

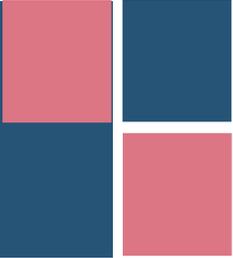
**Q4 &  
ANNUAL 2021**

**BRUNEI DARUSSALAM  
KEY ECONOMIC DEVELOPMENTS**

**DEPARTMENT OF PLANNING  
DEPARTMENT OF ECONOMIC PLANNING AND STATISTICS  
MINISTRY OF FINANCE AND ECONOMY**



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# Brunei Economy Q4 2021



## GDP



GDP fell by

**-1.4%**



Oil & Gas  
**-4.1%**



**1.4%**  
Non-Oil & Gas

## Prices



CPI rose by

**2.0%**



Food  
**2.2%**



Non-Food  
**2.2%**

## Fiscal

**-105m**

Fiscal Deficit



Revenue  
**1.38b**



Expenditure  
**1.49b**

## Trade



**1.24b**

Trade Surplus



Exports  
**4.25b**



Imports  
**3.01b**

# Brunei Economy 2021



## GDP



GDP fell by  
**-1.6%**



Oil & Gas  
**-4.8%**



Non-Oil & Gas  
**2.0%**

## Prices



CPI rose by  
**1.7%**



Food  
**2.4%**



Non-Food  
**1.6%**

## Fiscal

**-1.49b**

Fiscal Deficit



Revenue  
**3.96b**



Expenditure  
**5.45b**

## Trade



**3.34b**

Trade Surplus



Exports  
**14.9b**



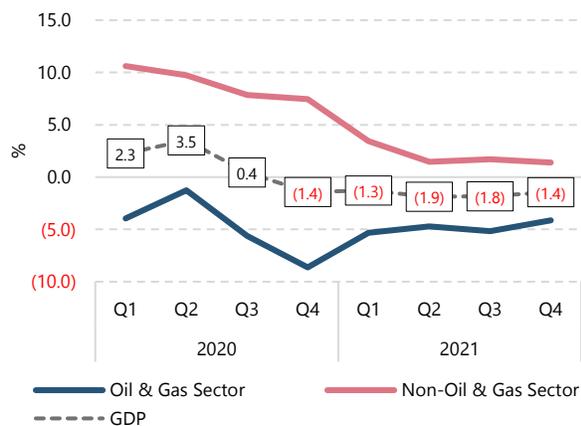
Imports  
**11.5b**

## Gross Domestic Product

### Overview

In Q4 2021, Brunei Darussalam's economy recorded a negative growth of 1.4 per cent year-on-year (y-o-y). The decline was mainly due to a contraction in the Oil and Gas Sector by 4.1 per cent, though this was moderated by a sustained and improved turnout in the Non-Oil and Gas Sector, logging in a 1.4 per cent increase.

**Exhibit 1 : GDP Growth (Q1 2020 – Q4 2021)**



Source: Department of Economic Planning and Statistics

### Oil and Gas Performance

The decline in the Oil and Gas Sector was due to lower production of crude oil, natural gas, and LNG.

**Table 1 : Oil and Gas Production (Q4 2020 & Q4 2021)**

	Unit	Q4 2020	Q4 2021
<b>Crude Oil</b>	kkbl/day	105.0	103.4
<b>Natural Gas</b>	Million m <sup>3</sup> /day	32.5	29.8
<b>LNG</b>	MMBtu/day	901,071	774,076

Source: Energy Department, Prime Minister's Office

In particular, shutdown turnaround activities proved an undermining factor behind the lower production of crude oil and natural gas. Meanwhile, limited gas supply and maintenance activities at one of the LNG plant facilities led to the reduction in LNG production.

### Non-Oil & Gas Performance

Despite the country being hit by the second wave of COVID-19, the Non-Oil and Gas Sector continued its uptrend in growth. Other Manufacturing, Finance, Real Estate & Ownership of Dwellings, Air Transport and Fishery were among the subsectors that contributed to the positive development.

Growth in the Other Manufacturing Subsector stemmed from higher production of animal feed products as well as construction materials, particularly roofing.

The improvement in the Finance Subsector was mainly attributed to an increase in insurance activities in correspondence to higher life insurance take-ups.

This was followed by an increase in the Air Transport Subsector in line with an increase in the number of air passenger arrivals and departures as entry and exit restrictions were eased subject to the Prime Minister's Office's conditions.

Meanwhile, the Fishery Subsector grew on the back of higher production in both the capture and aquaculture industries. In particular, aquaculture activities gained from higher production of marine shrimp production, which was mainly exported.

Turning to the Business Services Subsector, the improvement was in line with the rise in oil and gas maintenance activities, which necessitated technical and professional services.

**Table 2 : Growth of Selected Non-Oil & Gas Sectors, Q4 2021**

	Growth (%)
<b>Other Manufacturing</b>	35.9
<b>Finance</b>	4.7
<b>Air Transport</b>	83.6
<b>Fishery</b>	18.9
<b>Business Services</b>	3.1
<b>Manufacture of Other Petroleum and Chemical Products</b>	(2.5)
<b>Construction</b>	(8.9)
<b>Wholesale and Retail Trade</b>	(4.2)
<b>Restaurants</b>	(9.8)
<b>Water Transport</b>	(3.7)

Source: Department of Economic Planning and Statistics

On the other hand, several subsectors registered negative growths as follows:

- Manufacture of Other Petroleum and Chemical Products declined due to lower methanol production, marred by unscheduled shutdown activities in November. Likewise, petroleum products from downstream oil and gas activities decreased marginally, disrupted in part by scheduled maintenance activities.
- The Construction Subsector's performance was restrained due in part to the temporary postponement of several construction projects in view of limited workforce following the outbreak of COVID-19. The decline was also in line with lower investment in both private and government construction.
- The Wholesale and Retail Trade Subsector's performance was impacted by a reduction in business operations due to limited workforce. This subsector's decline also corresponded to dwindling sales mainly seen in textiles, wearing apparel and footwear, petrol station, and furniture and household equipment.
- The Restaurants Subsector registered a downturn owing to a reduction in the number of customers dining in restaurants following the reinstatement of restrictions imposed by the Government to curb the spread of COVID-19.
- Meanwhile, the lacklustre performance of the Water Transport Subsector likely corroborated to a detraction in both production and export volume of LNG.

## GDP by Expenditure

By expenditure approach, the decline in GDP growth in Q4 2021 was primarily due to a 6.0 per cent decrease in domestic demand, weighed down by declines in Gross Fixed Capital Formation in both the government and the private sectors. However, this growth was moderated by a 17.2 per cent increase in exports of goods and services, primarily driven by mineral fuel exports. The Government Final Consumption Expenditure and the Household Final Consumption

Expenditure also recorded increases of 6.5 per cent and 1.2 per cent, respectively.

**Table 3 : GDP by Expenditure, Q4 2020 & Q4 2021**

	Q4 2020 (BND Million)	Q4 2021 (BND Million)	Growth (%)
<b>Domestic Demand</b>	<b>3,928.3</b>	<b>3,691.1</b>	<b>(6.0)</b>
<b>Government Final Consumption Expenditure</b>	1,140.9	1,215.0	6.5
<b>Household Final Consumption Expenditure</b>	1,061.9	1,074.2	1.2
<b>Gross Fixed Capital Formation</b>	1,725.4	1,401.9	(18.8)
<b>External Demand</b>	<b>3,452.6</b>	<b>4,047.7</b>	<b>17.2</b>
<b>Exports</b>	3,452.6	4,047.7	17.2
<b>GDP</b>	<b>5,049.7</b>	<b>4,976.9</b>	<b>(1.4)</b>

Source: Department of Economic Planning and Statistics

## Overall Performance in 2021

For the whole year of 2021, Brunei Darussalam's economy contracted by 1.6 per cent. This was due to the Oil and Gas Sector, which shrank by 4.8 per cent after four consecutive quarters of downturns. Nevertheless, the Non-Oil and Gas Sector notched a 2.0 per cent increase, extending its run of positive growth for the fifth successive year.

