreign-ownership and support measures provided by some government agencies. Indeed, in Brunei, there are two main entities encouraging and supporting FDI in the country: the Brunei Economic Development Board (BEDB) which role is to grow and diversify the country's economy, and the FDI Action and Support Centre (FAST) which helps investors obtain financial support and meet their projects requirements.

Even though Brunei welcomes foreign investments, some industries are still restricted. These industries are generally the ones where the government is the major service provider. Nevertheless, for the industries listed below foreign ownership is restricted to different extents (i.e. in some cases full or majority foreign ownership is allowed, whereas for other industries, only minority foreign ownership is allowed).

Main Restricted Activities in Brunei



- Mass Media;
- Telecommunications;
- Posts;
- Energy and Utilities;
- Banking;
- Retail Business; or
- Petrol Stations.

For further information, please refer to section 8 of this report.

I. Types of Legal Business Entities Available for Foreign Investment^{2,3}

There are several different entities types available for investors seeking to expand their manufacturing footprint or business from Mainland China or Hong Kong to Brunei. Brunei can be considered as an attractive destination for foreign investors as 100% foreign-ownership is allowed and requirements on minimum paid-in capital are very minimal.

Some main forms of doing business or expanding the manufacturing footprint in Brunei include:

1. Limited Liability Company
2. Public Limited Company
3. Free Zone Company
4. Branch

Limited Liability Company (SDN BHD)

This is the most common company type in Brunei as it only requires two shareholders at the moment of incorporation and a USD 1 minimum paid-in capital. Also known as a Private Limited Company, it requires at least two shareholders and allows a maximum of 50 shareholders. However, this type of entity does require that half of its directors must be Bruneians or Brunei permanent residents. Foreign companies can elect to hire third-party nominee resident directors to fulfil this requirement. Generally, it will take three months to set up this kind of entity.

Public Limited Company (BHD)

This type of entity only requires a USD 1 paid-in capital. However, all its shareholders and half of its directors must be Bruneians or Brunei permanent residents. In addition, a Public Company needs to have at least seven shareholders/members at the moment of incorporation. Therefore, it is in foreign investors' best interest not to consider setting up a BHD. Generally, it will take three months to set up this kind of entity.

Free Zone Company

Foreign investors can choose to locate their SDN BHD in one of Brunei's free trade zones (see section 7 and 9 of this report for additional details), thus registering a Brunei Free Zone Company. Such company can benefit from tax incentives such as a 15-year tax holiday. Generally, it will take five months to set up this kind of entity.

Branch

Brunei's laws allow companies to open a 100% foreign-owned branch office. However, the scope of operations of this branch can be limited and will usually be defined by the parent company. Generally, it will take three months to set up this kind of entity.

This section only describes the various forms of companies (i.e. a legal entity is distinct and separate from its shareholders and directors) that can be set up in Brunei. Nevertheless, investors can also choose to create a sole-proprietorship (i.e. business owned by one person) or a partnership (i.e. a business organisation with two or more business partners). For additional details, please visit the Ministry of Finance and Economy of Brunei official homepage (www.mofe.gov.bn/Divisions/types-of-business.aspx).

II. Overview on Other Business Laws and Regulations

A. Legal and Administrative Framework on Competition Law^{4,5}

In Brunei, competition regulation was introduced in 2015 with the Competition Order. The Order is designed to create a better business environment in order to attract foreign investors (e.g. by lowering cost of doing business) and also to protect consumers against harmful business practices (e.g. fixing prices or limiting supply). Currently, the Competition Order has not been fully enforced.

Once fully implemented, the Order will tackle three main issues: anti-competitive agreements, abuse of dominant position and anti-competitive mergers.

Anti-competitive Agreements and Practices

The following agreements and practices which may prevent, restrict or distort competition in Brunei are prohibited:

- Directly or indirectly fixing prices;
- Limiting or controlling production;
- Fixing market shares;
- Controlling supply; or
- Rigging bids.

Abuse of Dominant Position

When a company uses its position as market leader to exclude competitors, or obtain favourable outcomes which would not have been possible in an open market, the company is abusing its dominant position. The Competition Order therefore restricts:

- “Predatory” behaviours towards competitors;
- Actions that cause prejudice to consumers (e.g. limit the production or technical development);
- Actions placing a company in a competitive disadvantage (e.g. applying different conditions to similar transactions); or
- Imposing unfair contract conditions (e.g. tied selling).

Anti-competitive Mergers

Mergers leading to anti-competitive behaviours are prohibited. Such actions are mergers that:

- Lead to a direct price increase;
- Result in lower quality products; or
- Restrict the number of options for consumers.

B. Intellectual Property Protection Law on Trademarks^{6,7}

A trademark is defined as a device, brand, heading, label, ticket, name, signature, word, letter, numeral or any combination thereof, which indicates that a certain good or service belongs to the owner of the trademark. Brunei's overarching Intellectual Property (IP) regulations, including those related to trademarks, are rated as medium-low (ranked 34th out of 50 countries).

In order to register their trademark in Brunei, Mainland China and Hong Kong companies can apply with the Brunei Darussalam Intellectual Property Office (BruIPO). In the country, a trademark is protected for a period of 10 years starting from the application filing date. This protection may be renewed indefinitely as long as the owner pays the renewal fee (BND 200). Trademarks registered with the BruIPO are only protected in Brunei. Nevertheless, as the country signed the Madrid Protocol, any company can protect its trademark overseas by applying through the Registrar for international registration. Generally, a payment (i.e. a fee) of BND 250 is required for this procedure.

For additional information, please visit the BruIPO official homepage (www.bruipo.gov.bn/SitePages/Trademark%20Forms.aspx).

C. Import/Export Regulations and Licences⁸

Any company wishing to import and export products to and from Brunei must follow five specific steps.

First, companies must register with the Royal Customs and Excise Department (RCED) or appoint a Customs Agent (forwarder) which has already registered with the RCED. Companies will be required to submit a copy of three official documents (i.e. Certificate of Incorporation, Business Owner's Smart Identity Card, Company Partnership's Smart Identity Card) through the online portal of the Brunei Darussalam National Single Window (BDNSW).

Secondly, companies need to apply for licences and permits for controlled items. The list of prohibited and restricted goods is specified in Section 31 of the Customs Order, 2006 (refer to section 6 of this report for examples). Restricted and controlled goods require necessary licences or permits before importation or exportation. These products are generally controlled by different government agencies. Therefore, to obtain the permits, companies need to: register as a declarant and apply for a BDNSW user ID, and manually apply for a certain permits with the various responsible agencies.

Then, importers and exporters are required to obtain a Customs Import Declaration. The declaration must then be submitted online through the BDNSW portal. The main documents to be included in the declaration are the commercial invoice and the Air Waybill or Bill of Landing.

Following the submission of the Customs Import Declaration, companies will be asked to pay the customs import duties and excise duties. In Brunei, duty rates apply on the CIF value (i.e. cost, insurance and freight), and include the cost of sale and delivery of goods in the country. The list of dutiable goods is available under the Brunei Darussalam Tariff and Trade Classification 2017 derived from ASEAN Harmonised Tariff Nomenclature (AHTN 2017).

Finally, before importation and exportation, most goods will be inspected and cleared (all restricted goods have to undergo this process). To facilitate this process, the importer or exporter is required to provide: the approved Customs Import Declaration, and supporting documents (e.g. invoice, bill of lading/air waybill and licences and permits from responsible agencies). Lastly, companies should keep hard or soft copies of such documents for a period of seven years in case the RCED requires them at any time.

For additional information, please visit the Ministry of Finance official homepage (www.mofe.gov.bn/Customs/Import-and-Export-Procedures.aspx).

D. Jurisdiction System on Business Related Matters⁹

Brunei has a dedicated court in charge of business related matters - the Commercial Court. Operational since 2016, the Commercial Court aims to improve Brunei's business environment by accelerating business dispute resolutions, and creating a reliable and robust legal system for both local and foreign companies. With the establishment of this Court, Brunei hopes to attract more foreign direct investment.

In order to accelerate the resolution of commercial disputes, the Court has introduced several new processes, among which is the Case Management Conference (CMC). Under the CMC, the Commercial Court will set clear timelines, try to narrow the issues, facilitate discussions, and aim to reach amicable settlements. Among the new settlement options, mediation is the most important one. Court officials have been trained to become accredited mediators, and therefore, mediation will be one of the preferred dispute resolution methods.

Among all the cases handled by the Commercial Court, around 70% are related to the banking and financial services industry. The rest are disputes related to sales and goods delivery, sales and purchase of commodities or issues related to project developments.

For additional information, please visit Brunei Judiciary's official homepage (judiciary.gov.bn/SJD%20Site%20Pages/About%20Commercial%20Court.aspx).

2. Legal Environment and Competition Law

Source:

¹ *Trade and Investment Regime Brunei, World Trade Organisation*

² *Type of Business Entities, Ministry of Finance and Economy*

³ *Business Entities in Brunei, Healy Consultants Group*

⁴ *Regulating Competition in Brunei Darussalam – Introducing the Competition Order, Zico, 2018*

⁵ *What is the Competition Order and why does Brunei need it?, BizBrunei, 2018*

⁶ *U.S. Chamber International IP Index, GIPC, 2019*

⁷ *Trade Marks, Brunei Darussalam Intellectual Property Office*

⁸ *Import and Export Procedures, Ministry of Finances and Economy*

⁹ *About Commercial Court, State Judiciary Department Brunei*

3. Taxation, Transfer Pricing, Banking and Currency Control

Executive Summary

The main form of taxation in Brunei is corporate income tax (CIT). Brunei does not have any personal income tax or value added tax (VAT).

Brunei welcomes Foreign Direct Investment (FDI) and needs it to diversify the country's economy away from the oil and gas industry. Most sectors are open for investment, but there are restrictions for certain sectors.

The Brunei dollar (BND) is the official currency in Brunei, and is interchangeable with the Singapore dollar at par. There are no foreign exchange controls in Brunei. There are also various foreign banks that foreign businesses can choose from.



3. Taxation, Transfer Pricing, Banking and Currency Control

I. Taxation Practice

The principal tax laws in Brunei are the Income Tax Act Cap. 35, Income Tax Act (Petroleum) Cap. 119, and the Stamp Act Cap. 34. Companies are considered resident in Brunei if they are managed and controlled in Brunei (e.g. directors' meetings are held in Brunei). Resident companies must pay tax on any income derived from Brunei, or received in Brunei from outside Brunei. Non-resident companies must pay tax only on income sourced in Brunei, or on profits of businesses in Brunei from branch offices or permanent establishments.

Brunei does not have any personal income tax, nor does it tax capital gains.

A. Corporate Income Tax (CIT)^{1,2}

Tax Calculation

Taxable income is all income from trade or business, including dividends, interest, and royalty income. Companies that have a revenue of less than BND 1 million are exempt from CIT. Certain incomes such as dividends from companies subject to tax in Brunei, and income of certain government and non-profit groups are exempt from taxation.

Applicable Tax Rate

The standard CIT rate in Brunei is 18.5%. In Brunei, assessable income is taxed at 18.5% based on different thresholds, as shown below.

Amount of Assessable Income	Amount of Assessable Income Taxed
First BND 100,000	25% of income taxed at 18.5%
Next BND 150,000	50% of income taxed at 18.5%
Remaining Income	100% of income taxed at 18.5%

Income of petroleum operations of oil and gas companies are subject to an income tax rate of 55%, and is not subject to the system (i.e. different thresholds) shown in the table above.

3. Taxation, Transfer Pricing, Banking and Currency Control

Withholding Tax

Withholding tax is paid by income payer instead of the income recipient, hence the tax is “withheld” from the recipient’s income. Withholding tax in Brunei is only taxed on income paid to non-residents. Withholding taxes in Brunei include interest, royalties, and technical service fees, and are taxed at the following rates.

Type of Withholding Tax	Tax Rate
Interest	2.5%
Royalties	10.0%
Technical Service Fees	10.0%

Losses and Consolidation

In Brunei, any business losses can be set off against future income for six years. Carry back of losses is not permitted. There is no requirement on the continuity of ownership of companies.

There are no consolidated filing provisions in Brunei, meaning each company must file a separate return.

Tax Return and Payment

The tax year in Brunei is the calendar year. Tax returns must be filed by 30 June of the year following the end of the tax year, using the e-filing system “The System for Tax Administration and Revenue Services” (STARS), which was introduced in 2012.

Advance CIT must be paid within three months after a company’s financial year-end, and advance rulings on tax are not granted.

Tax Governance

In Brunei, the Revenue Division of the Ministry of Finance and Economy is responsible for formulating and implementing the tax law, and collecting tax. For more information on the Revenue Division and its responsibilities, please refer to the official website (www.mofe.gov.bn/divisions/revenue-about-us.aspx).

Double Tax Agreement (DTA) with Hong Kong³

Brunei has entered into DTAs with 19 countries. Hong Kong and Brunei signed a DTA on 20 March 2010, which came into effect on 19 December 2012.

DTAs aim to eliminate double taxation. The table below illustrates the tax rates applied on various sources of income stipulated in the DTA between Brunei and Hong Kong:

Category	Rate
Interest Received by Banks or Financial Institutions	5% (Note)
Interest Received by any Other Party	10% (Note)
Royalties	5%
Technical Fees	15%

Note: Interest derived from certain government bodies are exempt from taxation.

3. Taxation, Transfer Pricing, Banking and Currency Control

Tax Incentives

Pioneer industry companies may be eligible for tax incentives in Brunei. Certain salary and training expenditures will also be eligible for tax credits. Exporting companies can also choose to pay a tax of 1% on approved exports, instead of CIT. For more information regarding tax incentives, please refer to section 9 of this report.

B. Value Added Tax (VAT)¹

There is no VAT or any other related sales tax in Brunei.

C. Transfer Pricing Provisions⁴

Brunei does not currently have legislation in place for transfer pricing documentation. However, the country is a member of the Organisation for Economic Co-operation and Development (OECD)'s Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Implementation, meaning that Brunei is committed to implementing transfer pricing provisions.

D. Statutory Auditing Requirements and Accounting Standards^{1,2,5}

Audit Requirements

The Companies Act requires all public interest entities (PIEs) to be audited. However, there are no specified audit standards in Brunei. The Brunei Darussalam Institute of Certified Public Accountants issued a recommendation in December 2009 for auditors in the country to adopt the International Standards on Auditing (ISA).

Non-PIEs should still appoint an auditor and have their accounts audited, but there is no requirement for them to submit their audited accounts to the Registrar of Companies. Audited accounts must be submitted along with Income Tax Returns.

All companies are also required to file annual returns.

Financial Reporting Framework

In Brunei, all PIEs, including but not limited to banks, financial institutions, and insurance companies, among others, are required to prepare financial statements according to the International Financial Reporting Standards (IFRS). Non-PIEs are required to comply with Brunei Darussalam Accounting Standards for Non-PIEs (BDAS).

II. Banking and Currency Control

A. Bank Account Setup Requirements and Restriction for Foreign Direct Investment (FDI)⁶

Bank Account Setup Requirements

In Brunei, the requirements for setting up bank accounts are generally the same for residents and foreigners. While each bank has different specific requirements, generally, banks will require information such as company name, date of registration, address, names and identification numbers of users, and authorisation from the company's signatories. Businesses are advised to contact the individual bank for specific requirements.

FDI Restrictions

Brunei government has been actively attracting FDI to help diversify the country's economy. However, there are certain industries that are restricted for FDI, mainly consisting of industries that the government has a monopoly in or affect national security, including but not limited to media, energy, utilities, as well as arms and ammunition.

For further information regarding FDI restrictions, please refer to section 8 of this report.

B. Restrictions on Inbound and Outbound Funding in Foreign Currency and Local Currency^{7,8}

There are no restrictions on foreign currency exchange in Brunei. Banks in Brunei permit non-resident accounts, with no restrictions on borrowing by non-residents. Remittance or repatriation of capital or profits outside Brunei is also allowed.

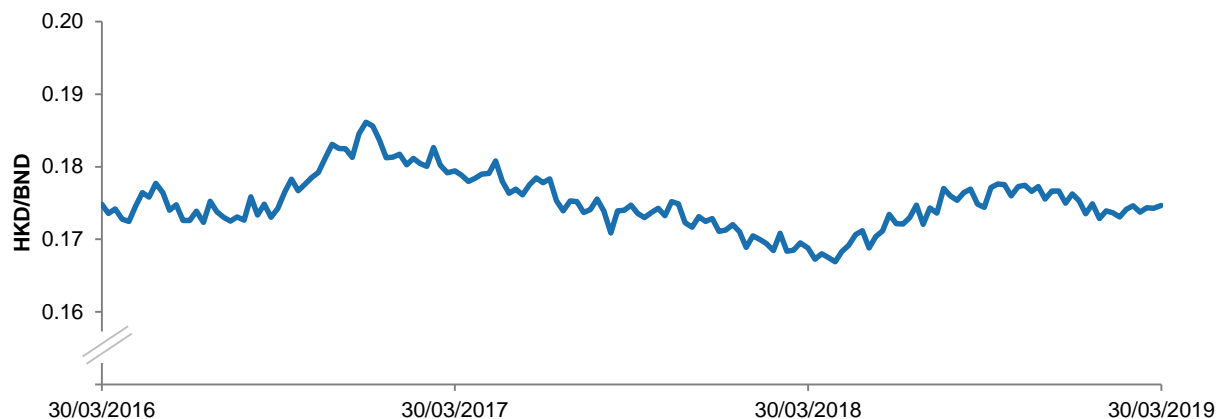
However, the Autoriti Monetari Brunei Darussalam (AMBD), also known as Monetary Authority of Brunei, requires individuals carrying local or foreign currency into or out of Brunei to declare. All individuals carrying BND 15,000 or more, or the equivalent in foreign currency, must complete a Currency and Bearer Negotiable Instruments (CBNI) form, and submit it to the Customs or Immigration Officer. Sending or receiving CBNI through any other means, including cargo, courier, or post, will also require the submission of a CBNI form to the Financial Intelligence Unit of the AMBD.