In particular, the Oil and Gas Sector declined on the back of slowdowns in the production of crude oil, natural gas, and liquefied natural gas (LNG).

**Table 4 : Oil and Gas Production (2020 & 2021)**

	Unit	2020	2021
<b>Crude Oil</b>	kkbl/day	110.0	106.6
<b>Natural Gas</b>	Million m <sup>3</sup> /day	33.1	30.6
<b>LNG</b>	MMBtu/day	911,954	815,657

Source: Energy Department, Prime Minister's Office

Meanwhile, growth in the Non-Oil and Gas Sector emerged primarily from subsectors such as Wholesale and Retail Trade (4.3 per cent), Business Services (6.0 per cent), Fishery (27.1 per cent), Finance (1.6 per cent), Livestock and Poultry (19.3 per cent), Health Services (4.4 per cent), and Communication (3.5 per cent).

The Wholesale and Retail Trade Subsector gained from increasing retail sales particularly in the first two

quarters with items such as hardware, paints, and glass in specialised stores; watches and jewellery; and textiles, wearing apparel & footwear among the contributors.

The Business Services Subsector was strengthened by increased usage of technical and professional services in both the upstream and downstream oil and gas industries.

The Fishery Subsector expanded by 27.1 per cent thanks to increased production in both the capture and aquaculture industries. In particular, higher production in the capture industry was bolstered by increased output from small-scale fishermen. Meanwhile, the aquaculture industry benefitted from higher farm prawn production. As for the Livestock and Poultry Subsector, its growth stemmed from higher production of buffaloes, cattle and goats, as well as broiler chickens and chicken eggs.

The improvement in the Health Services Subsector was underpinned by increases in both government and private health services.

As for the Finance Subsector, its improvement was mainly attributed to an increase in insurance sector.

Elsewhere, the continued demand for communication services such as mobile data and the internet due to work-from-home and online-learning activities particularly during the second wave of COVID-19 pandemic led to improved growth of the Communication Subsector by 3.5 per cent.

By expenditure approach, the negative GDP growth in 2021 was primarily due to a 3.1 per cent decrease in domestic demand, particularly in Gross Fixed Capital Formation. However, this growth was moderated by a 9.4 per cent increase in Household Final Consumption Expenditure and a 2.5 per cent increase in Government Final Consumption Expenditure. External demand (exports of goods and services), on the other hand, increased by 8.8 per cent.

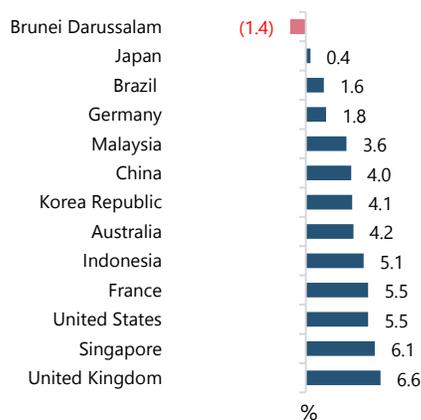
### Global Economic Developments

According to the OECD, most countries experienced robust growth in Q4 2021 such as the United Kingdom, whose GDP growth increased by 6.6 per cent. Meanwhile, China reined in a 4.0 per cent growth in Q4 2021, albeit decelerating from the preceding years, as its economy faced multiple headwinds, including domestic COVID-19 outbreaks.

Most ASEAN countries experienced favourable growth. As such, Malaysia's GDP increased by 3.6 per cent due to increases in the manufacturing, services, and agriculture sectors. The manufacturing sector grew by 9.1 per cent owing to increased production of electrical, electronic & optical items; petroleum, chemical, rubber, & plastic product; and non-metallic mineral products. The Services sector increased by 3.2 per cent due to improvements in information & communication, transportation & storage, finance & insurance, and wholesale and retail trade. The agriculture sector recovered by 2.8 per cent, boosted by a 4.8 per cent increase in oil palm production and other agriculture activities.

Meanwhile, the Singapore economy grew by 6.1 per cent, anchored by improvements in subsectors such as manufacturing (15.5 per cent), construction (2.9 per cent), wholesale trade (3.3 per cent), retail trade (4.3 per cent), transportation & storage (7.5 per cent), information & communications (11.2 per cent) and finance & insurance (5.6 per cent).

**Exhibit 2 : GDP Growth of Selected Countries (Q4 2021)**



Source: Organisation for Economic Co-operation and Development (OECD), Department of Statistics Malaysia, Ministry of Trade & Industry Singapore

### Brunei Darussalam Economic Outlook 2022

Brunei Darussalam's initial Gross Domestic Product (GDP) growth forecast for the year 2022 is in the range of 0.4 per cent to 0.8 per cent. The Non-Oil and Gas Sector is expected to be the primary driver of this growth forecast, in the range of 6.3 per cent to 7.0 per cent. In contrast, the Oil and Gas Sector is anticipated to decline by 5.2 per cent.

The expected positive growth of the Non-Oil and Gas Sector is primarily due to Brunei Fertilizer Industries' production of new chemical products known as granular urea fertilizer.

The positive outlook is also supported by an increase in the subsectors such as manufacturing of food and beverages, wholesale and retail trade, construction electricity & water and communication.

The Manufacture of Food and Beverage Subsector is expected to grow in tandem with the increase in fish processing to meet local and international demand.

Meanwhile, the Wholesale and Retail Trade Subsector is expected to grow backed by increased domestic demand due to the Government's announcement of the endemic phase, which may increase the sales of businesses as they return to normal operating hours. Tourist demand is also expected to drive growth, as foreigners who have been fully vaccinated and received a vaccine booster shot are permitted to visit the country.

The Construction Subsector is projected to expand as more projects are expected to be implemented at the end of the eleventh national development plan.

As for the Electricity and Water Subsector, it is expected to grow in correspondence to the anticipated growth in construction activities.

The Agriculture, Forestry and Fishery Sector is expected to grow primarily supported by an increase in the Livestock and Poultry Subsector in response to increased domestic demand for beef and buffalo meat, lamb meat, broilers, and eggs. Furthermore, there will be a growing demand for input materials from local manufacturing companies to support the food manufacturing industry.

Adapting to the new normal, technology has become more crucial in our daily lives, resulting in the rise in demand for communication services. This trend is expected to continue, hence supporting the Communication Subsector's growth in 2022. Furthermore, 5G services are projected to be available by mid-2022.

On the other hand, some subsectors are expected to experience subdued growth such as the Manufacturing

of Petroleum and Chemical Products, Land Transport, Water Transport, Finance, and Other Private Services. According to the Business Expectation Survey (BES)<sup>1</sup>, some businesses are expected to face several challenges this year, including labor constraints, raw material limitations, and shipment delays.

Meanwhile, the Oil and Gas Sector is expected to decline in view of lower crude oil and LNG production.

## Global Economic Outlook 2022

The recent Ukraine-Russia conflict has sent shockwaves throughout the world economy just as it appeared to be shaking off the impact of the highly infectious omicron variant. The International Monetary Fund (IMF) in its latest forecast revision, has remarked a darkening outlook of the global economy for 2022 by slashing its forecast to 3.6 per cent, a steep fall-off from the initial projection of 6.1 per cent last year.

Ukraine's economy, in particular, is set to record double-digit losses in growth as the war severely constrains the country's imports and exports. Russia's economy, on the other hand is also expected to contract, bearing the brunt of tight sanctions including European countries' decisions to restrict energy imports.

Despite not being directly exposed to the conflict, Asia-Pacific countries including Brunei Darussalam are expected to be adversely affected given the region's relatively high levels of dependence on energy and agricultural commodity imports. As such, the economic costs of war are expected to extend further via commodities markets, international trade, and financial interconnections.

**Table 5 : Growth Outlook of Selected Countries in 2022 (%)**

	<i>Actual 2021</i>	<i>Outlook 2022</i>
<b>China</b>	8.1	4.4
<b>US</b>	5.7	3.7
<b>Russia</b>	4.7	(8.5)
<b>Ukraine</b>	3.4	(35.5)
<b>Singapore</b>	7.6	3.0-5.0

Source: International Monetary Fund

<sup>1</sup> The Business Expected Survey is conducted annually by the Department of Economic Planning and Statistics. The survey gathers the expectations of the

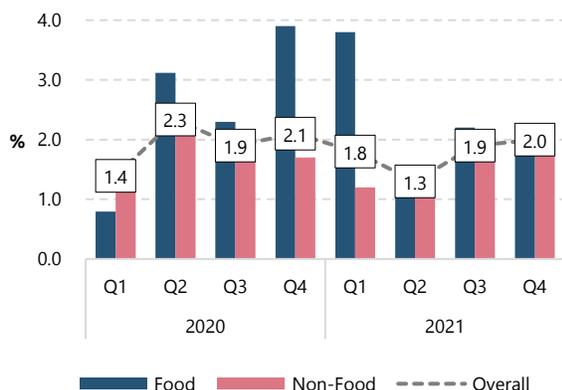
private sector and their respective businesses, according to the type of economic activity.

## Inflation

### Overview

The Consumer Price Index (CPI) rate for Q4 2021 increased to 2.0 per cent y-o-y compared to Q4 2020 – the highest rate recorded for all quarters in 2021. Both the Food Index and Non-Food Index increased by 2.2 per cent.

**Exhibit 3 : Quarterly Consumer Price Index (% Growth y-o-y), Q1 2020 - Q4 2021**



Source: Department of Economic Planning and Statistics

### Quarterly Inflation - Q4 2021

In Q4 2021, the increase in the Food Index was attributed to the following selected food items:

- Beef and Buffalo Meat, which increased by 16.3 per cent (mainly fresh beef) and chicken meat by 4.8 per cent (mainly whole chicken and chicken wings);
- Cooking Oils by 28.4 per cent driven by both Malaysian and Indonesian brands of vegetable oil, followed by palm oil; and
- Vegetables by 5.9 per cent especially fresh leafy- and fruit-types. Prices of leafy type vegetables rose by 8.4 per cent driven by round cabbage, sawi hijau/manis and broccoli while that of fruit type (chillies and tomatoes) rose by 6.4 per cent.

Meanwhile, the increase in the Non-Food Index in Q4 2021 was attributed to several sub-indices:

- Clothing and Footwear increased by 9.5 per cent, particularly due to clothing material (cotton and crepe/polyester) and garments (women's); and
- Transport, which increased by 5.4 per cent, mainly driven by motor car prices, and air fares (for essential travel).

### Annual Inflation – 2021

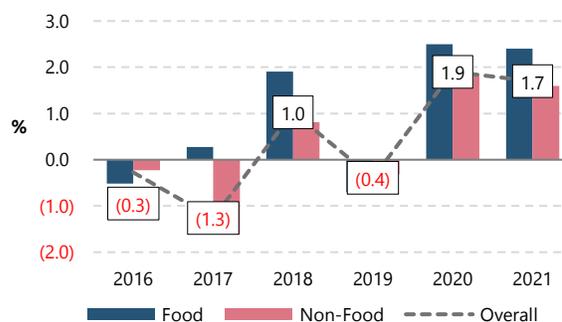
CPI in 2021 rose by 1.7 per cent compared to 2020 as both the Food Index and Non-Food Index picked up by 2.4 per cent and 1.6 per cent respectively. Nevertheless, the inflation in 2021 is stable, increasing less steeply compared to 2020.

**Table 6 : Overall, Food and Non-Food CPI, 2020 - 2021**

	2020	2021
<b>Overall Index</b>	1.9	1.7
<b>Food</b>	2.5	2.4
<b>Non-Food</b>	1.8	1.6

Source: Department of Economic Planning and Statistics

**Exhibit 4 : Annual Consumer Price Index (% Growth y-o-y), 2020 - 2021**



Source: Department of Economic Planning and Statistics

The increase in the Food Index in 2021 was mainly contributed by the following selected food items:

- Meat by 8.7 per cent, driven by beef and buffalo and chicken. In 2021, 79.7 per cent of Brunei Darussalam's fresh beef is sourced from Australia<sup>2</sup>.

Australia's beef export volume to all markets for the full 2021 calendar year reached 887,679 tonnes, down by 15 per cent from a declining period in the previous year<sup>3</sup>. Weather conditions

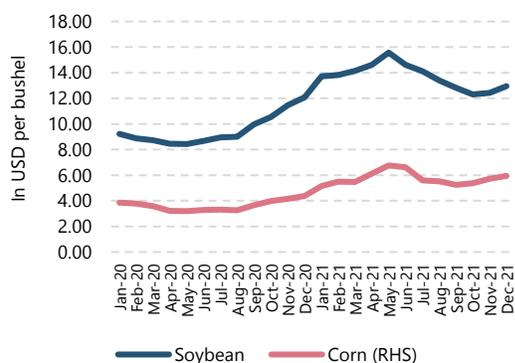
<sup>2</sup> Department of Economic Planning and Statistics. International Merchandise Trade Statistics.

<sup>3</sup> Australian beef exports end 2021 year at 36-year low (January 11, 2022). *The Beef Central*.

encouraged beef producers to hold cattle for rebuilding purposes and this may have led to an increase in Bruneian prices due to limited supply.

Unlike beef, Brunei Darussalam sources its fresh chicken mainly from local suppliers and rising retail prices may be attributed to higher production costs i.e. prices of corn and soybean which are main ingredients in poultry feed whose combination has the highest nutritional value for breeding chickens in the shortest amount of time<sup>4</sup>. Corn and soybean prices peaked in May this year due to adverse weather conditions in the United States and Brazil. This has had a knock-on effect of discouraging farmers from breeding as many chickens as before. COVID-related rise in manpower and transportation costs also contributed to the hike;

**Exhibit 5 : Global Price of Corn and Soybean, 2020 -2021**



Source: Macrotrends

- Vegetables by 7.4 per cent, mainly driven by fresh fruit type (chillies) and fresh leafy type (round and long cabbage). Fresh root type increased more gradually (1.7 per cent) while potato prices remained stable.

Although local vegetable production decreased by 12.0 per cent in 2021, value showed little change (-0.3 per cent). Considering Brunei Darussalam imports 70.2 per cent of its fresh vegetables from Peninsular Malaysia, inflation may be traced to the vegetable price hike in Malaysia which was due to weather conditions, manpower shortages as well as rising costs.<sup>5</sup>

Heavy rains occurred in several states throughout December 2021 which directly affected supply. Malaysia's monsoon season typically falls between May to September and November to March, therefore leading to increasing prices for selected vegetables e.g. tomatoes and broccoli<sup>6</sup>. Farmers are also facing rising production costs (fertilisers and farming implements) due to disruptions in the global supply chain<sup>7</sup>; and

- Oil and Fats rose by 12.3 per cent mainly due to vegetable oil (26.6 per cent) and palm oil (26.5 per cent) from Indonesia and Malaysia.