C. Policy on Foreign Exchange Rate and Three-year Historic Trend

Brunei's official currency is the Brunei Dollar (BND), which has been the country's official currency since 1967. The BND is issued and monitored by the AMBD. Due to a Currency Interchangeability Agreement signed in 1967, the BND is exchanged with the Singapore dollar (SGD) at par. Therefore, SGD is accepted for regular payments in Brunei, and BND is accepted for payments in Singapore, even though they are not considered legal tender in the other country.

3. Taxation, Transfer Pricing, Banking and Currency Control

Three-year Exchange Rate Trend for HKD to BND⁹



Date	HKD/BND Rate
30/03/2016	0.1765
30/03/2017	0.1800
30/03/2018	0.1686
30/03/2019	0.1727

D. List of Banks from Foreign Investments¹⁰

All banks in Brunei must be licensed with the AMBD. According to the AMBD, as of May 2019, there are five foreign banks in Brunei.

Foreign Commercial Banks in Brunei

#	Bank
1	Bank of China (Hong Kong) Limited
2	Malayan Banking Berhad (Maybank)
3	RHB Bank Berhad
4	Standard Chartered Bank
5	United Overseas Bank (UOB) Limited

Hongkong and Shanghai Banking Corporation (HSBC) and Citibank used to have operations in Brunei, but both have closed down their operations in recent years. HSBC pulled out of Brunei in 2017 after 70 years of operations, and Citibank quitted in 2014 after 41 years of operations.

3. Taxation, Transfer Pricing, Banking and Currency Control

Source:

¹ *Brunei Darussalam Highlights 2019, Deloitte, Jan 2019*

² *Brunei Darussalam Tax Profile, KPMG, May 2016*

³ *Comprehensive Double Taxation Agreements concluded, Inland Revenue Department*

⁴ *BEPS Central: Brunei Darussalam, Duff & Phelps*

⁵ *Brunei, International Federation of Accountants*

⁶ *Trade and investment regimes - Brunei, World Trade Organization*

⁷ *Brunei – Foreign Exchange Controls, Export.gov*

⁸ *Cross Border Movement of Physical Currency and Bearer Negotiable Instruments (CBNI) Declaration Report, Autoriti Monetari Brunei Darussalam*

⁹ *Bloomberg*

¹⁰ *List of Banks and Financial Institutions supervised by Banking Unit, Atoriti Monetari Brunei Darussalam*

4. Labour, Compensation Rule and Labour Supply Situation

Executive Summary

The Employment Order 2009 is the main labour law in Brunei. It provides guidance on matters such as minimum working age, contract of service, retirement age, maximum working hours and welfare to protect employers and employees.

The labour supply in Brunei has been growing at a stable rate in the past few years. The education attainment of the workforce has been rising in the country, due to the government's efforts to strengthen the educational system.

Foreign workers, except Malaysian and Singaporean workers, are required to obtain a valid Employment Visa for legal employment in Brunei. In addition, employers are also required to hold a Foreign Worker Licence before they can hire foreign employees.



4. Labour, Compensation Rule and Labour Supply Situation

I. Overview on Laws and Regulations over Local Labour Employment

A. Contracts and Protection Towards Employees^{1,2}

The Employment Order 2009 is the main labour law in Brunei that governs and stipulates minimum conditions and terms related to employment. Most employees are covered by the Order. Employees are defined as workers who have a service contract with their employers. However, the Order does not cover seafarers, domestic workers and statutory board employees or civil servants.

Minimum Legal Working Age and Retirement Age

The minimum legal working age in Brunei is 16 years old.

Young persons aged 16 to 18 are only allowed to perform work approved by the Commissioner. The occupation should not hurt the young persons' moral and physical well-being.

Labour Contract

A labour contract is an agreement that employees agree with their employers, and can be either written or implied. The contract of service must include terms and conditions that are covered and stipulated under the Employment Order 2009.

Under the Order, if employers fail to provide a contract of service to their employees, they will face penalties, including a fine no more than BND 3,000, imprisonment no more than one year, or both.

Termination of Employment

Terms and conditions for termination of employment are covered by the Order. The termination of employment may occur in the following three situations:

- The employment period specified or the work required in the contract of service is completed;
- Either party intends to terminate the employment, and the notification to terminate the contract of service is given; or
- Either party breaches the terms and conditions specified in the labour contract.

Both employees and employers can notify the other party of his or her intention to terminate the contract of service. The longer an employee has been working for the employer, the longer the notification period should be, as shown below:

Period of Employment	Minimum Notification Period
Less than 26 weeks	1 day
More than 26 weeks but less than 2 years	1 week
More than 2 years but less than 5 years	2 weeks
More than 5 years	4 weeks

4. Labour, Compensation Rule and Labour Supply Situation

B. Minimum Wage Level

Brunei does not have a specified minimum wage level. Wage is negotiated and agreed between employers and employees.

Employers are required to pay salary at least once a month. Wage and other relevant payments except overtime payment must be paid to employees no later than seven days after the salary period ends. Overtime payment must be paid no later than 14 days after the salary period ends.

C. Maximum Working Hours and Days^{1,2}

The maximum number of working hours for non-shift worker is eight hours per day, or 44 hours per week.

The maximum number of working hours for shift worker is 12 hours per day and average 44 hours per week for three consecutive weeks.

Overtime

For work performed in excess of the maximum number of working hours, fixed either by regulations or by specific agreement (whichever is lower), employees must be compensated with overtime pay not less than 1.5 times their normal wage rate. Maximum working hours per day, except for certain extreme conditions, should be no more than 12 hours, including normal working hours and overtime hours. The maximum number of overtime hours is 72 hours per month.

D. Contracts of Apprenticeship²

Children and young persons under 16 years old can be apprenticed to an employer with the consent of their parent or guardian. For children and young persons without a parent or guardian, they can also accept apprenticeship with the authorisation of the Commissioner. Young persons and adults above 16 years old can enter into a contract of apprenticeship on their own. The apprenticeship period should not be more than five years.

For detailed information about the contract of apprenticeship, please refer to the original document of the Employment Order 2009 (www.agc.gov.bn/AGC%20Images/LAWS/Gazette_PDF/2009/EN/s037.pdf).

E. Mandatory Welfare^{1,3,4}

Tabung Amanah Pekerja (TAP)

TAP is the Employees' Trust Fund, which is set up by the Brunei government to provide employees with monthly benefits after retirement. However, this programme is only available to Brunei citizens and permanent residents under 55 years old who are employed in the public or private sectors.

The contribution rate of the TAP is comprised of two parts. Employees are required to contribute 5% of their monthly salary to the programme, while their employers are required to contribute another 5% of the employees' monthly salary to the programme.

4. Labour, Compensation Rule and Labour Supply Situation

Generally, members under the TAP can withdraw their savings from the TAP when they attain 55 years old. However, under certain circumstances, they may withdraw the savings early:

- Members can withdraw 25% of their TAP savings when they are 50 years old and withdraw the rest after the age of 55;
- Members who have been actively making TAP contributions for 60 months and whose saving accounts have at least BND 40,000 can withdraw 45% of their TAP savings for housing purpose;
- Members can withdraw all of their TAP savings if they decide to move to other countries permanently;
- Members can withdraw all of their TAP savings if they cannot participate in any future employment due to physical or mental disability. A certificate from a qualified medical agency is required for members to withdraw their TAP savings; and
- Members' close relatives can withdraw all of the Members' TAP savings if they die before withdrawing the TAP savings.

Supplemental Contributory Pensions (SCP)

The SCP is a similar employment benefit programme. Members and their employers contribute 7% of their monthly salary (minimum BND 150) for 420 months. After the member attains 60 years of age, they will receive a monthly benefit for 20 years.

For more detailed information about the TAP and SCP, please visit the website (www.tap.com.bn/Pages/EN/Members-Schemes.aspx).

Public Holidays

All employees working in Brunei are entitled to have 11 days of public holidays. Public holidays in Brunei include New Year (1 January), First Day of Hijrah, Chinese New Year, Brunei National Day (23 February), Maulud Prophet Muhammad's Birthday, His Majesty's Sultan and Yang Di – Pertuan's Birthday (15 July), First Day of Ramdhan, Anniversary of the revelation of Quran, Hari Raya Aidilfitri, Hari Raya Aidiladha and Christmas Day (25 December).

Annual Leave

Employees who have worked continuously for one full year are entitled to at least seven days of annual leave. The number of days should increase with the employees' year of service, as shown below.

Years of Employment	Days of Annual Leave
1	7
2	8
3	9
4	10
5	11
6	12
7	13
8 or more	14

4. Labour, Compensation Rule and Labour Supply Situation

Sick Leave

Employees whose employment period are over six months are entitled to 14 days of sick leave per year if no hospitalisation is required. If hospitalisation is required, employees will be entitled to 60 days of hospitalisation leave (including the 14 days of outpatient leave).

Maternity Leave

Female employees working in Brunei are entitled to maternity leave under the Employment Order 2009. Employers who fail to pay salary when their employees are on their maternity leave can face penalties including fines of no more than BND 1,000, imprisonment of no more than six months, or both. In Brunei, foreign and local female employees have different maternity leave schemes as shown below.

Local Female Employees	Foreign Female Employees
<p>Local female employees who are citizens or permanent residents, lawfully married, and have been working with their employers for more than 180 days are entitled to 15 weeks of maternity leave:</p> <ul style="list-style-type: none">• 2 weeks leave immediately before giving birth to a baby;• 13 weeks leave immediately after giving birth to a baby.	<p>Foreign female employees who have been working with their employers for more than 180 days are entitled to 9 weeks of maternity leave:</p> <ul style="list-style-type: none">• 4 weeks leave immediately before giving birth to a baby;• 5 weeks leave immediately after giving birth to a baby.
Salary Arrangement during Maternity Leave	
<ul style="list-style-type: none">• Employers are required to pay the employees' basic salary for their first 8 weeks of maternity leave.• The Brunei government will pay the employees' salary for the next 5 weeks of maternity leave.• The final 2 weeks of maternity leave is unpaid.	<ul style="list-style-type: none">• Only 8 weeks of the maternity leave are paid.• The final week is unpaid.

Other Rights

Apart from the above mentioned legal provisions, employers in Brunei are required by law to provide safe working conditions and acceptable accommodation for employees, and that they are also responsible for the cost of medical treatment in case of accidents. The extent of such required facilities depends on the nature of the business and the number of employees.

4. Labour, Compensation Rule and Labour Supply Situation

F. Labour Law Governing Authorities, Enforcements, and Restrictions

Governing Authorities⁵

The Department of Labour is the government agency in Brunei that governs the Employment Order 2009, the major labour law, and any employment-related affairs. Its functions include (but are not limited to): supervising the enforcement of the labour law, solving disputes between employers and employees, or promoting a safe working environment.

Employment Agencies Order 2004⁶

The Employment Agencies Order 2004, which was fully enforced in 2012, regulates employment agency related affairs in Brunei, such as registration and issuance of licence for employment agency. It intends to protect both employers and employees.

Summary of Offence and Penalties Stipulated in the Employment Agencies Order 2004

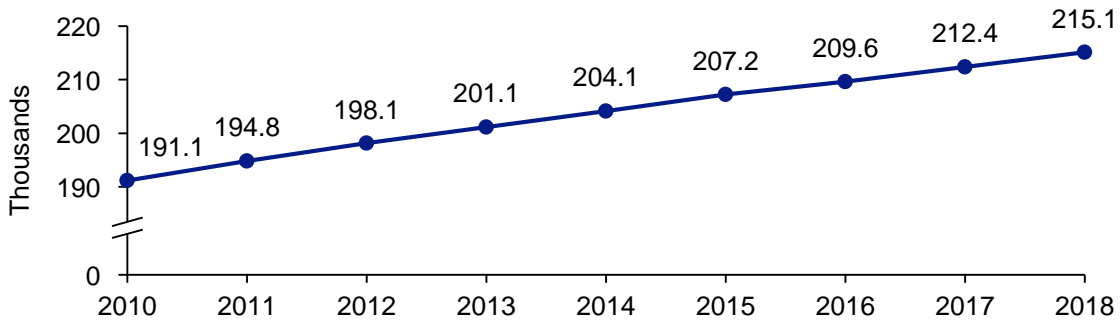
Offence	Penalty
Operating an employment agency without a valid licence	Fine of no more than BND 5,000 and imprisonment of no more than 1 year
Operating a business in a place other than the one stated in the licence	The Commissioner may combine the offences and fine no more than BND 600 in total.
Failure to display the licence in a conspicuous place when operating	
Failure to notify the Commissioner as required within 14 days after the operator or partnership is changed	
Failure to notify the Commissioner and return the licence to the Commissioner when the operation of business is ended	
Sharing fee charged to the licensee with contractors or contractor's agents	
Failure to keep the following records: <ul style="list-style-type: none">• Registration• Vacancies and related information• Other records required	

For more offences and related penalties, please refer to the Employment Agencies Order 2004.

II. Local Labour Supply Market Condition

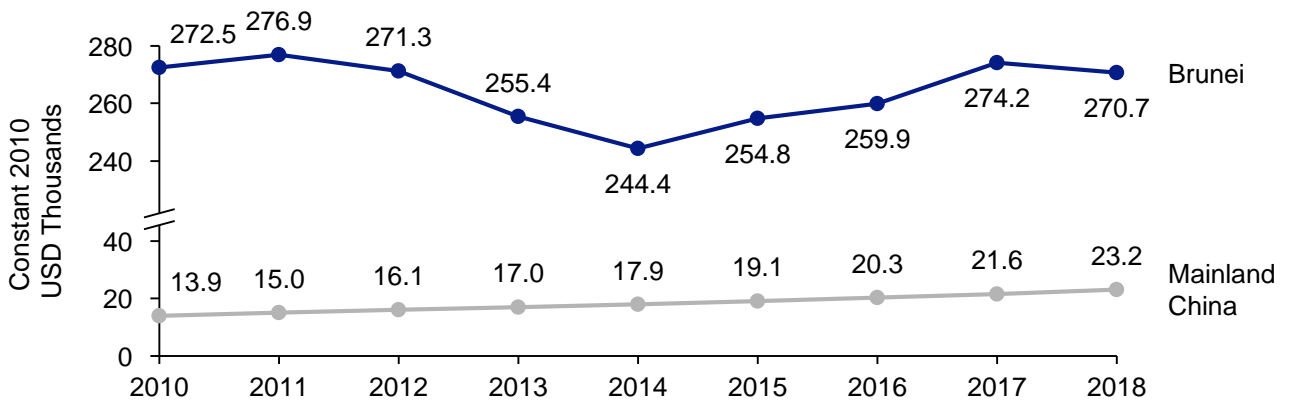
Supply Situation for Total Labour Force^{7,8}

Brunei's Total Labour Force (2010 – 2018)



The estimated total labour force in Brunei was around 215,000 in 2018. The supply of labour has been growing at a stable rate in the past five years.

Brunei's Industry Labour Productivity (value added per worker) (Note) (2010 – 2018)

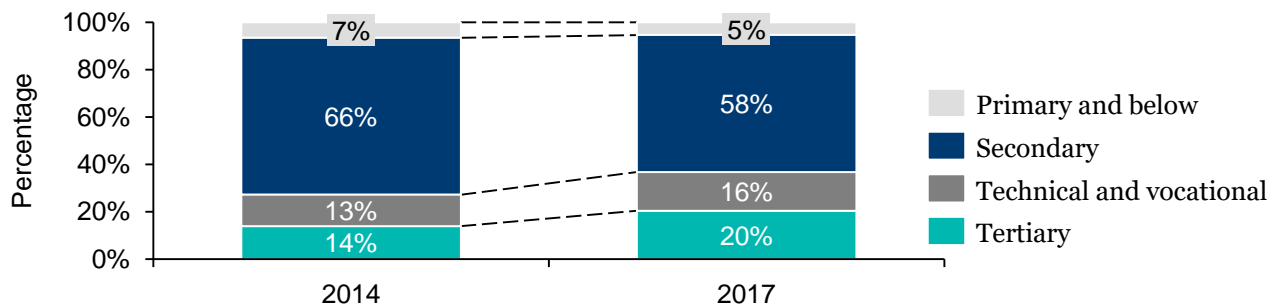


Brunei's labour productivity declined from 2010 to 2014. However, it has been growing in the past five years. Brunei has the highest labour productivity among the ASEAN countries, and the labour productivity was 11 times greater than Mainland China's in 2018.

Note: Industry labour productivity measures the value added per worker in manufacturing, construction, mining and quarrying and public utility sectors.

B. Supply on Educated Employees

Brunei's Labour Force Educational Attainment⁹



The educational attainment of Brunei's labour force is concentrated at the secondary school level. From 2014 to 2017, the percentage of the labour force with a technical and vocational degree or above has grown from 27% to 36%.

4. Labour, Compensation Rule and Labour Supply Situation

C. Government Support on Employee Training^{10,11,12}

The Brunei government provides several training programmes for employers and employees to improve the competitiveness of Brunei's workforce.

The Ministry of Education Strategic Plan 2018 - 2022

The Ministry of Education Strategic Plan 2018 – 2022 provides an overview of the Ministry's strategic objectives over the five-year period. It intends to improve the country's education system by enhancing the human resource system, strengthening the access to educational resources across Bruneians' lifetimes, and improving the collaboration with education-related stakeholders.