The production of crude palm oil (CPO) in 2021 was 6 per cent higher than in 2020, however Indonesia still reported limited supply due to weather, limited fertilizer and manpower shortage. It also exhibited fluctuating trends in monthly export volumes, due to COVID-19 and import regulations, indicating decreased palm oil demand<sup>8</sup>.

Malaysia's CPO prices have risen since mid-December due to heavy rains and flooding. Prices over the next couple of months will be driven by demand from the Middle East and due to Ramadhan.

**Table 7 : Monthly Palm Oil Trade Statistics: 2021**

Product	Unit	Jan-Dec 2021	Jan-Dec 2020	Change (MT/RM Million)	Change (%)
CPO	Million Tonnes	4,56	4,44	0.1	2.45
	RM Mill	20,284	12,182	8,102	66.51

Source: Malaysian Palm Oil Council (MPOC)

Meanwhile, the increase in the Non-Food Index by 1.6 per cent in 2021 y-o-y was mainly attributed to the following sub-indices:

- Transport contributed 70.0 per cent to inflation and increased by 6.6 per cent. This was mainly driven by motor car prices, especially motor car (saloon car) following upgrades in the specification of selected car models and to a lesser extent essential air travel fares to cover operational costs from limited scheduled flights; and

<sup>4</sup> Chicken prices may rise amid growing feed prices in Malaysia (September 06, 2021). *The New Paper*.

<sup>5</sup> Price hike of vegetables in Malaysia due to weather, labour shortage and production costs, say farmers, (November 2021), *Channel News Asia*

<sup>6</sup> *The Edge Markets*.

<sup>7</sup> *MotherShip Singapore*.

<sup>8</sup> *Indonesian Palm Oil Association*.

- Restaurants and Hotels was the fourth contributor to inflation (4.5 per cent) after Food and Non-Alcoholic Beverages (26.7 per cent). This Index registered a gradual increase of 0.7 per cent maintained by service costs in contract catering and restaurant and café menu prices.

- Singapore's FairPrice supermarket chain progressively adjusting vegetable prices since early November 2021.

Source: *The Malaysian Reserve; Malay Mail and The Singapore Food Agency.*

### Price Mitigation Measures

In mitigating inflation, Brunei Darussalam could explore solutions such as diversifying sources of chicken feed, addressing the gaps of the food value chain and increase local production in the short run. Other than that, other countries' experience in addressing the situation also offer viable solutions such as the following:

**Table 8 : Price Mitigation Measures of Selected Trading Partners**

<b>Malaysia</b>	<ul style="list-style-type: none"> <li>Implementing the 'Skim Harga Maksimum Keluarga Malaysia' from December 7<sup>th</sup> to 31<sup>st</sup> to ease inflation;</li> <li>Domestic Trade and Consumers Affairs Ministry's enforcement section has conducted investigations to check on the entire vegetable supply chain from the importers to the wholesalers to the traders (in Penang) to get to the root cause for the price increase for e.g. exploitation by middlemen;</li> <li>Improving warning systems using sufficient information to make good predictions; and</li> <li>Climate change and sustainable policies.</li> </ul>
<b>Singapore</b>	<ul style="list-style-type: none"> <li>Importing more frozen chickens to provide more choices to consumers;</li> <li>Importers having alternative sources like Thailand, Indonesia and Viet Nam, importing food from more than 170 countries/regions;</li> <li>The Singapore Food Agency monitoring situation closely and working with importers to ensure sufficient food source and supply; and</li> </ul>

### Global Developments

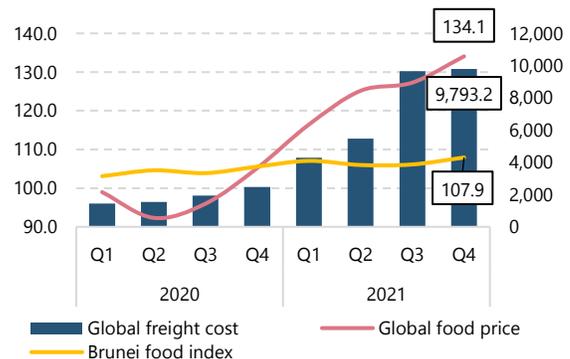
A blockage of the Suez Canal in March has led to worldwide backlogs and surge in shipping costs<sup>9</sup>. The subsequent COVID-19 lockdowns have kept prices growing at high rates from demand for goods from consumers while ports struggle with COVID-19 related labour shortages.

In late October, ship movement in Los Angeles/Long Beach, one of the world's biggest container ports, took more time than pre-pandemic. Logjams in early November comprise 11 per cent of the world's loaded container, down from August but 7 per cent above pre-pandemic levels<sup>10</sup>.

However, ocean freight rates are showing signs of plateau nearing the end of 2021, especially after Christmas shipping period in November and December. Yet, global and Brunei's food price indices continue to rise due to supply-driven pressures<sup>11</sup>.

Freight rates are expected to pick up again due to restocking of inventories and increasing demand. As such, high freight rates could boost global import prices by 11 per cent and consumer prices by 1.5 per cent today through to 2023<sup>12</sup>.

**Exhibit 6 : Global Food Commodity Price Index and Global Container Freight Price (Q1 2020 - Q4 2021)**



Source: *Food and Agriculture Organization; Freightos Baltic Index*

<sup>9</sup> Shipping costs: Another danger for inflation-watchers to navigate (December 11, 2021). *The Economic Times*.

<sup>10</sup> *The Economic Times*.

<sup>11</sup> Shipping lines have reached the peak of their pricing power (November 21, 2021). *Quartz*.

<sup>12</sup> *United Nations*.

## International Merchandise Trade

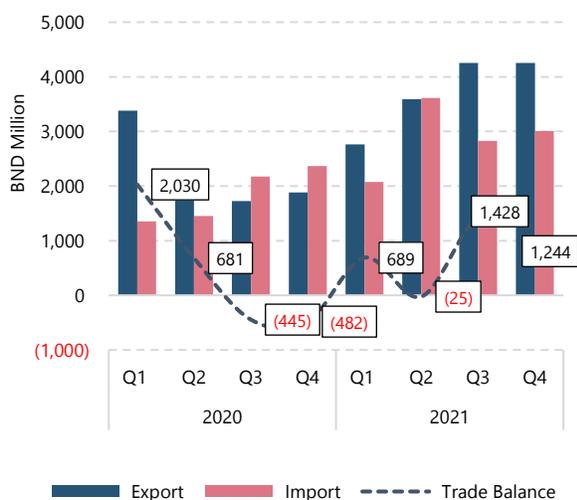
### Overview

Total merchandise trade in Q4 2021 recorded its highest quarterly value of BND7.26 billion, narrowly surpassing the second quarter's previous high due to strong exports. Total exports grew substantially by 125.7 per cent y-o-y following strong performance from the downstream petrochemical industry, while total imports increased by 27.1 per cent. Overall, trade balance remained at a surplus amounting to BND1,244 million.

On the other hand, total trade expressed as a percentage of GDP, came in at 138.8 per cent in Q4 2021, higher than the 104.5 per cent recorded in the same period last year. This implies that international merchandise trade had played a more influential role in driving economic growth in this quarter.

For the full calendar year of 2021, total trade increased by 60.1 per cent compared to the prior year. This was attributed to an increase in total exports by 62.8 per cent paired with an increase in imports by 57.0 per cent.

**Exhibit 7 : Trade Statistics (Q1 2020 – Q4 2021)**



Source: Ministry of Finance and Economy

### Export Development

In Q4 2021, Brunei Darussalam's total exports is valued at BND4,252.3 million, representing a 125.7 per cent increase from Q4 2020 and a record high since 2013. In particular, quarterly exports have trended upwards since Q4 2020, recovering from the previous year when oil prices plunged.

Oil and gas commodities accounted for 44.6 per cent of exports in this quarter while non-oil and gas exports accounted for 55.4 per cent.

**Table 9 : Exports (Q4 2020 & Q4 2021)**

	Q4 2020 (BND Million)	Q4 2021 (BND Million)	Change (BND Million)
<b>Domestic Exports</b>	1,843.1	4,163.6	2,320.5
<b>Re-Exports</b>	41.1	88.7	47.6
<b>Total Exports</b>	<b>1,884.2</b>	<b>4,252.3</b>	<b>2,368.1</b>

Source: Ministry of Finance and Economy

In terms of major exports, export volume of LNG and Methanol remained lower while export volume of crude oil went up from the same period last year. The total value for all the three (3) major exports however, are significantly higher from the year before, mainly due to significant recovery in the prices for each commodity during which global trade activity had been severely hampered by the COVID-19 pandemic.

**Table 10 : Major Exports (Q4 2020 & Q4 2021)**

	Q4 2020 (BND Million)	Q4 2021 (BND Million)	Change (BND Million)
<b>Crude Oil</b>	346.7	838.0	491.3
<b>LNG</b>	609.3	1,060.6	451.4
<b>Methanol</b>	67.4	76.0	8.6
<b>Total</b>	<b>1,023.3</b>	<b>1,974.6</b>	<b>951.3</b>

Source: Energy Department, Prime Minister's Office

Note: Crude Oil, LNG and Methanol were the only major exports (making up more than 90% of the country's total export on average (2012-2019)) prior to the operation of the new petrochemical industry in November 2019.

**Table 11 : Prices of Major Export Commodities (Q4 2020 & Q4 2021)**

	Q4 2020	Q4 2021
<b>Crude Oil (USD/barrel)</b>	43.24	82.03
<b>LNG (USD/MMBtu)</b>	6.17	11.27
<b>Methanol (USD/MT)</b>	235.83	408.88

Source: Energy Department, Prime Minister's Office

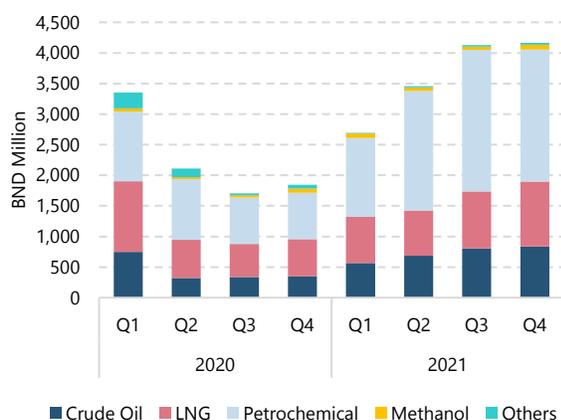
**Table 12 : Volume of Major Export Commodities (Q4 2020 & Q4 2021)**

	Q4 2020	Q4 2021
<b>Crude Oil (Thousand barrels per day)</b>	69.5	82.0
<b>LNG (MMBtu per day)</b>	798,912	753,202
<b>Methanol (MT)</b>	210,266	136,406

Source: Energy Department, Prime Minister's Office

On the other hand, the petrochemical industry continues to add value in the country's overall exports amounting to BND2,158.8 million in Q4 2021.

**Exhibit 8 : Domestic Exports (Q1 2020 – Q4 2021)**



Source: Ministry of Finance and Economy

**Table 13 : Domestic Exports (Q4 2020 & Q4 2021)**

	Q4 2020 (BND Million)	Q4 2021 (BND Million)	Change (BND Million)
<b>Major Exports</b>	1,023.3	1,974.6	951.3
<b>Petrochemical Products</b>	758.2	2,158.8	1,400.6
<b>Others</b>	61.7	30.2	(31.5)
<b>Total</b>	<b>1,843.1</b>	<b>4,163.6</b>	<b>2,320.5</b>

Source: Ministry of Finance and Economy

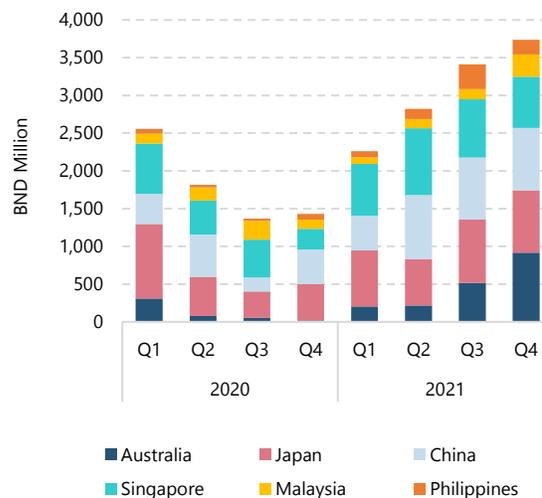
In terms of export destinations, Australia takes the export lead by storm with their strong demand for Brunei Darussalam's mineral fuels in the span of a quarter. Exports to Australia have never been this performant before and is the single biggest quarterly export by value to any one country in 2021.

Exports to Japan narrowly surpassed China as the second biggest export partner. Exports early in the quarter traded slow but have picked up in the final

month amounting to a strong performance export performance this quarter, comprising mainly of LNG, and a higher than usual level of crude oil.

China remains in the top three export partner with a slightly stronger export performance than the previous quarter. Exports comprise mainly of downstream petrochemical products as well as mineral fuels.

**Exhibit 9 : Domestic Exports (Top 6 Destinations), Q1 2020 – Q4 2021**



Source: Ministry of Finance and Economy

## Import Development

Brunei Darussalam's total imports totalling BND3,008.3 million in Q4 2021 were higher compared to Q4 2020 as well as the previous quarter. Imports of mineral fuels surged in this quarter to support the downstream petrochemical industry as feedstock.

Oil and gas commodities accounted for 66.3 per cent of imports in this quarter while non-oil and gas imports accounted for 33.7 per cent.

**Table 14 : Imports by Commodity (Q4 2020 & Q4 2021)**

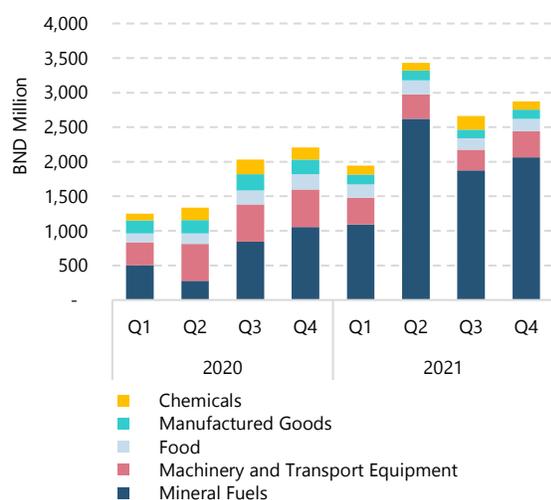
	<b>Q4 2020 (BND Million)</b>	<b>Q4 2021 (BND Million)</b>	<b>Change (BND Million)</b>
<b>Food</b>	224.5	178.3	(46.2)
<b>Mineral Fuels</b>	1,053.6	2,063.4	1,009.7
<b>Chemical</b>	176.9	120.4	(56.5)
<b>Manufactured Goods</b>	208.1	135.2	(72.9)
<b>Machinery &amp; Transport Equipment</b>	543.2	377.5	(165.7)
<b>Others</b>	159.6	133.4	(26.1)
<b>Total</b>	<b>2,366.0</b>	<b>3,008.3</b>	<b>642.3</b>

Source: Ministry of Finance and Economy

In particular, mineral fuels import, mainly used as feedstock for the petrochemical industry, was significantly higher in Q4 2021, compared to the same period last year when domestic demand for mineral fuel was weaker.