Key Developments for Three Strategic Objectives:

Strategic Objective	Key Developments
Strategic Objective 1: Transformation of the human resource system to be more performance-driven	<ul style="list-style-type: none">• Develop a comprehensive and data-driven human resource plan that provides a framework about the implementation of the strategic plan• Develop learning and training programmes that intend to cultivate professionals with competency• Periodically review and assess the organisation's human resource system to ensure efficiency and competency by establishing an evaluation system
Strategic Objective 2: Equal access to learning and training resources for all people	<ul style="list-style-type: none">• Enhance the quality of Brunei's pre-primary, primary and secondary education by providing better trainings, improving school system, and strengthening assessment• Improve the quality and coverage of post-secondary education by modifying school admission process, providing more scholarships, and enhancing teaching quality.• Establish a comprehensive training system for people to improve their professional skills throughout their lifetime.
Strategic Objective 3: Improvement of collaboration and implementation of educational incentives to provide a better teaching and learning environment	<ul style="list-style-type: none">• Improve collaboration among internal educational resources by enhancing the governance structure of the country's education resources.• Promote more frequent collaboration with external educational resources

For detailed information related to the Ministry of Education Strategic Plan 2018 – 2022, please refer to the original document (www.moe.gov.bn/DocumentDownloads/Strategic%20Plan%20Book%202018-2022/Strategic%20plan%202018-2022.pdf).

4. Labour, Compensation Rule and Labour Supply Situation

The CAE Brunei Multi-Purpose Training Center (MPTC)

The MPTC, established in 2012 by the Brunei government and CAE Inc., aims to cultivate civil aviation professionals by providing training and simulating facilities and courses related to business aviation, helicopter, maintenance and aircraft. The MPTC is also planning to offer more training courses across different industries, such as energy, technology, and aerospace.

For more information related to the MPTC, please visit its official website (trainwithcae.com).

Technical and Vocational Education and Training (TVET)

The TVET in Brunei is governed directly by the Ministry of Education, which aims to enhance the country's workforce by cultivating skilled professionals.

The formal TVET system in Brunei is comprised of the following courses:

Certificates or Programmes	Pre-requirement	Duration	Venue
Pre-vocational Courses and Industrial Skills Qualifications	Primary Education	1 – 2 years	Lower Secondary Institutions
National Technical Education Certificate	Lower Secondary Education	2 years	Upper Secondary Technical Institutions
Higher National Technical Education Certificate	National Technical Education Certificate	2 years	Upper-Secondary Non-Tertiary Technical Institutions
Higher National Diploma and Advanced Diploma programmes	“A” Levels or National Diploma	2.5 years	Polytechnics

For non-formal TVET systems and relevant educational programmes, please refer to the Brunei TVET Country Profile (unevoc.unesco.org/wtdb/worldtvtdatabase_brn_en.pdf).

D. Labour Unionisation and Related Government Regulations¹³

Trade unions in Brunei are registered and regulated under the Department of Labour. The Trade Unions Act 1961 (Chapter 128), revised in 1984, is the main legislation that regulates trade unions. A trade union must be registered before it becomes legal. The registrar can refuse the registration of a trade union if he or she determines that the applicant or the organisation fails to fulfil the relevant requirements as specified in the Act. In addition, trade union cannot organise any activities, such as strikes or protests, without the pre-approval of the government. Therefore, trade union activities are very limited in Brunei.

For more information related to the Trade Union Act, please refer to the original law document (www.agc.gov.bn/AGC%20Images/LAWS/ACT_PDF/cap128.pdf).

4. Labour, Compensation Rule and Labour Supply Situation

E. Work Permits^{14,15,16}

All foreigners, except Malaysian and Singaporean workers, must hold a valid employment visa before they start employment in Brunei. In addition, the employers must hold a valid Foreign Worker Licence from the Department of Labour before they can hire foreign employees.

Application for a Foreign Worker Licence requires the following documents:

Standard Required Documents	Other Required Documents
Foreign Workers Licence Application Form	Copy of Foreign Worker Recruitment Licence
Copy of the Identity Card or Passport of all company owners	Copy of valid and latest BUR 500/BUR 555 for all foreign workers
Copy of Passport for all applicants	Copy of latest receipt of Employer and Employee Census
Copy of Company Registration	Address Declaration Form
Copy of relevant supporting documents from government agencies	Cancellation Form (only for replacement of employee)
Copy of Clearance Letter from JobCentre Brunei	
If the job requires qualifications, copy of qualified certificates is required	

For construction and maintenance or cleaning activities, additional documents may be required. For more information related to Foreign Worker Licence application, please visit the website of Brunei Department of Labour (www.labour.gov.bn/SitePages/Services%20-%20LPA%20Checklist.aspx).

Application for Employment Visa requires the following documents:

- Foreign Worker Licence from the employer issued by the Department of Labour;
- Approval letter of the Employment Pass from the Department Immigration and National Registration;
- A valid passport with expiration date no less than six months; and
- Application fee of BND 20.

Travelling to Brunei

Hong Kong passport holders are permitted to stay up to 14 days in Brunei without a visa. However, visa application is required for the following circumstances:

- Stay period in Brunei is over 14 days;
- Visiting Brunei for business purpose; and
- Visiting Brunei for professional purpose.

F. Religious Concerns or Considerations¹⁷

Religion

Islam is Brunei's official religion, and 78.8% of Bruneians are affiliated to Islam. Starting from April 2019, Brunei adopted the Syariah law, which includes harsh punishments such as canning and stoning. The new law covers all people in Brunei, regardless of whether they are locals or foreigners, Muslims or non-Muslims.

4. Labour, Compensation Rule and Labour Supply Situation

Source:

¹ *Guide to Brunei Employment Laws, Brunei Darussalam Department of Labour*

² *Employment Order, 2009*

³ *TAP Scheme, Tabung Amanah Pekerja*

⁴ *SCP Scheme, Tabung Amanah Pekerja*

⁵ *About Us, Brunei Darussalam Department of Labour*

⁶ *Employment Agencies Order, 2004*

⁷ *Total labour force, The World Bank*

⁸ *Industry (including construction), value added per worker (constant 2010 US\$), The World Bank*

⁹ *Labour Force Survey 2017, Brunei Darussalam Department of Statistics*

¹⁰ *Strategic Plan 2018 – 2022, Brunei Darussalam Ministry of Education*

¹¹ *CAE Brunei Multi-Purpose Training Center (MPTC) Training Center, CAE Corporation*

¹² *TVET Country Profile – Brunei Darussalam, UNESCO-UNEVOC International Centre for Technical and Vocational Education and Training published in November 2018*

¹³ *Brunei Trade Union Act (Revised Edition 1984)*

¹⁴ *PLA Checklist, Brunei Darussalam Department Labour*

¹⁵ *Work in Brunei, Embassy of Brunei Darussalam to the United States of America*

¹⁶ *Visa Information, Brunei Darussalam Ministry of Foreign Affairs*

¹⁷ *The World Factbook, Central Intelligence Agency*

5. Research and Development Environment

Executive Summary

Brunei's research and development (R&D) environment reaches a standard level when compared with the worldwide average but is one of the least developed in the Southeast Asia region. As of 2019, the country has yet to formulate clear government policies and strategies to increase science and technology (S&T) sector's competitiveness. R&D and S&T are only considered by the nation as ways to achieve the economic goals set in the long term strategy of Wawasan Brunei 2035, but not as main drivers of economic growth.

Brunei's main asset to become a strong R&D focused country is the Brunei Research Council (BRC) which oversees, manages and funds most of the country's R&D projects. Nevertheless, the lack of adequate infrastructure, unskilled manpower and poor intellectual property (IP) protection prevent Brunei from being an option for foreign companies to set up R&D centres.



5. Research and Development Environment

I. *The Science and Technology (S&T) in Brunei*

Brunei does not have major policies for the development of science, technology and innovation (STI) ecosystem. However, the government has developed a long-term national vision, the Wawasan Brunei 2035, backed by the five-year National Development Plans, setting a strategic direction for the country's economic growth. STI is usually mentioned in these plans as a way to achieve different objectives.

A. Policies and Trends in S&T^{1,2,3,4}

Wawasan Brunei 2035

This long-term plan was developed in order to reduce the country's dependency on hydrocarbons resources (oil and natural gas), which are supposed to be running out within two decades. Therefore, by 2035, the Brunei government aims to transform the country into a nation recognised for:

- Its well educated and highly skilled workforce;
- Its high quality of life (e.g measured by the Human Development Index ranking); and
- Its dynamic and sustainable economy (e.g measured by high income per capita).

To accomplish some of these goals, Brunei will focus on the S&T sector: 1) S&T teaching to prepare the youth for an increasingly knowledge-based economy, 2) commercialise S&T research outputs that create business opportunities, 3) develop infrastructures that help enhance local businesses' economic competitiveness; and 4) sustainably manage resources.

11th National Development Plan

This five-year plan, enacted over the 2018-2023 period, is designed to improve living quality in Brunei and boost the nation's sustainable and prosperous development. To achieve this vision, the government has defined multiple focus areas and goals, some of which are linked to STI:

- Quality living: use S&T to develop high quality and reliable infrastructure;
- Sustainable development: leverage technology to optimise resources and asset utilisation; and
- Prosperous nation: attract foreign investors engaged in high value added activities.

Outlook

Brunei's STI ecosystem development is below the world average. The country ranked 79th out of 140 countries in the "Innovation Capability" criteria of the 2018 Global Competitiveness Index and ranked sixth among the ASEAN countries (i.e. better than Vietnam, Cambodia and Laos). The country ranked quite low in multiple criteria: scientific publications (121st), buyer sophistication (108th) and quality of research institutions (99th). However, Brunei ranked high (comparatively to its overall ranking) in diversity of workforce (51st), international co-inventions (52nd), and trademark applications (70th).

Nevertheless, a lack of transparency in research and development (R&D) expenditure data can be highlighted. Indeed, the country does not disclose figures regarding its R&D expenditure (as % of GDP), which makes the assessment of the nation's overall S&T capabilities difficult.

B. S&T Related Organisations^{5,6,7}

In Brunei, there are three main public institutions managing every aspect of the country's STI ecosystem. The different bodies are described below.

Ministry of Development (MOD)

The MOD is one of the most economically important entities for Brunei. In fact, the Ministry is in charge of setting the future strategic direction of the country's economy and therefore developed the Wawasan Brunei 2035 (which is currently being implemented). Some of MOD's main missions are:

- Formulate economic guidelines in line with the country's main policies;
- Lead Brunei's economic planning;
- Keep track of the country's development against the key performance index (KPI) of the 2035 plan; and
- Identify national and international issues affecting the economic growth.

The MOD's missions are therefore not directly related to S&T or R&D, however, the policies formulated by the Ministry greatly influence the future development of the country's STI ecosystem.

Brunei Research Council (BRC)

The BRC's vision is to achieve research excellence and innovation in order to support the goals of the Wawasan Brunei 2035. To this end, the Council carries out five main missions:

- Set the strategic direction for Brunei's R&D policies;
- Ensure that the BRC projects support Brunei's economic growth;
- Evaluate new and ongoing research and innovation projects;
- Promote R&D collaboration between public and private entities; and
- Support R&D results' commercialisation in Brunei's economy.

The BRC therefore oversees and supports multiple R&D projects related to STI. In particular, the Council identifies four main research fields which have high commercial value and high chances of being converted into commercial outputs:



Food Sciences and
Technology



ICT & Digital
Economy



Health and
Biotechnology



Energy

Brunei Economic Development Board (BEDB)

The BEDB's mission is to grow and diversify the country's economy in order to achieve the Wawasan Brunei 2035 objectives. The Board focuses on strategic initiatives such as developing export-oriented industries, attracting foreign investors and creating opportunities for local businesses. In order to identify valuable economic opportunities, the BEDB conducts high quality research in multiple sectors and makes strategic recommendations to the government.

II. The Infrastructure of Science and Technology

A. Government R&D Institutes and/or Funding Agencies^{8,9}

Brunei's STI ecosystem is still nascent and lacks world-class infrastructure. Apart from the BRC, which is the country's main R&D institute and funding agency, research activities are mainly carried out in the nation's top universities: the Universiti Brunei Darussalam and Universiti Teknologi Brunei. Other than these, Brunei has only two technology parks implicated in R&D activities.

Anggerek Desa Technology Park (ADTP)

Operational since 2015, the ADTP was a USD 19 million project carried out by the BEDB. The ADTP now serves as a centre of innovation and entrepreneurship focusing on high-growth industries. Composed of an iCentre, a Knowledge Hub and a "green-office building", it mainly hosts SMEs and foreign businesses engaged in sectors such as multimedia, healthcare, food security and material science.

Brunei Agro Technology Park (ATP)

Expected to be fully operational in 2020, the ATP is envisioned to be a hi-tech business-oriented park catering to innovative companies in the field of agro-economy. The research being carried out in the park should lead to new industry technologies (e.g. production methods, packaging improvements) which could eventually boost Brunei's GDP growth.

B. University-based R&D Institutes^{10,11}

Apart from the government, universities are also important players in the R&D field. According to the 2019 QS Asia University Rankings, Brunei has only two universities ranked in the top 300. Typically, QS Institute ranks the top universities in Asia according to six criteria, among which the most important ones are academic reputation (assessing teaching and research quality) and citation per faculty (assessing importance of research outputs). Out of the two ranked universities, only one appears in the top 100. This ranking, to a certain extent, indicates Brunei's low research and teaching quality, also implying that the nation has a very limited impact on the S&T international scene.

University (ranking)	Description and Research Focus
Universiti Brunei Darussalam (100th)	<p>Opened in 1985, UBD was the first university of the country. It currently hosts 7 different research institutions, 5 of which are related to STI:</p> <ul style="list-style-type: none"> • Centre for Advanced Material and Energy Sciences; • Centre for Advanced Research; • Innovation Lab; • Institute for Biodiversity and Environmental Research; and • Institute for Leadership, Innovation and Advancement.
Universiti Teknologi Brunei (181st)	<p>UTB is Brunei's most important engineering and technology university. The university houses 3 STI research centres:</p> <ul style="list-style-type: none"> • Centre for Transport and Research; • Centre for Innovative Engineering; and • Centre for Research on Agro-Food Science and Technology.

C. Private Business Firms (Research Centres)






Brunei is not among the investors' favoured destinations in Southeast Asia for setting up R&D centres. Indeed, multiple other Southeast Asian countries such as Singapore, Malaysia, Thailand or Vietnam offer foreign companies attractive investment opportunities and incentives (e.g financial incentives or world-class infrastructures). Therefore, except for local businesses, other enterprises usually prefer setting up their research centres in neighbouring countries.

D. Infrastructure Availability for Foreign Investments

As Brunei's R&D infrastructure is very scarce, foreign investors have limited investment opportunities. The most suitable destinations for companies wishing to invest in the country are the two technology parks: ADTP and ATP. The former is already operational and welcomes foreign businesses involved in value-adding activities, whereas the latter seeks investors engaged in agro-technology. Apart from these two parks, foreign companies are encouraged to partner with the country's top two universities as they are among the most important research institutions of Brunei.

III. Priority Areas in Brunei (major exports)^{12,13}

Brunei's economy is highly concentrated. The nation is heavily reliant on raw materials, especially mineral fuels and oils. In 2018, Brunei's top five exports were:

Top Five Exports		% of Total Exports (in 2018)
	Mineral Fuels and Oils	91.0%
	Organic Chemicals	3.6%
	Machinery and Mechanical Appliances	1.5%
	Iron or Steels Products	0.7%
	Optical, Technical, Medical Apparatus	0.7%

As Brunei's exports are largely (nearly 100%) dominated by raw materials, the country's does not focus on exporting high value added products. In 2018, the country's manufactured exports labelled as hi-tech products (e.g. products with high R&D intensity, such as in the computers, aerospace, pharmaceuticals industries) were virtually null.

IV. Funding for S&T and R&D¹⁴

The BRC is the main funding agency for STI related projects in Brunei. The Council offers three different funding schemes which are described below:

Main Funding Schemes Offered by the BRC

Fund	Description	Requirements	Conditions
Applied Research Fund	<ul style="list-style-type: none"> Funding for research that aims to develop new products and services with high potential return on investment 	<ul style="list-style-type: none"> Open to all researchers employed by Brunei-based Institutes of Higher Learning (IHLs) or Research Institutes (RIs), government agencies, and non-profit organisations (NGOs) 	<ul style="list-style-type: none"> Maximum funding of BND 300,000 (USD 220,000) per project Project supported for a maximum duration of 2 years
Industrial Research Fund	<ul style="list-style-type: none"> A 50:50 cost sharing grant funding R&D projects that aim to produce or improve products or services in industrial sectors for commercialisation 	<ul style="list-style-type: none"> Open to locally registered Private Limited Companies (local or foreign) Open to all IHLs, RIs, government agencies, cooperatives, and NGOs 	<ul style="list-style-type: none"> Maximum funding of BND 2 million (USD 1.5 million) per project Project supported for a maximum duration of 2 years
R&D Commercialisation Support Programme	<ul style="list-style-type: none"> Monetary support to assist R&D output commercialisation and revenue generating activities related to this output Programme receiver will also benefit from services such as entrepreneurship advice or access to venture capital networks 	<ul style="list-style-type: none"> Open to all IHLs, RIs and government agencies Open to Brunei registered corporations, cooperatives, micro/small and medium sized enterprises, and NGOs 	<ul style="list-style-type: none"> Maximum funding of BND 10,000 (USD 7,300) per project Project supported for a maximum duration of 2 years

For additional information, please visit the BRC official homepage (www.brc.gov.bn/SitePages/brc-funding.aspx).

V. Human Resources for S&T¹⁵

Evaluating Brunei's S&T workforce is challenging as the government does not release any data concerning this segment of the population. In the 2019 Global Innovation Index, Brunei was not ranked for the criteria "Researchers, FTE/million population" due to the lack of information.

However, Brunei can leverage a healthy pool of S&T educated people. The country ranked 11th worldwide in the criteria "% of graduates in science and engineering", with around 31% of the total number of tertiary graduates graduated in science and engineering (*Note*).

Note: the figure represents the share of all tertiary-level graduates in natural sciences, mathematics, statistics, information and technology, manufacturing, engineering, and construction as a percentage of all tertiary-level graduates.