Otherwise, most of imports of other sections registered a decrease with imports of food down by 20.6 per cent, chemicals fell by 32.0 per cent; machinery and transport equipment decreased by 30.5 per cent; and manufactured goods declined by 35.0 per cent.

**Exhibit 10 : Imports by Top 5 Commodity, (Q1 2020 – Q4 2021)**



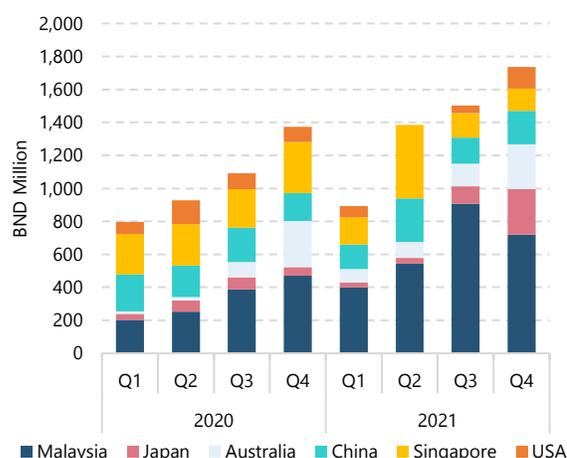
Source: Ministry of Finance and Economy

In terms of import origins, Malaysia was among the top import market, valued at BND720.0 million, comprising mostly of mineral fuels at 70.4 per cent of their imports, and food items at 11.4 per cent made up of

aquaculture, agriculture and other miscellaneous food products. Most of Brunei Darussalam's food imports are from Malaysia accounting for 46.1 per cent of total food imports in this quarter. There is a clear advantage in importing food from a nearby bordering country such as Malaysia due to the nature of food as a perishable product, resulting in a significant 50.2 per cent import of food from Malaysia by sea, and 48.8 per cent by land. Thailand overtook Australia as the second biggest source of food imports at 11.7 per cent consisting mainly of rice, followed by Australia at 16.8 per cent consisting of live cattle and other meat related products.

Imports from Japan is the third highest this quarter consisting mainly of mineral fuels particularly crude oil at 89.4 per cent, with machinery and transport equipment at 7.0 per cent.

**Exhibit 11 : Import Origins (Q1 2020 – Q4 2021)**



Source Ministry of Finance and Economy

## Trade Outlook

Trade outlook is mixed for the year 2022, attributed to a high level of uncertainty and volatility that could potentially wipe any gains from positive developments in other sectors.

Production targets for crude oil and LNG are lowered compared to 2021, where exports are expected to follow suit. The average selling price of oil and gas is anticipated to fluctuate wildly from numerous factors, including politics and disruptions in the global order, conflicts affecting supply chains and economic slowdowns of key trading partners related to the pandemic. Downstream petrochemical production target on the other hand, is mixed as well for the year

2022 compared to 2021. This is in view of lowered target of current downstream petrochemical production, as well as the commencement of production and export from Brunei Fertiliser Industries.

Exports of food are expected to trade at its heightened level displayed in the second half of 2021 and will likely surpass 2021's trade performance.

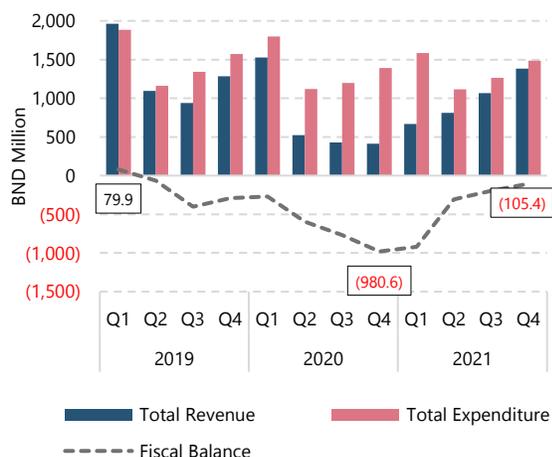
Imports in 2021 have been predominantly mineral fuels for use as feedstock in the downstream petrochemical industry. In light of this, overall import levels will heavily depend on the demand and production capacity for downstream products.

## Government Fiscal

The past few quarters have seen fiscal deficit narrowing down to its lowest deficit since Q2 2019.

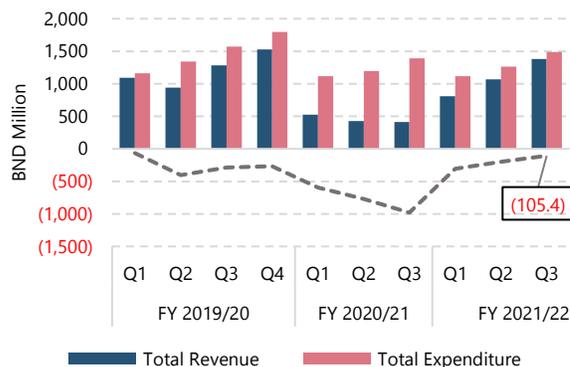
In Q4 (Oct-Dec) 2021, Brunei Darussalam's fiscal deficit narrowed to BND105.4 million, softening from the BND980.5 million deficit recorded in the same period last year. This was mainly due to a sheer increase in government revenue by BND970.6 million, driven mainly by increased oil and gas receipts, albeit expenditure also registered a meagre increase of BND95.4 million.

**Exhibit 12 : Fiscal Balance (Q1 2019 – Q4 2021)**



Source: Treasury Department, Ministry of Finance and Economy

**Exhibit 13 : Fiscal Balance (FY2019/2020 – 2021/2022)**



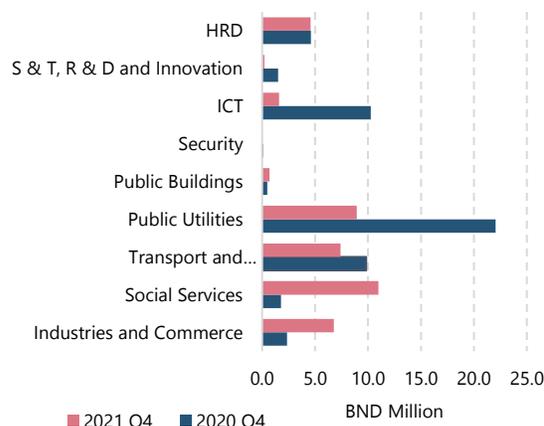
Source: Treasury Department, Ministry of Finance and Economy

With oil and gas accounting for a lion share of government revenue (90.4 per cent in Q4 2021), the increase in revenue in was mirrored by a steep increase in both oil and LNG exports prices in the same quarter. Other than that, increases were also observed in government returns from investments and savings.

Meanwhile, the increase in government expenditure was largely due to an increase in current expenditure, mainly charged expenditure by BND91.2 million.

Development expenditure, however declined from BND54.6 million in Q4 2020 to BND41.2 million in Q4 2021. This was on account of a significant drop in project expenditure under the Public Utilities sector to BND8.9 million from BND22.1 million; and the Info-Communications and Technology (ICT) sector to BND1.6 million from BND10.3 million during the same period last year.

**Exhibit 14 : Main National Development Plan Sectors Expenditure, Q4 2020 & Q4 2021**



Under the Public Utilities sector, several projects geared towards social development particularly in ensuring the provision of reliable, efficient and safe electricity supply have neared or seen completion. In particular, projects such as the Reinforcement of 11kv to Rimba Area, Badas Area, Jangsak and Beribi Area was recently completed. This was in line with the rapid development and economic progress as a result of commercial, residential and educational activities mainly in the Kilanas, Jangsak and Beribi areas.

At the same time, towards ensuring sustainability and adequate water resources to meet future demand which includes protection and conserving the existing and future potential resource, projects related to the construction or improvement of new water treatment plant, new raw water pumping station and replacement of old main water pipes have also been carried out. Among others include the Replacement of New Main Raw Water Pipe Support from Badas Water Pump Station to Seria Water Treatment Plant and the Replacement of Old Main Water Pipes throughout the country.

Other than that, several projects under the ICT sector are also in the implementation phase, for instance, the National Registration System. The project is aimed at providing a comprehensive platform for those who want to apply for assistance. Under one database, the relevant agencies could monitor the applications status, review and make assessment without any duplication.

Meanwhile, the National Labour Management System, the National Registration System and the Government Human Resource Management System projects aim to improve efficiency and productivity through high quality and competitive infrastructure with good governance and public service excellence.

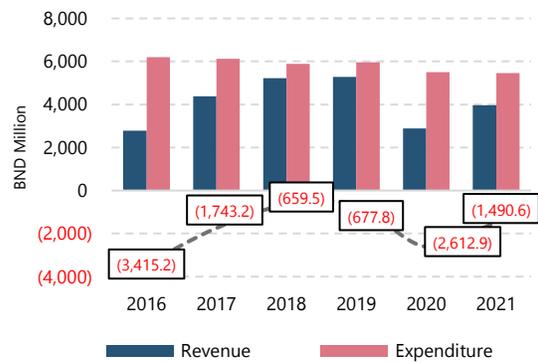
Despite the fall in overall development expenditure, there are other National Development Plan sectors which reported increased expenditure such as the Social Services sector. Under this sector, the Rebuilding of Sultan Hassan Bangar Secondary School project (the only secondary school in the Temburong District) signifies the country's intention towards providing and delivering quality education as it is vital for human resource development in line with moving towards an educated, skilled and marketable workforce.

By share of government capital expenditure, social services sector account for the largest share (27.0 per cent), amounting to around BND11 million. Kampong Lugu National Housing Phase 2 (1,500 Unit Houses) and Rebuilding of Sultan Hassan Bangar Secondary School Temburong projects contributed around BND9.1 million out of BND11 million. This is followed by public utilities sector (22.0 per cent), amounting to around BND9 million related to water supply and electricity projects.

### Annual Government Fiscal

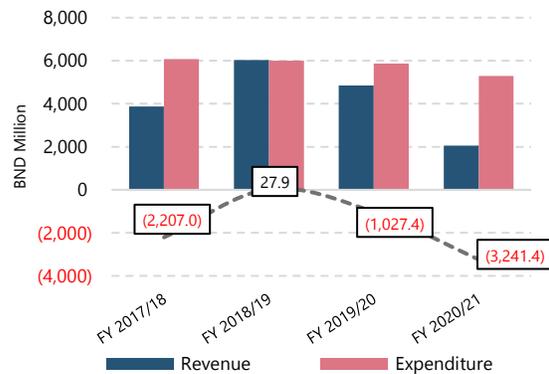
As for the whole year of 2021, fiscal balance continued to record a deficit of BND1,490.6 million from a deficit of BND2,612.9 million in 2020. Nevertheless, this marks an improvement as government revenue increased from BND2,892.4 million in 2020 to BND3,963.6 million in 2021 and expenditure decreased from BND5,505.3 million in 2020 to BND5,454.2 million in 2021.

**Exhibit 15 : Fiscal Balance (2016-2021)**



Source: Treasury Department, Ministry of Finance and Economy

**Exhibit 16 : Fiscal Balance (FY2017/2018 – FY2020/2021)**



Source: Treasury Department, Ministry of Finance and Economy

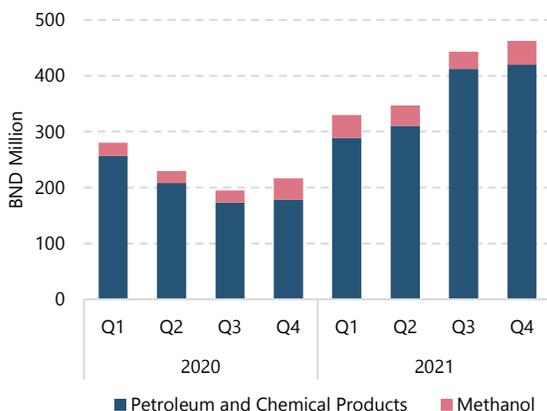
## Priority Sectors Developments

### Downstream Oil & Gas

In the fourth quarter of 2021, the Downstream Oil & Gas Sector, comprising Manufacture of Other Petroleum and Chemical Products contributed about BND462.5 million to Gross Value Added (GVA) at current prices, increasing from the BND216.7 million recorded in the same quarter of 2020.

As for the whole year of 2021, the Downstream Oil & Gas Sector contributed about BND1,581.9 million to GVA at current prices, rallying from the BND921.2 million recorded in 2020. Overall, the progress in this sector is mainly attributed to higher prices of several petrochemical products.

**Exhibit 17 : Downstream Oil & Gas Sector GVA at Current Prices (Q1 2020 – Q4 2021)**

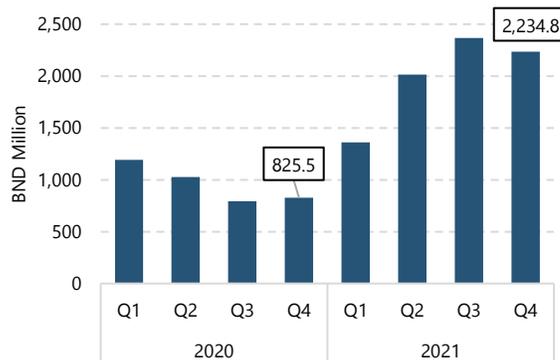


Source: Department of Economic Planning & Statistics

Meanwhile, exports from the Downstream Oil & Gas Sector amounted to BND2,234.8 million in Q4 2021, a resounding increase from the BND825.5 million recorded in the same quarter of 2020.

As for the whole year of 2021, exports from this sector reached BND7,978.4 million, rising markedly from BND3,837.9 million in the prior year.

**Exhibit 18 : Downstream Oil & Gas Exports (Q1 2020 – Q4 2021)**

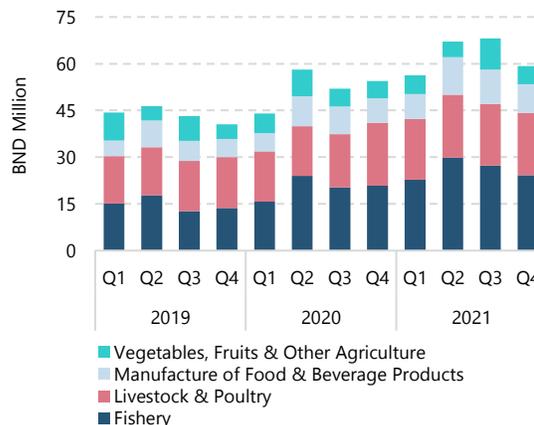


Source: Department of Economic Planning & Statistics

### Food

In the fourth quarter of 2021, the Food Sector, which consists of four subsectors, namely Vegetables, Fruits, and Other Agriculture; Livestock and Poultry; Fishery; and Manufacture of Food and Beverage Products contributed BND59.1 million to GVA at current prices, increasing from the BND54.4 million recorded in the same quarter of 2020<sup>13</sup>.

**Exhibit 19 : Food Sector GVA at Current Prices (Q1 2020 – Q4 2021)**



Source: Department of Economic Planning & Statistics

As for the whole year of 2021, the Food Sector contributed approximately BND250.6 million, ascending from the BND208.4 million recorded in the preceding year.