VI. Supports in Testing and Verification

As the most important R&D entity in Brunei, the BRC should provide testing and verification support. However, the entity claims that its role is to ensure the smooth implementation of R&D projects, identify new project opportunities and provide financial support to various institutions, giving little mention of testing and verification support. Notwithstanding this, foreign investors wishing to carry out R&D activities in the country should contact the BRC as its overall mission is to encourage R&D and innovation in Brunei.

VII. Intellectual Property (IP) Policy¹⁶

IP rights are an important factor to consider when entering a country. Some nations have trouble implementing a strong framework to protect IP rights which can lead to serious damages to the companies. Each year the Global Innovation Policy Center (GIPC) publishes a worldwide ranking which analyses eight IP protection related categories: patents, copyrights, trademarks, trade secrets, commercialisation of IP assets, enforcement, systemic efficiency, as well as membership and ratification of international treaties. According to the 2019 IP Index published by the GIPC, Brunei's IP Protection is lower than average. Globally, the country is ranked 34th out of 50 analysed countries. Regionally its performance is below Asian countries' average. Overall, Brunei scored 38% compared with 52% for the Asian average (as a reference the top five world economies averaged 92% in the index).

The report underlines areas where Brunei's IP protection is strong:

- The country enacted multiple IP related reforms and established a centralised IP office;
- In 2017, the country accessed the World Intellectual Property Organization (WIPO) Internet Treaties; and
- No identified barriers (e.g. administrative or regulatory) that prevent the country from having a strong IP framework.

However, some areas of improvements are underlined:

- Broad and complex licence framework with limited incentives for the use of IP assets;
- Absence of data protection regulation;
- Poor life science IP rights; and
- Limited actions against online piracy leading to high software piracy rates (64%).

Source:

- ¹ *Brunei Vision 2035 – Wawasan 2035, Brunei Embassy*
- ² *Strategic Plan 2018-2023, Ministry of Development*
- ³ *The Global Competitiveness Report 2019, World Economic Forum*
- ⁴ *Research and development expenditure (% of GDP), The World Bank*
- ⁵ *Ministry of Development homepage*
- ⁶ *Brunei Research Council homepage*
- ⁷ *Brunei Economic Development Board homepage*
- ⁸ *Agro-Tech Park to reopen by 2020, The Brunei Time, 2016*
- ⁹ *High-tech park to be ready in Oct, The BT Archive, 2014*
- ¹⁰ *QS Asia University Rankings 2019, QS World University Rankings*
- ¹¹ *Universities official homepages*
- ¹² *Trade Map, International Trade Centre*
- ¹³ *High-technology exports (%of manufactured exports), The World Bank*
- ¹⁴ *Funding Opportunities, BRC*
- ¹⁵ *Global Innovation Index 2019, INSEAD*
- ¹⁶ *GIPC IP Index, Global IP centre, 2019*

6. Supply Chain Environment

Executive Summary

Brunei's economy is heavily dependent on the oil and gas industry, which accounts for over 90% of the country's exports. In recent years, the Brunei government has been trying to diversify the economy by promoting other industries, such as downstream oil and gas refining activities, and information and communications technology (ICT).

Brunei provides strong telecommunications infrastructure and regional airport and seaport connectivity, but future infrastructure investments will be needed as foreign oil companies gradually reduce their investments due to the dwindling oil and gas reserves of the country. Through the Wawasan 2035 plan, the government aims to improve and modernise the country's logistics infrastructure to promote trade and connectivity within the region.



6. Supply Chain Environment

I. Industry Profiles in Brunei

Breakdown of 2018's Top 10 Exports^{1,2,3}

Brunei's major sectors by gross domestic product (GDP) in 2017 were services (75.2%), industry (24.8%) and agriculture (1.2%).

In Brunei, the service sector mainly includes construction and transportation. The major industry in Brunei is oil and petroleum, which is also the largest contributor to Brunei's GDP. There is minimal agricultural activity in Brunei, mainly consisting of rice, vegetables, livestock and poultry.

In 2018, Brunei's total global shipments amounted to USD 6.5 billion, of which around 99% were contributed by its top 10 exports.

Product Groups (Note)	Value in 2018	% of Total Exports
1. Mineral fuels including oil	USD 5.9 billion	91.0%
2. Organic chemicals	USD 237.3 million	3.6%
3. Machinery	USD 96.6 million	1.5%
4. Iron or steel products	USD 46.3 million	0.7%
5. Optical, technical, medical apparatus	USD 42.4 million	0.7%
6. Electrical machinery and equipment	USD 35.8 million	0.6%
7. Aircraft and aircraft parts	USD 30.7 million	0.5%
8. Iron and steel	USD 10.8 million	0.2%
9. Other commodities	USD 9.0 million	0.1%
10. Fish and crustaceans	USD 7.8 million	0.1%

Note: The above categories are grouped based on the Harmonized Commodity Description and Coding System (HS Code). For specific items within each category, please refer to www.censtatd.gov.hk/trader/hscodex/index.jsp.

Brunei's exports are highly concentrated in oil and gas, while other exports are minimal. However, Brunei is not a major contributor to global exports. Crude petroleum and petroleum gas make up over 90% of Brunei's exports, but Brunei is not among the top five exporters of either product in Asia.

In 2017, Brunei was only the ninth largest exporter of petroleum gas in Asia, contributing to 1.1% of global exports, and the 12th largest exporter of crude petroleum in Asia, contributing 0.29% of global exports.

II. The Key Supported Industries in Brunei

Brunei has one of the highest GDP in Asia, mainly due to the oil and gas reserves. With its low taxes and stable political situation, Brunei offers a welcoming investment climate to foreign businesses. Foreign investments into Brunei has traditionally been focused on the oil and gas industry. In recent years, the Brunei government has tried to diversify the country's economy through promoting other industries. One of which is the information and communications technology (ICT) sector.

A. Supply Chain Policy for Key Supported Industries and Local Supply Situations^{4,5,6,7,8}



Oil and Gas

Oil and gas has long been an important pillar of Brunei's economy. Traditionally, the oil and gas industry has focused only on extracting the country's fossil fuel reserves, which is shown by the country's main exports being crude petroleum and petroleum gas. One of Brunei government's main strategies is to promote the downstream industries.

Hengyi Industries, a Mainland Chinese company, is leading the way through the construction of an integrated refinery complex that cost over USD 3 billion. The refinery entered into trial operations in May 2019, and will focus on manufacturing downstream products such as aromatics and industrial chemicals, which are used to make clothing and plastics. The refinery has already signed an agreement with Brunei Shell Petroleum to supply crude oil, and will greatly extend the value chain in Brunei. The Brunei government also expects that the refinery will attract other companies to establish downstream manufacturing activities in the area, which could become potential suppliers for the local chemicals and petrochemicals industries.



ICT

The Brunei government has identified ICT as a major potential industry in diversifying Brunei's economy, hoping to turn Brunei into a digital leader in Southeast Asia and regional hub for ICT. Brunei faces no risk of natural disasters. Its central location in Southeast Asia and well-established existing telecommunications infrastructure make the country an ideal destination for ICT investments.

Brunei also has abundant bandwidth capacity for future utilisation, with the existing international submarine cables and telecommunications network. The Brunei government has also invested heavily in the Asia America Gateway (AAG) Submarine Cable System, with Brunei being a major landing station for the network, providing connectivity with the United States and other major Asian countries.

As part of the process in promoting ICT, the Brunei government has consolidated the country's telecommunications infrastructure under the government-owned Unified National Networks Sdn Bhd (UNN). UNN's aim is to provide better service quality by combining networks, and steer the country towards the development of a nationwide 5G network.

III. Key Raw Materials Sourcing Platforms/Channels^{9,10}

In line with the Wawasan Brunei 2035, the Ministry of Foreign Affairs established the Trade Promotion Unit to promote trade in Brunei, and enhance export opportunities for Brunei's businesses and products. The Trade Promotion Unit cooperates with other countries and territories to promote Brunei products overseas, such as taking part in the Hong Kong Trade Development Council Food Expo, SME Expo and ICT Expo, in addition to other exhibitions around Southeast Asia and Mainland China.

Brunei itself also hosts the Brunei International Trade Expo annually at the International Convention Centre in Bandar Seri Begawan to promote Brunei products and businesses.

IV. Procurement Situation (local and overseas) of Raw Materials

A. Hurdles or Problems Encountered⁵

In the past, the growth of Brunei and its infrastructure have been closely tied to the oil and gas industry. However, with the oil and gas reserves expected to be running out in the next two decades, oil firms seem to place less investment in the existing facilities, leading to further decrease in output. The Brunei government has been trying to divert the country's economy away from its reliance on oil and gas, though with little progress so far.

Mainland Chinese companies are starting to invest into the country, with over USD 4 billion having already been invested into the country so far. As Brunei is an important country along the Belt and Road Initiative (BRI), Mainland Chinese investments in Brunei are expected to continue to rise.

According to the 2019 report by the World Bank, Brunei ranked 55th in the world in terms of ease of doing business, and ranked fourth out of the ASEAN countries (Hong Kong ranked fourth globally in the same report). Brunei ranks well in the Getting Credit (first), Starting a Business (16th), and Getting Electricity (31st) criteria, but relatively worse in the Registering Property (142nd) and Trading Across Borders (149th) criteria.

B. Efficiency of Customs and Clearance Process^{11,12,13}

Brunei applies two systems of tariff classification. The 8-digit ASEAN Harmonised Tariff Nomenclature (AHTN) is used for trade transactions between Brunei and the other ASEAN countries. The AHTN is based on the 6-digit Harmonized Commodity Description and Coding System (commonly called the HS Code), which applies to trade with non-ASEAN countries. For more information regarding tariff classification in Brunei, please refer to the Brunei Darussalam Tariff and Trade Classification 2017 (www.tradingacrossborders.gov.bn/Downloadable/BDTTC%202017.pdf).

Imports and exports are overseen by the Royal Customs and Excise Department (RCED), and mainly governed under the Customs Order and Excise Duties Order. Businesses that wish to import or export must register with the RCED. The Brunei government has created the Brunei Darussalam National Single Window (BDNSW) online platform for customs issues.

All imports are subject to customs duties, but businesses can apply for duty exemptions from the Ministry of Foreign Affairs. Certain goods, such as drugs, firecrackers, and certain livestock, among others are prohibited from importing and exporting to or from Brunei. For a specific list of prohibited and restricted goods, please refer to the BDNSW website (bdnsw.gov.bn/Pages/ImpExpProh-RestictionGoods.aspx).

For more information on customs in Brunei, please refer to the BDNSW website (www.bdnsw.gov.bn/Pages/Home.aspx).

Customs Clearance Process



The following table shows the documents needed for customs declaration:

#	Import and Export Goods
1	Commercial invoice
2	Bill of lading or air waybill
3	Packing list
4	Three copies of the Customs Declaration Form
5	Description of goods, including gross and net weights or quantities, and value
6	Country of origin and place of shipment
7	Any other specific licences or permits for prohibited and controlled commodities

For more information regarding the customs clearance process, please refer to the Ministry of Finance and Economy website on the matter (www.mofe.gov.bn/Customs/Import-and-Export-Procedures.aspx).

For more information regarding commodities that may require permits and the relevant government department/agency that issues the permits, please refer to the BDNSW website (www.bdns.gov.bn/Pages/ImpExpLicenceorPermit.aspx).

V. Logistic Support

A. Infrastructure Conditions (e.g. major airports/ports/highways)^{14,15,16}

Brunei benefits from being centrally located in Southeast Asia, with good telecommunications infrastructure and airline connections. However, most of the existing infrastructure are results of past investments from foreign oil firms, and are located around the capital of Bandar Seri Begawan and the city of Muara, which houses the country's only seaport.



Airports

Brunei only has one main commercial airport: the Brunei International Airport (BWN) in the capital of Bandar Seri Begawan.

Civil aviation in Brunei is monitored by the Department of Civil Aviation, which also manages the Brunei International Airport. Brunei is considered as one of the smallest tourism markets in Southeast Asia, catering to around 2 million passengers annually only. Air transport in Brunei is mainly dominated by the government-owned Royal Brunei Airlines. The airline also provides the main air cargo services in Brunei.



Seaports

Brunei only has one major seaport: the Port of Muara, which was opened in 1973. The port is currently operated by Muara Port Company Sdn Bhd, and has shipping routes connecting Brunei to other Southeast Asian countries, as well as Hong Kong and Mainland China.



Highways

The road network in Brunei is around 3,000 km long, with over 90% (around 2,800 km) being paved roads. The road system in Brunei is managed by the Public Works Department, which is also responsible for the planning and construction of roads.

There are currently plans to connect Brunei with the possible new Indonesian capital in Kalimantan with a 4,000 km Trans-Borneo Highway.



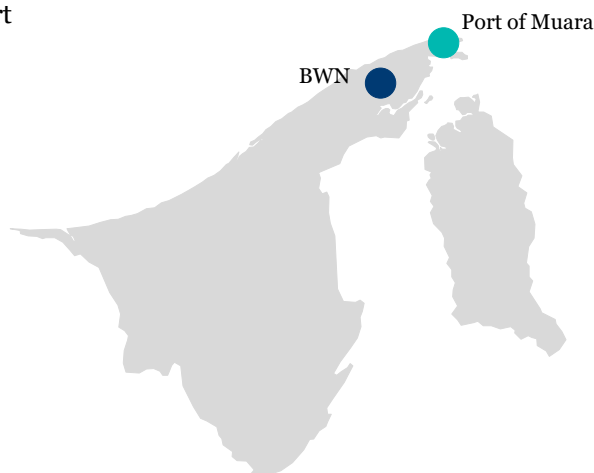
Railways

There are currently no active railways in Brunei. Under the Land Transport Master Plan, a metro system had once been put into consideration, but was not adopted eventually.

Location of Major Airports and Seaports in Brunei

● International Airport

● Major Port



This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.

B. Key Logistics Hubs¹⁷

The Brunei government conducted a study in 2014, creating a Land Transport Master Plan (LTMP) to support the overall national Wawasan 2035 goals. The vast majority of transportation in Brunei is currently done by car, with Brunei being one of the most car-reliant countries in the world with a ratio of nearly 400 cars per 1,000 people.

The LTMP included three programmes: the Short-Term Programme (to 2018), the Medium-Term Programme (to 2025), and the Long-Term Programme (to 2035). Among the goals of the LTMP include:

- Develop the road network, reduce traffic jams and provide additional forms of public transport;
- Develop the Brunei Bus Rapid Transit (BRT) system for mass transit;
- Improve integration with other transportation of the ASEAN countries; and
- Develop decarbonised vehicle technology.

The LTMP is expected to greatly improve land transport efficiency, providing multimodal transportation, and reducing Brunei's dependence on private cars, thus improving logistics in the country.

C. Logistics Information Tractability and Transparency²⁸

Brunei has a relatively poor logistics performance as compared to the other ASEAN countries. In the 2018 World Bank's Logistics Performance Index (LPI), Brunei was ranked 80th out of 160 countries for the overall LPI, a slight drop from the 2016 result (ranked 70th out of 160). Brunei ranked seventh among the ASEAN countries.

On a granular level, the LPI score is made up of six elements: (1) Customs; (2) Infrastructure; (3) International shipments; (4) Logistics competence; (5) Tracking and tracing, and (6) Timeliness. Brunei ranked relatively better in Customs (73rd), but scored relatively poorly in International shipments (113th).

Source:

¹ *Trade Map, International Trade Centre*

² *The World Factbook: Brunei, Central Intelligence Agency*

³ *Brunei, Observatory of Economic Complexity*

⁴ *Brunei's Investment Outlook for 2019, Dezan Shira & Associates, Feb 2019*

⁵ *Why China is coming to Brunei's aid as its oil slowly runs out, South China Morning Post, Mar 2018*

⁶ *Business in Brunei, Consulate General of Brunei Darussalam in Hong Kong*

⁷ *BSP inks deal to supply crude to new Hengyi refinery, The Scoop, Sep 2019*

⁸ *Brunei's ICT geared for faster, reliable future, Darussalam Assets, Jul 2019*

⁹ *Trade Fairs & Exhibition, Ministry of Foreign Affairs*

¹⁰ *Brunei International Trade Expo, Brunei Tourism*

¹¹ *Brunei – Customs Regulations, export.gov, Jul 2019*

¹² *Import and Export Procedures, Ministry of Finance and Economy*

¹³ *Brunei Darussalam National Single Window official website*

¹⁴ *Brunei: SE Asia's smallest market, and its national airline, poised for rapid growth in 2018, CAPA*

¹⁵ *Marine and Port Authority of Brunei Darussalam official website*

¹⁶ *Ambitious plan in the making, The Star, Oct 2019*

¹⁷ *Review to Formulate a Roadmap and Draft National Masterplan for a Sustainable Land Transportation System for Brunei Darussalam, Centre for Strategic and Policy Studies, 2014*

¹⁸ *Logistics Performance Index (LPI), The World Bank, 2018*

7. Infrastructure

Executive Summary

Brunei has a relatively great number of industrial parks given its territory size and above-average transportation infrastructure.

Mainland China and Hong Kong companies wishing to set up their manufacturing operations in Brunei can choose to locate their activities in one of the country's 30 industrial sites. In Brunei, most of the industrial parks cater to a specific type of manufacturing industry e.g oil and gas, pharmaceutical or food-related.

The country's transportation infrastructure quality is considered above the global average. Nevertheless, the government strives to push for further developments in order to make Brunei an attractive destination for foreign investors. Future investments are mainly expected to come from joint ventures between companies from Brunei and Mainland China.



7. Infrastructure

I. List of Major Industrial Parks or Zones and Geographical Locations

A. Availability of Infrastructure, Associated Cost of Usage, and Options for the Major Industrial Parks or Zones^{1,2,3}

As Brunei's hydrocarbons resources are expected to run out within two decades, the development of other industries driving the country's economy is of vital importance for the Sultanate. To facilitate the necessary shift towards more value-added manufacturing and industrial activities, the government developed multiple industrial parks and zones catered to specific industries. In 2019, there were around 30 operational industrial sites in Brunei, which are all managed by the Darussalam Entreprise (DARE).

Support and Incentives

Most industrial estates in Brunei are equipped with relatively established infrastructure, and offer tax and non-financial incentives. Thus foreign investors can consider industrial estates as a priority destination to set up manufacturing operations in Brunei.

Utilities

Utilities development status can greatly vary across different industrial estates: some sites offer partially developed utilities and road connections, whereas others are labelled as "readily prepared". Nevertheless, most parks provide: electricity, telecom, water connection, waste water management, drainage system, fire fighting facilities, etc.

Transportation

Utilities and transportation development statuses are strongly inter-linked. Generally, parks with partially developed utilities will have lower road connections than the "readily prepared" estates. The most advanced industrial parks are most of the time very well-connected to the country's main airport and seaport.

Government Incentives

Mainland China or Hong Kong companies considering to set up their manufacturing operations in Brunei's industrial estates can enjoy multiple benefits. The main benefit is a facilitated process to obtain the pioneer status, which mainly allows companies to obtain financial incentives such as: tax relief for five or eight years according to capital expenditures, income tax exemption, eliminated imported duties or dividend tax exemptions.

These benefits can also be coupled with non-financial incentives provided by the industrial estates: e.g. less expensive land or infrastructure, and cheaper utilities.

For further details on incentives regarding industrial estates, please refer to section 9 of this report.

Location of Main Industrial Estates

Digital Junction

Total area: 15 ha catered for:

- Light and medium industry;
- Information and communications technologies; and
- Hi-tech manufacturing.

Bio-Innovation Corridor

Total area of 194 ha targeted at:

- Light and heavy industry;
- Food manufacturing;
- Pharmaceutical industry; and
- Hi-tech companies.

Bukit Panggal

Total area of 50 ha catered for:

- Medium industry; and
- Energy intensive manufacturing.

Telisai

Total area of 2,808 ha targeted at:

- Light and heavy industry, and
- Food related manufacturing (e.g aquaculture, agriculture, horticulture).

Sungai Bera

Total area of 72 ha focused on:

- Heavy and specialised industry; and
- Related services.

Anggerek Desa

Total area: 16 ha focused on:

- Light industry; and
- Hi-tech manufacturing.

Salambigar

Total area of 121 ha targeted at:

- Light and medium industry;
- Food manufacturing; and
- Pharmaceuticals and cosmetics industry.

Pulau Muara Besar

Total area of 1,057 ha focused on:

- Special industry;
- Petrochemical and supporting activities (e.g. ship building, marine supply base).

Batu Apoi

Total area of 5 ha catered for:

- Light industry; and
- Related services.

This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.

For additional information, please visit DARE official homepage (www.dare.gov.bn/en/Land.html).

Foreign Direct Investment (FDI)⁴

Even though Brunei offers multiple incentives, especially for non-oil investments (e.g. tax incentives, customs duty exemptions, freedom of investment), the country's FDI inflow is limited. In 2018, the nation recorded net inflows of around USD 504 million, a 8.0% decrease from USD 548 million in 2017. Nearly all of Brunei's FDI originated from Malaysia, which represented more than 90% of total investments. Malaysia's investments were mainly directed at the manufacturing industry, especially hydrocarbons extraction, mining and quarrying.

Cost of Usage⁵

The price of land (for both rent and sale) in industrial estates varies from one site to another depending on factors such as location, provision of utilities, transportation links as well as proximity and access to raw materials. For more details on the cost of industrial land, please refer to Appendix 1.

As most of Brunei's industrial parks are industry-specific, companies need to consider the best fit before investing in the country. For example, parks such as the Pulau Muara Besar or Batu Apoi offer facilities and equipment tailored for the petrochemical industry and light manufacturing. These parks are therefore likely to charge a premium compared to non-specialised parks, for the availability of specific equipment.

In addition to the land cost and facilities rent cost, industrial parks generally charge various fees. Investors can expect to pay domestic waste fees, maintenance fees and general fees.

Outlook

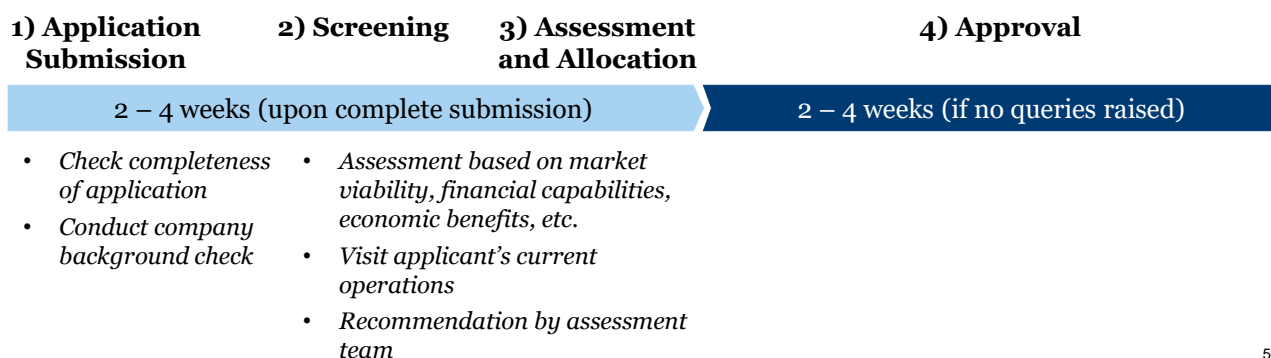
Diversifying Brunei's economy away from hydrocarbon is now critical for the country. The government is aware of this necessity and therefore charges DARE to develop new industrial estates which can help the country engage in more value-adding activities.

Out of the multiple on-going projects (i.e. greenfield development, upgrade or modernisation of industrial estates), the most ambitious is the Pulau Muara Besar artificial island. Located near the country's main port, the 955 ha artificial island is designed to be a prosperous site for chemical and petrochemical manufacturing, and for marine related industry and services (e.g. ship maintenance, repair and overhaul or marine supplies). This new island is expected to be a thriving hub for these industries, therefore supporting the country's objective of economic diversification.

B. Land or Building for the Major Industrial Parks or Zones⁵

All industrial estates in Brunei are managed by DARE. Foreign ownership of these lands is allowed up to 100%, therefore, foreign investors should apply directly on DARE's homepage (www.dare.gov.bn/en/Space-Apply.html).

Application Process for Industrial Land with DARE



II. Potential Infrastructure Shortfall⁶

Overall, Brunei has moderately established infrastructure. In the World Economic Forum's 2018 Global Competitiveness Report, Brunei ranked 54th out of 140 countries, and third among Southeast Asian countries (after Singapore and Malaysia). The country has therefore relatively established infrastructure compared to its neighbouring countries. However, on some criteria, Brunei had low scores, indicating the existence of some persisting issues, especially with regard to transport infrastructure:

- Liner shipping connectivity is poor (ranked 102nd) and seaport services are not efficient (67th);
- Airport connectivity is low (ranked 91st), and air transport services have a poor efficiency (66th); and
- Train services efficiency is average (56th), and railroad density information is not available.

III. Latest and Upcoming Major Local Infrastructure Projects and Spending^{7,8,9,10,11,12}

In order to become an attractive investment destination, and boost the country's economy, the Brunei government is committed to upgrading the existing infrastructure and developing new ones. The government does not have a clear infrastructure development plan, however it is leveraging its renewed relationship with Mainland China to carry out new projects. In an effort to diversify its economy, and as a part of the Belt and Road initiative, Brunei welcomes more investments from Mainland China. A few ongoing projects in Brunei have already been involving Mainland Chinese companies:

- **Port:** a joint venture company formed by Mainland China's Guangxi Beibu Gulf Port Group and Brunei's Darussalam Asset is now operating Brunei's main container terminal. The new operator declared that it is committed to improving operational efficiency and reducing logistics costs.
- **Road:** a USD 168 million new highway opened in 2016. The Telisai-Lumut Highway, co-developed by Brunei's Surati Construction Sdn Bhd in partnership with China Communication Construction Company, facilitates travel between the country's capital and the Belait District, as well as reduces overall congestion.
- **Industry:** a USD 15 billion joint venture that plans to create and manage a refinery and petrochemical plant in order to boost Brunei's exports.
- **Others:** the Temburong Bridge, which is now the longest bridge in Southeast Asia, started operation in 2019. The Ulu Tutong Dam, an USD 85 million dam which can supply water to 250,000 people started operation in 2017. Both projects were jointly developed by Brunei and Mainland China companies.

In addition to these projects, the country modernised its main airport in 2014. The BND 130 million (USD 96 million) project carried out by the Brunei Economic Development Board (BEDB), improved the existing environment, appearance and quality of services in the airport (e.g. upgraded arrival and departure hall, and check-in counters). As a result, Brunei international airport was ranked among the top 25 best airports in Asia in 2018.

IV. Availability of Natural Resources^{13,14,15,16,17,18,19,20}

Natural Resources	Details
Natural Vegetation, Forests and Timber	<ul style="list-style-type: none"> • Brunei’s vegetation is described as tropical evergreen rainforest; • Forest covers 81% of the total land area of the country; and • Brunei’s primary forest is composed of: dipterocarp, peat swamp, montane and mangroves.
Agriculture	<ul style="list-style-type: none"> • Agriculture makes up only 1% of Brunei’s GDP; • The primary agricultural products include: rice, vegetables, fruits; and • In 2018, the government pledged to open up more farmland in order to support the industry development.
Fishing/ Aquaculture	<ul style="list-style-type: none"> • Fisheries industry in Brunei was estimated at USD 112 million in 2017; • The main activities composing the industry are: fishing (65%), seafood processing (20%), and aquaculture (15%); and • In the future, Brunei is planning to increase production through advanced aquaculture methods and by encouraging the participation of foreign investors.
Livestock	<ul style="list-style-type: none"> • Livestock industry was estimated at USD 200 million in 2017; • Livestock is the main contributor (in terms of value) to the agriculture industry; and • Main livestock in Brunei include cattle, buffalo, hogs, goats, and fowl.
Water Resources	<ul style="list-style-type: none"> • Surface water supply mainly comes from the three river basins of Brunei: Daerah Tutong, Kuala Belait and Temburong. The Brunei River’s upper reaches are a major source of freshwater; • Imported water from Johor River supplies 60% of the country’s needs; and • Water supply is under pressure as water demand is increasing (due to industry and economic development) and so are concerns over water quality.
Minerals	<ul style="list-style-type: none"> • Mineral industry in Brunei is limited; and • Main products mined in the country are: carbonate rocks, coal, sand, gravel and silica sands.
Coal, Oil and Fossil Fuels	<ul style="list-style-type: none"> • Oil and gas industry dominates Brunei’s economy and energy production; • Brunei’s oil fields produce around 127,000 barrels of oil per day, and gas fields produce 243,000 barrels of oil equivalent of natural gas per day; and • Resources are expected to be running out within 20 years.
Renewable Energy	<ul style="list-style-type: none"> • By 2035, Brunei aims to have 10% of its total power generation produced by renewable energy (up from 0.05% in 2018); and • Currently, solar energy is the most well-developed renewable energy in the country.

Source:

¹ *Industrial Land in Brunei, Darussalam Enterprise*

² *Brunei Darussalam Investment Opportunities 2019, Brunei Economic Development Board*

³ *New strategies in Brunei Darussalam's industrial sector to expand opportunities, Oxford Business Group*

⁴ *Brunei FDI, Santander*

⁵ *How to apply, Darussalam Enterprise*

⁶ *2019 Competitiveness Report, World Economic Forum*

⁷ *Brunei, China pledge to ramp up infrastructure development, The Scoop, 2018*

⁸ *Brunei Airport commences operation of new baggage handling systems, Airport Technology 2014*

⁹ *China-Brunei joint venture starts operating Brunei's container terminal, Xinhuanet, 2017*

¹⁰ *\$168 Million Telisai-Lumut Highway to Be Opened to Public Today, Brudirect, 2016*

¹¹ *Ulu Tutong Golden Jubilee Dam to supply water for 250K people, The Scoop, 2018*

¹² *Cross-sea Temburong bridge to help develop tourism in Brunei, Xinhuanet, 2019*

¹³ *Brunei UN Convention on Biological Diversity, CBD*

¹⁴ *Agriculture expertise in Brunei, Commonwealth Network*

¹⁵ *Country's Fisheries Industry Records Increase In 2017, Brudirect, 2019*

¹⁶ *The Output in Livestock Industry Increases, Rtb News, 2018*

¹⁷ *Plans to prevent the degradation of water quality in Brunei, The Borgen Project,*

¹⁸ *Find Mining expertise in Brunei, Commonwealth Network*

¹⁹ *Brunei Energy, Export.gov*

²⁰ *Brunei's shift towards renewables, The ASEAN Post, 2018*

8. Types of Industries Encouraged by the Local Government

Executive Summary

In order to transform Brunei from an oil and gas dependent country into a diversified economy, the government grants investment incentives in various industries.

The Investment Incentives Order 2001 is the main legislation in Brunei supporting the government's ambition to diversify the economy. The Order defined various statuses (e.g pioneer industries, pioneer products) which enable companies to be eligible for different incentives.

Additionally, Brunei welcomes foreign investments as in most industries, 100% foreign ownership is allowed.



8. Types of Industries Encouraged by the Local Government

I. *List of Government Programmes Encouraging Specific Industries¹*

Brunei's economy is highly dependent on the oil and gas industry. In fact, in 2018, the sector represented around two third of the country's gross domestic production (GDP). This dependence exposes Brunei's economy to some industry-specific risks such as global oil price fluctuation. In addition, since the petroleum and nature gas resources are expected to be running out, the country needs to diversify its economy. Therefore, to enhance economic stability and sustainability, the Brunei government has launched a series of incentive programmes to encourage the development of other industries.

The Investment Incentives Order, 2001

The Investment Incentives Order, 2001 (the Order), is the major legislation in Brunei that promotes the country's industrial development and supports companies engaging in the manufacturing of multiple products. The Order offers various investment incentives (usually in the form of tax exemptions) under different statuses. Some of the main statuses are described below.

Pioneer Industries and Pioneer Products

In the Order, the Brunei government, especially the Ministry of Primary Resources and Tourism, identified more than 25 industries as Pioneer Industries. Any company engaged in one of these Pioneer Industries or manufacturing the Pioneer Products is eligible for financial incentives (please refer to section 9 of this report for additional details). Below are some of the main Pioneer Industries and Pioneer Products (non-exhaustive).

Pioneer Industries	Pioneer Products
Industrial Products and Materials	<ul style="list-style-type: none"> • Construction elements, such as cement or wooden materials; • Industrial chemicals used as raw materials for different industries; • Non-metallic mineral products; • Paper and paperboard products; and • Other industrial materials and products.
Communications Machinery and Equipment	<ul style="list-style-type: none"> • Central office switching equipment; • Cordless telephones; • Data communications equipment; • Sound reproducing and recording equipment; • Radar equipment; and • Other communications-related products.

8. Types of Industries Encouraged by the Local Government

Pioneer Industries	Pioneer Products
Electronics	<ul style="list-style-type: none">• Electrical industrial machines, such as generators, electrical motors and transformers.
Consumer Products	<ul style="list-style-type: none">• Electronic appliance;• Household products;• Clothing and apparel;• Canned, Bottled and Packaged food sold to commercial companies and individuals;• Other consumer products.

For the full list of Pioneer Industries, please refer to the Ministry official homepage (www.mppt.gov.bn/SitePages/Pioneer%20Industries.aspx).

Pioneer Service Companies

In addition, enterprises can also be eligible for incentives if they are classified as Pioneer Service Companies. To obtain this status, companies need to engage in one of the following activities (non-exhaustive):

- Engineering or technical services;
- Computer-based services;
- Production of industrial design;
- Warehousing-related services; or
- Services related to agricultural technology.

For the full list of Pioneer Industries, please refer to the Ministry official homepage (www.mppt.gov.bn/SitePages/Pioneer%20Service%20Companies.aspx).

Others

In addition to the Pioneer Industries, Pioneer Products and Pioneer Service Companies, the Order defines multiple other statuses that can be granted to various companies. This status will generally enable an enterprise to obtain financial incentives (e.g. tax reliefs). Some of these statuses are (non-exhaustive):

- Post Pioneer Companies;
- Expansion of Established Companies;
- Investment allowances;
- Warehousing and Servicing Incentives; or
- Investment in New Technology Companies.

8. Types of Industries Encouraged by the Local Government

Investment Priority Clusters^{2,3}

In addition to the various statuses mentioned, the Brunei government also defined a list of five priority clusters which should help the country's economy move towards the development of more value-added activities. The Ministry of Finance and Economy (MOFE) is in charge of facilitating pre-investment and post approved FDI in these sectors, and also coordinates with relevant stakeholder to ensure success of the investor's projects. Overall, the MOFE is responsible for attracting FDI in Brunei, supporting projects and facilitating exports in the following five industries:



Technology and Creative Industry

(e.g. internet of things, digital media)



Downstream Oil and Gas

(e.g. petrochemicals)



Food

(e.g. agriculture, food processing and manufacturing)



Tourism

(e.g. eco-tourism, medical tourism)



Business Services

(e.g. financial services, transportation and logistics)

II. List of Business Activities that Foreign Participation may be Prohibited or Restricted from⁴

In order to diversify its economy, Brunei needs to attract FDI in multiple industries. The country therefore welcomes foreign investors and provides them with financial and non-financial investment incentives such as the allowed 100% foreign-ownership, or the possibility to repatriate financial assets out of Brunei without restrictions. However, some industries in the country are labelled as restricted (these are sectors where the government usually plays an important role or has a dominant position). In Brunei, restricted indicates that foreign-ownership can be limited in these sectors, i.e. only a minority investment from a foreign company is allowed. Nevertheless, in some cases, even if the industry is restricted, a majority foreign ownership (i.e. more than 50%) is still permitted.

Main Restricted Industries in Brunei



Telecommunications



Energy and Utilities



Manufacture of liquor



Petrol Stations



Banking



Retail Businesses



Postal Services



Mass Media

8. Types of Industries Encouraged by the Local Government

Source:

¹ *The Investment Incentives Order, 2001, Ministry of Primary Resources and Tourism*

² *Brunei Darussalam Investment Opportunities 2019, Brunei Development Economic Board*

³ *FDI Action and Support Centre (FAST), ASEAN*

⁴ *Trade and Investment Regimes Brunei, World Trade Organization*

9. Key Government Incentives

Executive Summary

Brunei's investment incentives are mainly specified under the Investment Incentives Order, 2001. For example, companies that operate in Pioneer Industries (defined by the Ministry of Industry and Primary Resources) benefit from various tax exemptions based on their fixed capital investments and location.

As part of its long-term strategy, the Brunei government established several free trade zones (FTZs) to attract local and foreign investments. Companies operating in these zones can benefit from various investment incentives, including tax exemptions or subsidised warehousing.



9. Key Government Incentives

I. *Eligibility on Incentive Programmes for Foreign Investments^{1,2}*

The Investment Incentives Order, 2001

In Brunei, investment incentives are mainly provided under the Investment Incentives Order, 2001 (the Order). Companies that fulfil the relevant requirements will be granted one of the statuses described in section 8 of this report and therefore benefit from various tax exemptions.

Pioneer Industries and Pioneer Products

To be eligible for incentives the company must meet the following requirements:

- The minister believes that the company will have a positive impact on the economy and society;
- There is a mismatch between industry's current scale and Brunei's economic needs; and
- The industry or company has a favourable development prospect.

Companies which meet the requirements and are engaged in Pioneer Industries or manufacture Pioneer Products, can benefit from the following incentives:

- Income tax exemption;
- Elimination of duties taxes on imported machinery, equipment, accessories or raw materials; and
- Losses and allowances can be carried forward.

The tax relief period awarded to companies will depend on their capital expenditure or their location:

Fixed Capital Expenditure	Tax Exemption Period	Extension
Between BND 500,000 and BND 2.5 million	5 years	3 years for each extension, not exceeding 11 years in total
From BND 2.5 million and over	8 years	

Location	Tax Exemption Period	Extension
Company located in an Hi-Tech Park	11 years	5 years for each extension, not exceeding 20 years in total

Pioneer Service Companies

If the Minister considers that it is of public interest to grant the company this status, and if the enterprise is engaged in the activities described in section 8, then it will be eligible for the following investment incentives:

- Income tax exemption; and
- Carry forward of losses and allowances allowed.

The tax relief period varies according to the activities that the company is engaged in:

Qualifying Activity	Tax Exemption Period	Extension
Financial services	5 years	Not exceeding 10 years in total
Other qualifying activities	8 years	Not exceeding 11 years in total

Others

- Post pioneer companies: companies which were awarded the status of pioneer enterprise previously can benefit from an additional income tax relief for a period up to 11 years. They are also allowed to deduct their losses and adjust their capital allowances;
- Expansion of established enterprises: companies incurring new capital expenditures in order to expand their production capacity are eligible for income tax exemption for a period of 15 years;
- Investment allowances: companies incurring new capital expenditures in order to expand their production capacity can receive investment allowances of up to 100% of their total expenditure. The government will provide support for a maximum period of five years;
- Warehousing and servicing incentives: companies incurring capital expenditure of BND 2 million or more, to establish or improve warehousing facilities, can be eligible for income tax exemption for a maximum period of 20 years; or
- Investment in new technology companies: companies using technologies that can promote the development of Brunei's hi-tech industry are eligible for investment incentives. Generally, companies will be allowed to deduct their losses from their taxable income.

For additional information on investment incentives in Brunei, please visit the Ministry homepage (www.mprt.gov.bn/SitePages/Investing%20in%20Brunei%20Darussalam.aspx).

II. Other Government Support Funding Schemes, Including Both Local and Foreign Investments³

Other than the incentives granted under the Investment Incentives Order, 2001, the Brunei government also provides support to foreign investors via two organisations: the FDI Action and Support Centre (FAST) and the Brunei Economic Development Board (BEDB).

The FDI Action and Support Centre (FAST)

The FAST helps foreign investors at every stage of their investment cycle. The centre can support investment planning by advising on required documentation (i.e. help prepare relevant documents for the application). FAST is also responsible for monitoring the evolution of FDI projects and looking for cooperation opportunities between foreign and local companies. Last, FAST also offers export facilitation by supporting companies wishing to obtain export licences.

Brunei Economic Development Board (BEDB)

Please refer to section 5 of this report for a description of BEDB's missions.

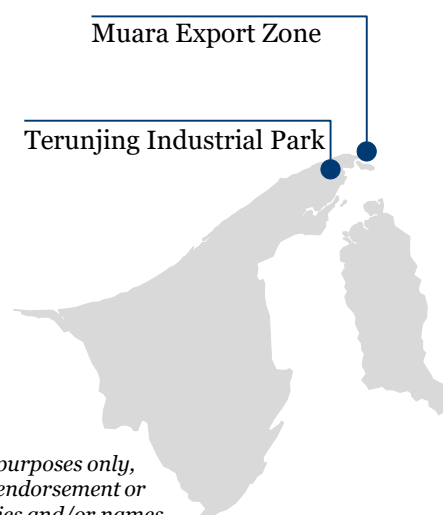
III. Scope of Special Economic Zone Scheme and Geographical Location^{4,5}

As part of its strategic plan to diversify Brunei's economy away from oil and gas industry, the government established several free trade zones (FTZs) to attract local and foreign investments. The FTZ location usually matches with one of the established industrial parks. Companies in the zones can enjoy convenient transportation and logistics infrastructure, and more importantly they can benefit from various financial and non-financial incentives.

Location of Two of Brunei's Main FTZs and Available Incentives

Two of the main FTZs in Brunei are the Terunjing Industrial Park and the Muara Export Zone. Companies operating within one of these parks/zones can benefit from:

- Corporate tax exemption for a period up to 15 years;
- 100% import duties exemption;
- Consumption tax only charged on the products sold to the local market; and
- Withholding Tax only charged on foreign loan interest.
- Subsidised warehousing.



This map is for illustrative purposes only, and does not imply official endorsement or acceptance of any boundaries and/or names.

Source:

- ¹ *Investing in Brunei Darussalam, Ministry of Primary Resources and Tourism*
- ² *Investment Incentives Order, 2001, The Ministry of Primary Resources and Tourism*
- ³ *FDI action and support centre (fast), ASEAN*
- ⁴ *Brunei: Market Profile, Hong Kong Trade Development Council Research, 2019*
- ⁵ *Industrial Sites in Brunei, Darussalam Enterprise*

10. Environmental Requirements

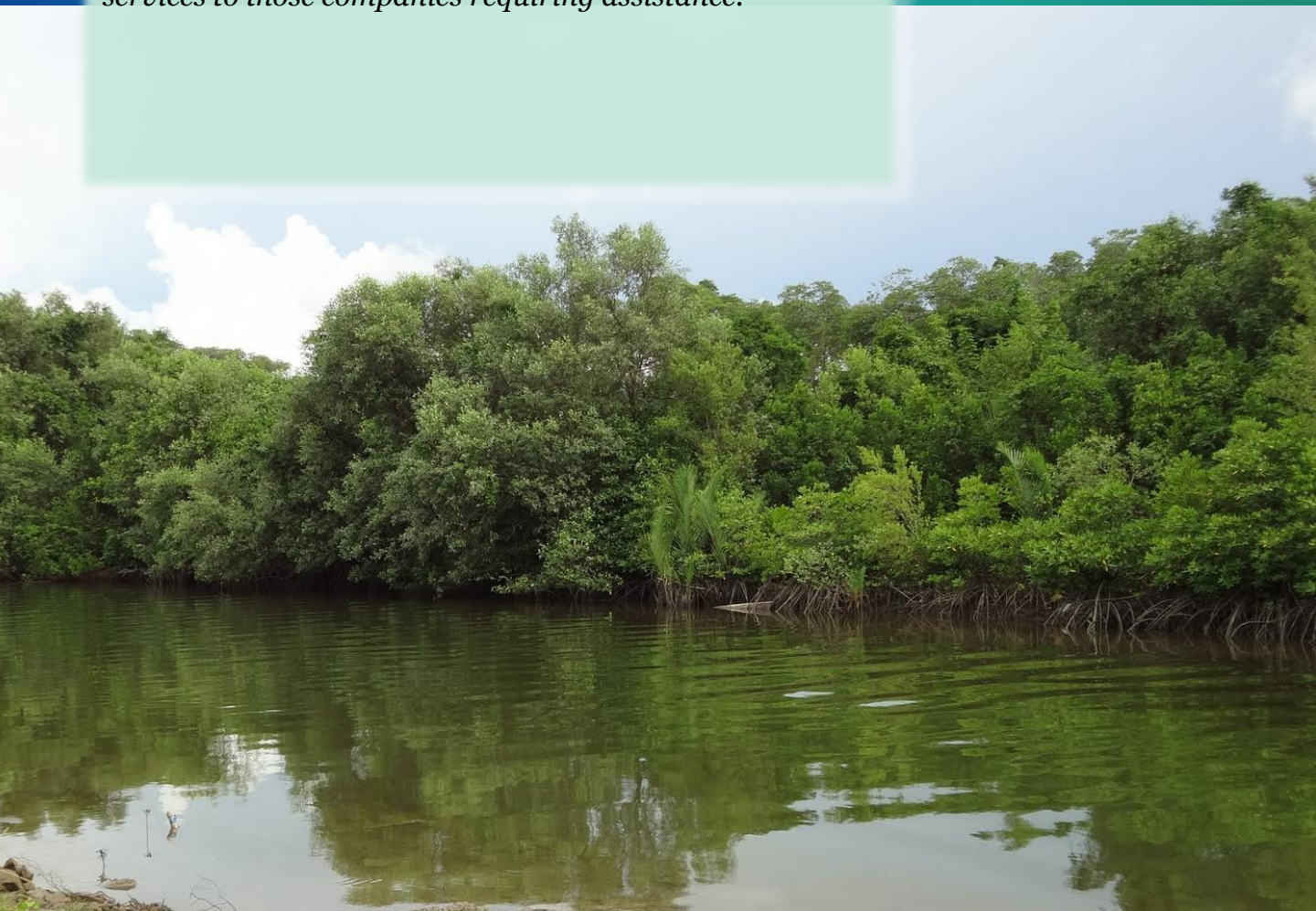
Executive Summary

In Brunei, the Department of Environment, Parks and Recreation is the primary regulatory body responsible for administration of environmental policy and standards, as well as the management of environmental issues.

Environmental Protection and Management Order (2016) is the fundamental law regarding environmental management in Brunei. Any foreign businesses wishing to invest or do business in Brunei must abide by the Law.

Factories in Brunei may encounter environmental hurdles or problems, such as historical pollution and license requirements.

There are environmental organisations and agencies in Brunei that can provide relevant environmental supporting services to those companies requiring assistance.



10. Environmental Requirements

I. Environmental Laws and Regulations in Brunei^{1,2}

The Department of Environment, Parks and Recreation (DEPR) of Brunei is committed to handling matters pertaining to waste management, environmental conservation and management, landscape and recreational areas management, as well as environmental cooperation at national, bilateral and international level.

The Environmental Protection and Management Order (EPMO) issued in 2016 is the main environmental law in Brunei. The EPMO defines administration, powers, offences and penalties regarding to the environmental management, monitoring, protection, control and rehabilitation.

A. The Main Environmental Protection Administrations in Brunei

Department of Environment, Parks and Recreation (DEPR)¹

The DEPR is the primary regulatory body responsible for environmental permit approval, environmental cooperation, environmental guidelines, maintenance, etc. The mission of the DEPR is to protect and conserve the environment.

The DEPR is under the Ministry of Development. The four operating divisions of the DEPR are the Environmental Planning and Management Division, Pollution Control Division, Landscape Division and Park and Recreation Division.

The DEPR has three local branches in Belait, Tutong and Temburong. These branches are responsible for monitoring and managing the local environment.

B. The Main Environmental Legislation in Brunei

Environmental Protection and Management Order (EPMO)²

The EPMO is the main environmental legislation, and was issued in 2016. The EPMO is for the protection and management of the environment and other related purposes.

The EPMO defines the powers of the DEPR, including environmental protection, inspecting environmental pollution, issuing remedial order or stop-work orders, remediating the land, and investigating environmental incidents. According to the EPMO, the DEPR has the authority to impose requirements for environmental impact assessments, pollution control, as well as prescribing the types of equipment for air pollution control and other related activities.

Penalties

According to the EPMO, any person who obstructs the DEPR in their duties is guilty of an offence and liable for a fine not exceeding BND 20,000, imprisonment for a term not exceeding three months, or both. In the case of a subsequent conviction, offenders are liable for a fine not exceeding BND 50,000, imprisonment for a term not exceeding six months, or both.

Any person carrying out any prescribed activities in key industry areas found guilty of an offence is liable to a fine not exceeding BND 1 million, imprisonment for a term not exceeding three years, or both.

10. Environmental Requirements

Any person who is found guilty of an offence against the EPMO, for which no penalty is expressly provided, is liable to:

- On the first conviction, to a fine not exceeding BND 20,000 and, in the case of a continuing offence, to a further fine not exceeding BND 1,000 for every day or part thereof during which the offence continues after conviction; and
- On the second or subsequent conviction, to a fine not exceeding BND 50,000 and, in the case of a continuing offence, to a further fine not exceeding BND 2,000 for every day or part thereof during which the offence continues after conviction.

Hazardous Waste (Control of Export, Import and Transit) Order³

Hazardous Waste (Control of Export, Import and Transit) Order has been in effect since 2013. The Order regulates transboundary movement of hazardous wastes or other wastes.

The Order defines categories of wastes to be controlled, categories of wastes requiring special consideration, list of hazardous characteristics, disposal operations, and information to be provided for notification of transboundary movement of hazardous wastes or other wastes.

Environmental Impact Assessment (EIA) Guidelines⁴

The Environmental Impact Assessment Guidelines for Brunei Darussalam serve as guidelines for project proponents to survey, predict and assess environmental impacts, and study possible environmental protection measures relating to prescribed activities in the following areas: agriculture, airport, drainage and construction, land reclamation, fisheries, forestry, housing, industrial, infrastructure, ports, mining, petroleum, power generation and transmission, quarries, railways, transportation, resort and recreational development, waste treatment and disposal, and water supply.

Pollution Control Guidelines⁵

The Pollution Control Guidelines for the industrial development in Brunei Darussalam are adopted for the control of emissions, effluents and discharge from various development and construction activities. The purpose of the guidelines is to serve as quick reference on pollution control requirements of the Department of Environment, Parks and Recreation for industrial development projects being proposed or submitted through the industry/land development authority. The requirements of guidelines are based on the proposed EPMO for Brunei and complement other pollution control related requirements that may be set by the industry, land and/or building development control authorities.

Other Environmental Laws and Regulations (air, water, wastes, etc.)

Government agencies of Brunei have issued laws which are adopted by the DEPR, such as the Municipal Board Act, Water Supply Act, etc. Consumption of water, disposal of sanitary wastes, etc. are regulated by the relevant laws, regulations, and standards. Any violation of such laws and regulations could be punished.

A detailed list of environmental laws and regulations in Brunei can be found in Appendix 2.

C. Main Environmental Related Joint Announcements and Statements Which HK and Mainland China Have Issued with Brunei

In 2018, a joint statement between the People's Republic of China and Brunei Darussalam was issued to further strengthen Mainland China and Brunei's comprehensive strategic partnership. The statement states that Mainland China will further support the sustainable development of Brunei's economy.

In addition, there are also a series of statements and plans to further enhance the environmental cooperation between Mainland China and the ASEAN that will affect Brunei.

Main Environmental-related Joint Announcements and Statements^{6,7,8}

Statements	Impact	Clause
Joint Statement Between the People's Republic of China and Brunei Darussalam	China will further support the sustainable development of Brunei Darussalam's economy and its diversification endeavours. A Joint Steering Committee will be established to place a mechanism for regular consultations at the Ministerial level to further promote cooperation and exchanges in various fields including maritime, economic, commercial and technical areas, bilateral trade and investment and energy between both sides.	Clauses 8 & 9
Joint Statement of China and ASEAN Leaders on Sustainable Development	Encourage cooperation in conservation of biodiversity and the environment, in clean production, and in environmental awareness.	Clauses 6 & 8
China-ASEAN Environmental Protection Cooperation Strategy 2016-2020	Establish the China-ASEAN Environmental Protection Cooperation Centre to enhance environmental cooperation. It also improves the sharing of knowledge and experiences, and encourages factories to comply with the environmental laws and regulations.	Clauses 45, 47, 53, 54

D. The Main Environmental Permits in Brunei²

As per stipulated in the EPMO, it shall be the duty of every person, who intends to carry out the prescribed activities to submit a Written Notification to the DEPR before undertaking such activity. The Written Notification shall be accompanied with the details such as Environmental Impact Assessment (EIA) and an Environmental Management and Monitoring Plan (EMMP), together with a completed Notification Matrix which can be downloaded from the DEPR's official website.

Environmental Impact Assessment (EIA)

According to the EPMO, EIA means the process of surveying, predicting and assessing environmental impact; studying the possible environmental protection measures relating to the prescribed activity; and assessing the likely overall environmental impact of such measures.

The EIA Guidelines stipulate the contents required in an EIA report, including the project description, environmental assessment for the current environment, and the impacts and mitigation measures for air, water, and noise pollution, hazardous substance control, as well as socio-economic impacts.

For the list of prescribed activities in key industry areas, please refer to Appendix 3.

II. Environmental Situations in Brunei

A. Hurdles or Problems Encountered and Resolutions

Before Land Acquisition	Pre-construction Period	Operation Period
Historical Pollution Issues	Permit Requirements	Environmental Pollution Issues
Environmental Due Diligence (EDD) checks for existing soil and groundwater pollution, which can help investors avoid liability for historical pollution	EIA	Each industry has different characteristics of pollutants, and will require appropriate monitoring and environmental protection equipment

Before Land Acquisition: Historical Pollution Issues

Soil and groundwater of the targeted land may have been polluted by previous land users. Companies may be liable for historical pollution, or be negatively impacted in the future, if such issues are not identified or the responsibilities are not clarified.

Resolutions

EDD can help by systematically identifying the environmental risks and responsibilities before investment or expansion of the site. An EDD will typically take around two months to complete, but may not be required for every project. The processes are as below:



Environmental Due Diligence (EDD)

- Supporting agency selection: There are no licence requirements from local environmental departments on third party agencies providing EDD services. Companies may hire a capable third party service to conduct an EDD where necessary;
- Phase I Environmental Site Assessment: The EDD provider will conduct a limited environmental, health and safety compliance assessment supporting the due diligence for the industrial transaction;
- Phase II Environmental Site Assessment: Based on the results from Phase I, the EDD provider will conduct the actual sampling, monitoring or testing of the soil, air, groundwater, and building materials, in order to evaluate the potential presence of contaminants in the scope;
- Results: The EDD provider will identify significant potential environmental risks in a report.

Pre-construction Period: Environmental Impact Assessment (EIA)²

The local environmental laws have stipulated that every person who intends to carry out the prescribed activities is required to conduct an EIA.

Resolutions

In Brunei, there is no official requirement on the qualifications of EIA preparer.

EIA Processes:



EIA

- Supporting agency selection: Hiring an environmental consulting company to prepare EIA report or conduct it by the project owners themselves;
- Report: The body of EIA report should include project title, project stakeholders, project statement, project description, project alternatives, environmental assessment for existing environment, impacts and mitigation measures, environmental management and monitoring plan and conclusion;
- Submission and approval: Submitting the EIA report to the EIA division of DEPR for review and approval, and the time frame depends on the complexity of each project.

EIA Case

Department of Agriculture and Agrifood in Brunei hired HYDECBRU Construction to carry out an environmental impact assessment study for a rice cultivation project. According to the study, it was viewed that the impacts were manageable and might not pose serious threat if proper mitigation measures were in place. The findings disclosed that the proposed project areas could be used for commercial cultivation with no serious consequences from the environmental perspective. The project was considered feasible.

For the list of organisations/agencies providing EIA services and other related services in Brunei, please refer to Section 10.III.B.

Operation Period: Environmental Pollution Problems

During the operation period, companies may face environmental pollution problems resulting from non-compliant environmental management or equipment failure:

- Wastewater: Excessive pollutants in wastewater causing soil or groundwater pollution;
- Air emissions: Industrial exhaust emissions that are not in compliance, causing air pollution;
- Hazardous waste disposal: Non-compliant disposal of hazardous wastes leads to soil or groundwater contamination, resulting in subsequent penalties; and
- Noise pollution: Noise pollution caused by the operation of machinery and equipment.

Resolutions

The DEPR is mainly responsible for the control of environmental pollution problems. In the case of such problems, the following measures can be taken:



Environmental
Monitoring

- Hiring third party service providers to conduct regular monitoring or to help with disposal of hazardous wastes;
- Enhancing environmental awareness of related workers;
- Improving relevant equipment in use; and
- Optimising the manufacturing process.

For the list of organisations/agencies providing waste disposal services and other related services in Brunei, please refer to Section 10.III.B.

B. Study on Key Manufacturing Industries in which HK/Mainland China Companies Have Invested in Brunei

Potential Environmental Issues ^a	Electronics	Garment & Clothing	Watches & Jewellery	Toys & Games	Hi-tech ^b
Historical Soil Pollution or Groundwater Pollution	✓	✓	✓	✓	✓
Lack of Relevant Environmental Related Licenses	✓	✓	✓	✓	✓
Wastewater Causing Soil or Groundwater Pollution	✓	✓	✓	✓	✓
Industrial Exhaust Emissions Causing Air Pollution	✓	✓	✓	—	—
Disposal of Hazardous Wastes Leading to Soil or Groundwater Contamination	✓	✓	—	✓	—
Noise Pollution Caused by the Operation of Machinery and Equipment	✓	✓	✓	✓	—

✓ indicates that the factory may face the environmental issues in the industry.

"—" indicates that the factory is less likely to face the environmental issues in the industry.

Note:

- "Environmental issue" indicates any environment related problems factories may have faced during the pre-approval period, construction period and operation period.*
- Hi-tech in this table mainly includes industries producing electronic components, and components and accessories used for new power generators and renewable generators, etc.*

C. Comparison of Industrial Effluent/Emission Standard between Brunei and Mainland China

To facilitate factory operations and government management, The Brunei government has established specialised “industrial parks” (*Note 1*) to facilitate businesses’ factory operations and government management. “Industrial parks” are industrial land areas well equipped with established infrastructure, such as sewage treatment systems to treat effluent discharge from factories. If factories discharge effluent directly into the environment, approval must be obtained from the local environmental regulatory authority, and the Recommended Effluent Standards for Direct Discharge to the Environment must be followed.

The government of Mainland China also advises enterprises to build and operate factories in industrial parks in Brunei (*Note 2*). Unlike in Brunei where factories tend to be operated in industrial parks, factories in Mainland China will build their own sewage treatment stations for sewage treatment. When specified discharge standards are met, factories are allowed to discharge directly into the environment.

Therefore, the comparison values for Brunei refer to the limits on effluent discharged into sewers attached to sewage treatment systems. Except for the electronic and textile industry comparisons, the values for Mainland China in brackets refer to the limits on effluent discharged into water supply resources and fishery water areas, while the values outside the brackets refer to the limit of effluent discharged into non-water supply resources. For the electronic and textile industry comparisons, the values for Mainland China are the limits on effluent discharged into the environment directly.

Notes:

1. Country Report of Brunei (open_jicareport.jica.go.jp/pdf/1000023399.pdf)
2. Development of Brunei Industrial Zone Published by Mainland China Government (bn.mofcom.gov.cn/article/ztdy/200606/20060602521073.shtml)

Please refer to the below legend for the symbols used in the comparison tables within this section.

"↓" indicates the requirement of Mainland China is stricter than Brunei.

"↑" indicates the requirement of Brunei is stricter than Mainland China.

"=" indicates the requirement of Mainland China is the same as Brunei.

"-" indicates there is no requirement in the standard.

"N/A" indicates that there is no comparison available due to the lack of a standard from one country.

The following tables list out the common pollutants in various industries. For a complete list, please refer to the Notes section below each table for relevant standards.

Electronics (Part 1/6)

Water and air pollutants are the main pollutants in the electronics industry. The following table compares the effluent and emission standards of Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison	
			Brunei ^a	Mainland China ^b		
Electronics	Water Pollutants mg/L (Except pH)	pH	6.0-9.0	6.0-9.0	=	
		Suspended solids	1000	50	↓	
		Total dissolved solids	3000	-	N/A	
		COD	4000	80	↓	
		BOD ₅	2000	-	N/A	
		Mercury	0.1	-	N/A	
		NH ₃ -N	Special electronic materials	50	10/20 ^c	↓/↓ ^c
			Electrical units		5	↓
			Printed circuit boards		20	↓
			Semiconductor devices		10	↓
			Display device and photoelectron components		5	↓
Electron terminals products	5	↓				

10. Environmental Requirements

Electronics (Part 2/6)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison
				Brunei ^a	Mainland China ^b	
Electronics	Water Pollutants mg/L (Except pH)	Total nitrogen	Special electronic materials	-	20/30 ^c	N/A
			Electrical units		15	N/A
			Printed circuit boards		30	N/A
			Semiconductor devices		15	N/A
			Display device and photoelectron components		15	N/A
			Electron terminals products		15	N/A
		Total phosphorous	Special electronic materials	10	0.5/1.0 ^c	↓/↓ ^c
			Electrical units		0.5	↓
			Printed circuit boards		1.0	↓
			Semiconductor devices		1.0	↓
			Display device and photoelectron components		0.5	↓
			Electron terminals products		0.5	↓
		Sulphate		1000	-	N/A
		Sulphide	Special electronic materials	5.0	-	N/A
			Electrical units		-	N/A
			Printed circuit boards		1.0	↓
			Semiconductor devices		1.0	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Copper	Special electronic materials	5.0	0.5	↓
			Electrical units		0.5	↓
			Printed circuit boards		0.5	↓
			Semiconductor devices		0.5	↓
Display device and photoelectron components	0.5		↓			
Electron terminals products	-		N/A			
Zinc	Special electronic materials	10	1.5	↓		
	Electrical units		-	N/A		

Electronics (Part 3/6)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison
				Brunei ^a	Mainland China ^b	
Electronics	Water Pollutants mg/L (Except pH)	Zinc	Printed circuit boards	10	-	N/A
			Semiconductor devices		1.5	↓
			Display device and photoelectron component		1.5	↓
			Electron terminals products		-	N/A
		Cadmium	Special electronic materials	0.1	0.05	↓
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.05	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Total chromium	Special electronic materials	-	1.0	N/A
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.5	N/A
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Hexavalent chromium	Special electronic materials	1.0	0.2	↓
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.1	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Trivalent chromium		2.0	-	N/A
		Arsenic	Special electronic materials	1.0	0.3	↓
			Electrical units		0.3	↓

Electronics (Part 4/6)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison	
				Brunei ^a	Mainland China ^b		
Electronics	Water Pollutants mg/L (Except pH)	Arsenic	Printed circuit boards	1.0	-	N/A	
			Semiconductor devices		0.2	↓	
			Display device and photoelectron components		0.2	↓	
			Electron terminals products		-	N/A	
		Lead	Special electronic materials	5.0	0.2	↓	
			Electrical units		0.1	↓	
			Printed circuit boards		-	N/A	
			Semiconductor devices		0.2	↓	
		Nickel	Display device and photoelectron components	5.0	0.2	↓	
			Electron terminals products		-	N/A	
			Special electronic materials		0.5	↓	
			Electrical units		0.5	↓	
			Printed circuit boards		0.5	↓	
			Semiconductor devices		0.5	↓	
		Cyanide	Display device and photoelectron components	2.0	0.5	↓	
			Electron terminals products		-	N/A	
			Special electronic materials		0.2	↓	
			Electrical units		0.2	↓	
			Printed circuit boards		0.2	↓	
			Semiconductor devices		0.2	↓	
		Silver	Display device and photoelectron components	-	0.2	↓	
			Electron terminals products		-	N/A	
				Special electronic materials	-	0.3	N/A
				Electrical units	-	0.3	N/A

Electronics (Part 5/6)

Industry	Major Types of Pollution	Pollutants	Limits		Comparison	
			Brunei ^a	Mainland China ^b		
Electronics	Water Pollutants mg/L (Except pH)	Silver	Printed circuit boards	-	0.3	N/A
			Semiconductor devices		0.3	N/A
			Display device and photoelectron components		0.3	N/A
			Electron terminals products		-	N/A
		Manganese	10	-	N/A	
		Fluoride	Special electronic materials	10	10	=
			Electrical units		10	=
			Printed circuit boards		10	=
			Semiconductor devices		10	=
			Display device and photoelectron components		10	=
			Electron terminals products		-	N/A
		Oil and grease	50	-	N/A	
		Petroleum	-	3.0	N/A	
		Hydrocarbons	20	-	N/A	
		Selenium	2.0	-	N/A	
		Boron	5.0	-	N/A	
		Iron	20	-	N/A	
		Barium	10	-	N/A	
		Tin	10	-	N/A	
		Aluminium	2.0	-	N/A	
		Phenols	20	-	N/A	
		Anionic surfactant (LAS)	-	3.0	N/A	
		Synthetic detergents	20	-	N/A	
		Chlorine (free)	0.5	-	N/A	
	Chloride	1000	-	N/A		
	Air Pollutants mg/m ³	TVOC	-	150	N/A	
		NMHC	-	100	N/A	
	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A	
		Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)	Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A	
	Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.				

Electronics (Part 6/6)

Note:

- a. *Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommend Boundary Noise Levels⁵.*
- b. *Mainland China Standards: Emission Standard of Pollutants for Electrical Industry⁹, and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.*
- c. *The value suitable for enterprises producing electrode foil of aluminum electrolytic capacitor.*

Garment & Clothing (Part 1/2)

Water pollutants and air pollutants are the main pollutants from wool scouring, printing and dyeing, degumming and washing processes in the garment & clothing industry. The following table compares the effluent and emission standards between Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
Garment & Clothing	Water Pollutants mg/L (Except pH, temperature and colour)	pH	6.0-9.0	6.0-9.0	=
		Suspended solids	1000	100	↓
		Total dissolved solids	3000	-	N/A
		COD	4000	200	↓
		BOD ₅	2000	50	↓
		Colour	Not objectionable	80	N/A
		Temperature ^c	45	-	N/A
		NH ₃ -N	50	20	↓
		Total nitrogen	-	30	N/A
		Total phosphorus	10	1.5	↓
		Chlorine dioxide	-	0.5	N/A
		Chloride	1000	-	N/A
		Chlorine (free)	0.5	-	N/A
		AOX	-	12	N/A
		Sulphide	5.0	0.5	↓
		Sulphate	1000	-	N/A
		Aniline	-	Not detectable	N/A
		Hexavalent chromium	1.0	Not detectable	↓
		Trivalent chromium	2.0	-	N/A
		Phenols	20	-	N/A
		Oil and grease	50	-	N/A
	Hydrocarbons	20	-	N/A	
Cyanide	2.0	-	N/A		
Air Pollutants mg/m ³	NMHC	-	120	N/A	

Garment & Clothing (Part 2/2)

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
Garment & Clothing	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A
		Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)	Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A
	Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.			

Note:

- a. *Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommend Boundary Noise Levels⁵.*
- b. *Mainland China Standards: Discharge Standard for Water Pollutants in Textile Dyeing and Finishing Industry¹¹, Integrated Emission Standard of Air Pollutants¹², and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.*
- c. *The unit of temperature is °C.*

Watches & Jewellery

Water pollutants from washing process and air pollutants from polishing process are the main pollutants in the watches & jewellery industry. The following table compares the effluent and emission standards between Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
Watches & Jewellery	Water Pollutants mg/L (Except pH)	pH	6.0-9.0	6.0-9.0 (6.0-9.0)	=(=)
		Suspended solids	1000	150 (70)	↓ (↓)
		Total dissolved solids	3000	-	N/A
		COD	4000	150 (100)	↓ (↓)
		BOD ₅	2000	30 (20)	↓ (↓)
		NH ₃ -N	50	25 (15)	↓ (↓)
		Cyanide	2.0	0.5 (0.5)	↓ (↓)
		Total chromium	-	1.5	N/A
		Hexavalent chromium	1.0	0.5	↓
		Trivalent chromium	2.0	-	N/A
		Petroleum	-	10 (5)	N/A
		Oil and grease	50	15 (10)	↓ (↓)
	Hydrocarbons	20	-	N/A	
	Air Pollutants mg/m ³	NMHC	-	120	N/A
	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A
Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)		Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A	
Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.				

Note:

- Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommend Boundary Noise Levels⁵.*
- Mainland China Standards: Integrated Wastewater Discharge Standard¹³, Integrated Emission Standard of Air Pollutants¹², and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.*

Toys & Games

Water pollutants from washing process, air pollutants resulting from production and storage of polymers and the precursors process are the major types of pollution in the toys & games industry. The following table compares the effluent and emission standards between Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
Toys & Games	Water Pollutants mg/L (Except pH)	pH	6.0-9.0	6.0-9.0 (6.0-9.0)	=(=)
		Suspended solids	1000	150 (70)	↓ (↓)
		Total dissolved solids	3000	-	N/A
		COD	4000	150 (100)	↓ (↓)
		BOD ₅	2000	30 (20)	↓ (↓)
		NH ₃ -N	50	25 (15)	↓ (↓)
		Sulphide	5.0	1.0 (1.0)	↓ (↓)
		Sulphate	1000	-	N/A
		Volatile phenols	-	0.5 (0.5)	N/A
		Phenols	20	1.0	↓
		Petroleum	-	10 (5)	N/A
		Oil and grease	50	15 (10)	↓ (↓)
		Cyanide	2.0	0.5 (0.5)	↓ (↓)
	Air Pollutants mg/m ³	NMHC	-	120	N/A
	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A
		Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)	Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A
Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.				

Note:

- Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommend Boundary Noise Levels⁵.
- Mainland China Standards: Integrated Wastewater Discharge Standard¹³, Integrated Emission Standard of Air Pollutants¹², and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.

Hi-tech (Part 1/5)

Water and air pollutants from chemical cleaning process are the major type of pollution in the hi-tech industry. The following table compares the effluent and emission standards of Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison	
			Brunei ^a	Mainland China ^b		
Hi-tech	Water Pollutants mg/L (Except pH)	pH	6.0-9.0	6.0-9.0	=	
		Suspended solids	1000	50	↓	
		Total dissolved solids	3000	-	N/A	
		COD	4000	80	↓	
		BOD ₅	2000	-	N/A	
		Mercury	0.1	-	N/A	
		NH ₃ -N	Special electronic materials	50	10/20 ^c	↓/↓ ^c
			Electrical units		5	↓
			Printed circuit boards		20	↓
			Semiconductor devices		10	↓
			Display device and photoelectron components		5	↓
			Electron terminals products		5	↓
		Total nitrogen	Special electronic materials	-	20/30 ^c	N/A
			Electrical units		15	N/A
			Printed circuit boards		30	N/A
			Semiconductor devices		15	N/A
			Display device and photoelectron components		15	N/A
			Electron terminals products		15	N/A
		Total phosphorous	Special electronic materials	10	0.5/1.0 ^c	↓/↓ ^c
			Electrical units		0.5	↓
			Printed circuit boards		1.0	↓
			Semiconductor devices		1.0	↓
			Display device and photoelectron components		0.5	↓
Electron terminals products	0.5		↓			
Sulphate			1000	-	N/A	
	Sulphide	Special electronic materials	5.0	-	N/A	
		Electrical units		-	N/A	

Hi-tech (Part 2/5)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison
				Brunei ^a	Mainland China ^b	
Hi-tech	Water Pollutants mg/L (Except pH)	Sulphide	Printed circuit boards	5.0	1.0	↓
			Semiconductor devices		1.0	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Copper	Special electronic materials	5.0	0.5	↓
			Electrical units		0.5	↓
			Printed circuit boards		0.5	↓
			Semiconductor devices		0.5	↓
			Display device and photoelectron components		0.5	↓
			Electron terminals products		-	N/A
		Zinc	Special electronic materials	10	1.5	↓
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		1.5	↓
			Display device and photoelectron component		1.5	↓
			Electron terminals products		-	N/A
		Cadmium	Special electronic materials	0.1	0.05	↓
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.05	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Total chromium	Special electronic materials	-	1.0	N/A
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.5	N/A

Hi-tech (Part 3/5)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison
				Brunei ^a	Mainland China ^b	
Hi-tech	Water Pollutants mg/L (Except pH)	Total chromium	Display device and photoelectron components	-	-	N/A
			Electron terminals products		-	N/A
		Hexavalent chromium	Special electronic materials	1.0	0.2	↓
			Electrical units		-	N/A
			Printed circuit boards		-	N/A
			Semiconductor devices		0.1	↓
			Display device and photoelectron components		-	N/A
			Electron terminals products		-	N/A
		Trivalent chromium		2.0	-	N/A
		Arsenic	Special electronic materials	1.0	0.3	↓
			Electrical units		0.3	↓
			Printed circuit boards		-	N/A
			Semiconductor devices		0.2	↓
			Display device and photoelectron components		0.2	↓
			Electron terminals products		-	N/A
		Lead	Special electronic materials	5.0	0.2	↓
			Electrical units		0.1	↓
			Printed circuit boards		-	N/A
			Semiconductor devices		0.2	↓
			Display device and photoelectron components		0.2	↓
			Electron terminals products		-	N/A
		Nickel	Special electronic materials	5.0	0.5	↓
			Electrical units		0.5	↓
			Printed circuit boards		0.5	↓
			Semiconductor devices		0.5	↓
			Display device and photoelectron components		0.5	↓

Hi-tech (Part 4/5)

Industry	Major Types of Pollution	Pollutants		Limits		Comparison
				Brunei ^a	Mainland China ^b	
Hi-tech	Water Pollutants mg/L (Except pH)	Nickel	Electron terminals products	5.0	-	N/A
		Cyanide	Special electronic materials	2.0	0.2	↓
			Electrical units		0.2	↓
			Printed circuit boards		0.2	↓
			Semiconductor devices		0.2	↓
			Display device and photoelectron components		0.2	↓
			Electron terminals products		-	N/A
			Silver		Special electronic materials	-
		Electrical units		0.3	N/A	
		Printed circuit boards		0.3	N/A	
		Semiconductor devices		0.3	N/A	
		Display device and photoelectron components		0.3	N/A	
		Electron terminals products		-	N/A	
		Manganese		10	-	N/A
		Fluoride	Special electronic materials	10	10	=
			Electrical units		10	=
			Printed circuit boards		10	=
			Semiconductor devices		10	=
			Display device and photoelectron components		10	=
			Electron terminals products		-	N/A
		Oil and grease		50	-	N/A
		Hydrocarbons		20	-	N/A
		Selenium		2.0	-	N/A
Boron		5.0	-	N/A		
Iron		20	-	N/A		
Barium		10	-	N/A		

Hi-tech (Part 5/5)

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
Hi-tech	Water Pollutants mg/L (Except pH)	Tin	10	-	N/A
		Aluminium	2.0	-	N/A
		Phenols	20	-	N/A
		Anionic surfactant (LAS)	-	3.0	N/A
		Synthetic detergents	20	-	N/A
		Chlorine (free)	0.5	-	N/A
		Chloride	1000	-	N/A
	Air Pollutants mg/m ³	TVOC	-	150	N/A
		NMHC	-	100	N/A
	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A
		Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)	Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A
	Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.			

Note:

- Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommend Boundary Noise Levels⁵.*
- Mainland China Standards: Emission Standard of Pollutants for Electrical Industry⁹, and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.*
- The value suitable for enterprises producing electrode foil of aluminum electrolytic capacitor.*

Food & Beverage, Chemicals & Plastics

Food & beverage industry is one with some obvious characteristic pollutants, such as COD, TSS, and other organic substances in the wastewater. There are special standards in Mainland China focusing on targeted industries such as Discharge Standard of Water Pollutants for Sugar Industry, Discharge Standard of Water Pollutants for Meat Packing Industry, etc. In Brunei, the relevant standards for pollutants are general effluent standards.

Compared with other industries, chemicals & plastics industry involves more significant potential environmental risk. Mainland China has established special standards focusing on industries such as Emission Standards of Pollutants for Inorganic Chemical Industry, Emission Standard of Pollutants for Nitric Acid Industry, Emission Standard of Pollutants for Sulfuric Acid Industry, etc. In Brunei, the chemicals & plastics industry should be in compliance with the general effluent standards.

General Industries (Part 1/2)

General industries refer to those industries which do not produce massive or characteristic pollutants (such as the logistics & transportation industry, furniture industry, etc.). Such industries should be in compliance with the general effluent standards available in both countries.

The following table compares the general effluent/emission standards of Brunei and Mainland China:

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
General Industries	Water Pollutants mg/L (Except pH)	pH	6.0-9.0	6.0-9.0 (6.0-9.0)	=(=)
		Suspended solids	1000	150 (70)	↓ (↓)
		Total dissolved solids	3000	-	N/A
		COD	4000	150 (100)	↓ (↓)
		BOD ₅	2000	30 (20)	↓ (↓)
		NH ₃ -N	50	25 (15)	↓ (↓)
		Sulphide	5.0	1.0 (1.0)	↓/↓
		Sulphate	1000	-	N/A
		Copper	5.0	1.0 (0.5)	↓ (↓)
		Iron	20	-	N/A
		Chlorine (free)	0.5	-	N/A
		Petroleum	-	10 (5)	N/A
		Oil and grease	50	15 (10)	↓ (↓)
		Phenols	20	1.0	↓ (↓)
		Cyanide	2.0	0.5 (0.5)	↓ (↓)
	Total phosphorous	10	-	N/A	
Air Pollutants mg/m ³	NMHC	-	120	N/A	

General Industries (Part 2/2)

Industry	Major Types of Pollution	Pollutants	Limits		Comparison
			Brunei ^a	Mainland China ^b	
General Industries	Noise Emission dB (A)	Noise limits for boundary of industrial enterprise	-	Daytime 65 Night 55	N/A
		Maximum permitted boundary noise level for factory permits (reckoned as the equivalent continuous noise level over 5 minutes)	Day (7 am-7 pm) 75 Evening (7 pm-11 pm) 70 Night (11 pm-7 am) 65	-	N/A
	Hazardous Waste	Hazardous wastes are required to be disposed by a qualified third party. For more hazardous waste information, please refer to II.A of this section.			

Note:

- a. *Brunei Standards: Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants⁵, Recommended Standards for Air Emissions⁵, and Recommended Boundary Noise Levels⁵.*
- b. *Mainland China Standards: Integrated Wastewater Discharge Standard¹³, Integrated Emission Standard of Air Pollutants¹², and Emission Standard for Industrial Enterprises Noise at Boundary¹⁰.*

III. The Main Local Supporting Organisations/Agencies in Brunei

Brunei has abundant forestry resources, and requirements for forestry protection and supervision are stricter when compared with other ASEAN countries. Penalties could be serious once the investor failed to comply with the environmental laws and regulations in Brunei.

To ensure environmental compliance and to maintain a good relationship with the public, the investors should pay attention to the environmental impact assessment, licence application and to meet the local discharge standards in design-build and operation periods.

The following tables list out the main local organisations and agencies providing relevant environment-related supporting services.

A. EDD Services in Brunei

Agency/Organisation	Service Coverage	Contact
PwC	<ul style="list-style-type: none"> • Environmental Due Diligence; • Impact Assessment; • Sustainability Policy, Strategy and Risk Management; • Supply Chain Environment and Health & Safety (EHS) Audits; and • Sustainability Report Assurance, etc. 	+603 2173 0348 (in Malaysia)
ERM	<ul style="list-style-type: none"> • Environmental Due Diligence; • Independent 3rd Party Conformance Audits; • Lifecycle Assessment; and • ISO Certification, etc. 	+603 2080 9600 (in Malaysia)
AGV Environment	<ul style="list-style-type: none"> • Environmental Due Diligence; • Environmental and Social Impact Assessment and Planning; and • Environmental Permitting Services, etc. 	+603 7931 1455 (in Malaysia)

B. EIA Supporting and Environmental Monitoring Services in Brunei

Agency/Organisation	Service Coverage	Contact
Integrated Environmental Consultant	<ul style="list-style-type: none"> • Project Impact Assessment; • Environment Monitoring Plans; • Solid Waste and Sewerage Infrastructure; and • Site Rehabilitation Schemes, etc. 	enquiries@iec-brunei.com
Chemsain Konsultant	<ul style="list-style-type: none"> • Environmental Impact Assessment; • Water Infrastructure; • On-site Testing and Sampling; and • Occupational Safety and Health Consultant, etc. 	+673 265 6896
GEOCON	<ul style="list-style-type: none"> • Environmental Impact and Site Assessments; • Environmental Monitoring and Management Plan; • Vibration Monitoring and Assessment; 	geoconbrunei.com/contact-us--career.html

C. Wastes Management Services in Brunei

Agency/Organisation	Service Coverage	Contact
M.K.Johan Contractor	<ul style="list-style-type: none"> • Waste Collection; • Logistic Support; and • Technical Resources, etc. 	+673 334 7006
Mashor Waste Management	<ul style="list-style-type: none"> • Waste Disposal; • Specialised Transportation; • Ultra/High Pressure Cleaning Services; and • Cleaning of Oil Separator Components, etc. 	+673 322 8155
CIC Environmental Services	<ul style="list-style-type: none"> • Waste Collection and Transportation; • Lab Services; • Tank Cleaning; and • Oil Recovery Plant, etc. 	+673 333 0266

More information about Wastes Management Services in Brunei, please refer to the official webpage: (www.env.gov.bn/SitePages/Recycling%20Services.aspx), and (www.env.gov.bn/SitePages/Waste%20Collection%20Services.aspx).

Source:

- ¹ *Department of Environment, Parks and Recreation (DEPR)*
- ² *Environmental Protection and Management Order, 2016*
- ³ *Hazardous Waste (Control of Export, Import And Transit Order, 2013*
- ⁴ *Environmental Impact Assessment Guidelines , DEPR, 2016*
- ⁵ *Pollution Control Guidelines, DEPR, 2002*
- ⁶ *Joint Statement Between the People's Republic of China and Brunei Darussalam, 2018*
- ⁷ *Joint Statement of China and ASEAN Leaders on Sustainable Development, 2010*
- ⁸ *China-ASEAN Environmental Protection Cooperation Strategy 2016-2020, 2017*
- ⁹ *Emission standard of pollutants for electrical industry, 2nd edition*
- ¹⁰ *Emission standard for industrial enterprises noise at boundary, 2008*
- ¹¹ *Discharge standards of water pollutants for dyeing and finishing of textile industry, GB 4287-2012*
- ¹² *Integrated emission standard of air pollutants, GB 16297-1996*
- ¹³ *Integrated wastewater discharge standard, GB 8978-1996*
- ¹⁴ *Water Supply Act, 1984*
- ¹⁵ *Municipal Board Act, 1984*

Appendix

- Appendix 1* *Land Rental Cost in Brunei's Major Industrial Parks*
- Appendix 2* *List of Environmental Laws and Regulations in Brunei*
- Appendix 3* *List of Prescribed Activities in Key Industry Areas*

Appendix 1

Land Rental Cost in Brunei's Major Industrial Parks (Part 1/2)

Location	Annual Rental Fee (BND per sq.m.)	Maintenance Fee (BND per sq.m.)	Total area
Telisai	7.0	0.52	2,808
Pulau Muara Besar	7.0	0.52	1,057
Sungai Lian (SPARK)	7.0	0.52	271
Bio-Innovation Corridor	7.0	0.52	194
Kuala Lurah	7.0	0.52	147
Salambigar	7.0	0.52	121
Terunjing	7.0	0.52	95
Sungai Bera	7.0	0.52	72
Serasa	7.0	0.52	66
Bukit Panggal	7.0	0.52	50
Lambak Kanan West	7.0	0.52	44
Beribi	7.0	0.52	42
Salar	7.0	0.52	40
Pekan Belait	7.0	0.52	33
Serembangun	7.0	0.52	30
Anggerek Desa Tech Park	7.0	0.52	16
Digital Junction	7.0	0.52	15
Batu Apoi	7.0	0.52	5

Appendix 1

Land Rental Cost in Brunei's Major Industrial Parks (Part 2/2)

Location	Annual Rental Fee (BND per sq.m.)	Maintenance Fee (BND per sq.m.)	Total area
Mumong	3.5	N/a	138
Tanjong Kajar	3.5	N/a	138
Sungai Duhon	3.5	N/a	107
Lumapas	3.5	N/a	66
Mulaut	3.5	N/a	37
Lambak	3.5	N/a	15
Bengkurong	3.5	N/a	14

Appendix 2

The Main Environmental Laws/Regulations in Brunei

Department of Environment, Parks and Recreation	Department of Water Services	Industrial Development Authority
Environmental Protection and Management Order, 2016	Water Supply Act, 1984	Municipal Board Act, 1984
Pollution Control Guidelines, 2002		
Hazardous Waste (Control of Export, Import And Transit Order, 2013)		

The Main Environmental Effluent Standards in Brunei

Effluent Standards	1	Recommended Standards for Industrial Effluent to Sewers that Discharge to Sewage Treatment Plants (<i>Note</i>)
	2	Recommended Effluent Standards for Direct Discharge to the Environment
	3	Recommended Standards for Air Emissions (<i>Note</i>)
	4	Recommend Boundary Noise Levels (<i>Note</i>)

Note: Corresponding effluent/emission standards are the main standards utilised in Section 10.II.C.

Appendix 3

List of Prescribed Activities in Key Industry Areas (Issued within EPMO (2016))

Industry	Activity	Detailed Criteria
Food & Beverage	Food preparation	Slaughtering
		Preparing and preserving meat
		Manufacturing of dairy products
		Canning and preserving of fruits and vegetables
		Canning, preserving and processing of fish, crustaceans and similar food
		Manufacture of vegetable and animals oils and fats
		Grain mill products
		Sugar factories and refineries
		Manufacture of prepared animal feeds
Chemicals & Plastics	Chemical works	-
	Petrochemicals	-

Glossary – Section 1 to 9 Operational Requirements

ADTP	Anggerek Desa Technology Park
AFTA	ASEAN Free Trade Agreement
AHTN	ASEAN Harmonised Tariff Nomenclature
AMBD	Autoriti Monetari Brunei Darussalam (Monetary Authority of Brunei)
ASEAN	Association of Southeast Asian Nations
ATP	Agro Technology Park
BDNSW	Brunei Darussalam National Single Window
BEDB	Brunei Economic Development Board
BHD	Public Limited Company
BND	Brunei Dollar
BRC	Brunei Research Council
BRI	Belt and Road Initiative
BruIPO	Brunei Darussalam Intellectual Property Office
BWN	Brunei International Airport
CBNI	Currency and Bearer Negotiable Instruments
CIT	Corporate Income Tax
CMC	Case Management Conference
CPTPP	Comprehensive and Progressive Agreement for Trans-Pacific Partnership
DARE	Darussalam Entreprise
DTA	Double Taxation Agreement
FAST	FDI Action and Support Centre
FDI	Foreign Direct Investment

FTA	Free Trade Agreement
FTZ	Free Trade Zone
GDP	Gross Domestic Product
GIPC	Global Innovation Policy Center
ICT	Information and Communications Technology
IFRS	International Financial Reporting Standards
IP	Intellectual Property
LMTP	Land Transport Master Plan
LPI	Logistics Performance Index
MOD	Ministry of Development
MOFE	Ministry of Finance and Economy
MPTC	Multi-Purpose Training Centre
PIE	Public Interest Entities
R&D	Research and Development
RCED	Royal Customs and Excise Department
S&T	Science and Technology
SCP	Supplemental Contributory Pensions
SDN BHD	Limited Liability Company
SGD	Singapore Dollar
STARS	The System for Tax Administration and Revenue Services
STI	Science, Technology and Innovation
TAP	Tabung Amanah Pekerja (Employees' Trust Fund)
TVET	Technical and Vocational Education and Training
UNN	Unified National Networks Sdn Bhd
WTO	World Trade Organization

Glossary – Section 10

Environmental Requirements

ASEAN	Association of Southeast Asian Nations
BOD₅	Biochemical Oxygen Demand
COD	Chemical Oxygen Demand
DEPR	Department of Environment, Parks and Recreation
EDD	Environmental Due Diligence
EMMP	Environmental Management and Monitoring Plan
EMPO	Environmental Protection and Management Order
EIA	Environmental Impact Assessment
NMHC	Non-methane Hydrocarbon
TVOC	Total Volatile Organic Compounds

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