The Vegetables, Fruits, and Other Agriculture Subsector was valued at BND5.8 million at GVA current prices in Q4 2021, compared to BND5.4 million in Q4 2020. The

<sup>13</sup> The Food Sector's GVA has been revised from the previous quarters' reports.

following commodities supported the improvement in this subsector:

- Fruits, which increased from 1,266.1 MT in Q4 2020 to 1,358.0 MT in the same quarter of 2021.
- Miscellaneous Crops, which increased from 325.5 MT in Q4 2020 to 421.6 MT in Q4 2021.

Other commodities in this subsector, however, showed a decrease in production value as follows:

- Vegetables fell from 1,787.4 MT in Q4 2020 to 1,266.1 MT in Q4 2021. The decrease in vegetable production value may be seen as a result of a decrease in vegetable importation from Malaysia (the country's largest supplier of vegetables), as the country experienced heavy rainfall and thunderstorms with the monsoon weather, which was expected to last until late November.
- Paddy fell from 1,235.8 MT in Q4 2020 to 596.8 MT in Q4 2021. This is because the off-season harvest in 2021 was mainly done in the third quarter of the year, whereas in 2020, the off-season harvest was mainly done in the fourth quarter of the year. As such, there was a delay in planting during the off-season in 2020 due to dry weather factor.

In Q4 2021, the Livestock & Poultry Subsector was valued at BND20.0 million at GVA current prices, declining marginally from BND20.2 million in Q4 2020. The subdued performance of this subsector was owing to decreased production in the following commodities:

- Cattle meat, which fell from 615.9 MT in Q4 2020 to 435.9 MT in Q4 2021.
- Goat and lamb meat, which fell from 34.23 MT in Q4 2020 to 4.18 MT in the same quarter of 2021.
- Chicken eggs, which fell from 43.4 million eggs in Q4 2020 to 43.2 million eggs in Q4 2021.

Nevertheless, several commodities in this subsector observed higher production such as the following:

- Buffalo meat, which increased from 43.0 MT in Q4 2020 to 197.0 MT in Q4 2021.
- Broiler chicken, which increased from 7,218.6 MT in Q4 2020 to 7,243.5 MT in Q4 2021.

Turning to the Fishery Subsector, it was valued at BND24.2 million at GVA current prices in Q4 2021, up from BND20.8 million in Q4 2020. This improvement was aided by higher production in both the capture and aquaculture industries, which increased by 24.5 per cent and 10.9 per cent, respectively. The improvement in the aquaculture industry arose primarily from increased production of marine shrimp from 1,138.4 MT in Q4 2020 to 1,307.4 MT in Q4 2021.

Meanwhile, the Manufacture of Food & Beverage Subsector was valued at BND9.2 million at GVA current prices in Q4 2021, a step-down from the BND7.9 million in Q4 2020. The lower reading resulted from a decrease in the production value of BND35.8 million in Q4 2021, contrasting the BND39.4 million recorded in Q4 2020.

In terms of food sector exports, it amounted to BND22.9 million in Q4 2021, up from BND2.2 million in the same quarter of 2020. This is whereby majority of the exports comprised of shrimp products, exported primarily to Japan and Taiwan.

Meanwhile, for the whole year of 2021, exports from the Food Sector totaled BND52.2 million, a sharp increase from the BND14.0 million recorded in 2020.

**Exhibit 20 : Food Exports (Q1 2019 – Q4 2021)**



Source: Department of Economic Planning & Statistics

Elsewhere, there were several initiatives rolled out with the aim of accelerating the development of the food industry such as the following:

- The Ministry of Primary Resources and Tourism seeks to improve output in the agriculture and fisheries sectors. The first plan is to ensure that paddy, vegetable, fruit, poultry, beef, and mutton farmers, as well as fishermen, fish and prawn breeders, can enhance their outputs to meet not only local demand, but also to augment food processing activities for local consumption and

export. The second strategy in the food security agenda is to ensure that businesses are able to bring in commodities that cannot be or are produced in insufficient quantities locally<sup>14</sup>.

- The Department of Agriculture and Agrifood launched the Potential Youth Exposure Program for Exploration in High Technology Fields with the goal of exposing agricultural enterprises as a lucrative business and prospect for youth to enter the field. Additionally, the initiative is meant to foster the development of dedicated, progressive, and productive agricultural businesses<sup>15</sup>.
- The Brunei Association of Agricultural Farmers (PPPB), which was recently created, will support efforts to boost local agriculture output. It would also emphasise high yields through "advanced technology," focus on food security by meeting domestic demand and the export market, and improve the downstream food industry, agricultural logistics, and animal waste recycling, as well as provide job opportunities<sup>16</sup>.

## Tourism

Since the advent of the COVID-19 pandemic, the Tourism Sector has been among the most impacted by the various measures imposed to stem the spread of the virus. In Q4 2021, the GVA of the Tourism Sector at current prices was estimated at BND26.1 million, increasing modestly on both year-on-year and quarter-to-quarter basis despite the ongoing second wave<sup>17</sup>.

As for the whole year of 2021, the Tourism Sector remained below that of pre-pandemic levels, amounting to BND104.8 million in GVA. Nevertheless, this figure marked a slight recovery from the BND103.6 million recorded in the previous year.

**Exhibit 21 : Tourism GVA at Current Prices (Q1 2019 – Q4 2021)**



Source: Department of Economic Planning and Statistics

In the face of adversity, the Tourism Sector has adapted its focus on domestic tourism, through initiatives such as staycation, aimed at encouraging locals to spend on hotels and attractions. While these initiatives have garnered momentum prior to the second wave, sentiments thereafter have quickly changed with growing uncertainties amid a resurgence in community infection rates induced by the delta variant.

Correspondingly, a number of coronavirus-related restrictions which had been eased prior to the second wave, was reinstated including the bans imposed on dine-in services by food-serving establishments. As a result, sales from food and beverage services shrank by 22.9 per cent in Q4 2021 compared to the same period in 2020.

**Table 15 : Food & Beverages Services, Index, Value of Sales and Growth (Q4 2021)**

	Q4 2021 Index (2017 = 100)	Value of Sales (BND Million)	Growth y-o-y (%)
<b>Restaurants</b>	85.4	52.4	(25.9)
<b>Fast-Food Outlets</b>	120.2	17.2	(16.7)
<b>Beverage Serving Activities</b>	136.9	1.5	(16.2)
<b>Other Food Service Activities</b>	81.1	3.1	0.4
<b>Total</b>	<b>92.1</b>	<b>74.2</b>	<b>(22.9)</b>

Source: Department of Economic Planning and Statistics

On the other hand, international tourism activities have been in dire straits since the onset of the COVID-19

<sup>14</sup> We are moving towards self-sufficiency: Minister (October 05, 2021). *Borneo Bulletin*.

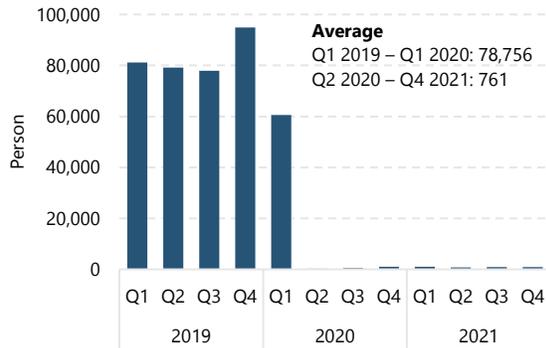
<sup>15</sup> Program Penedahan Belia-Belia yang Berpotensi untuk Menceburi Bidang Pertanian Berteknologi Tinggi keli ke-6 (December 02, 2021). *Kenyataan Akhbar Jabatan Pertanian dan Agrimakanan*.

<sup>16</sup> Farmers' association look to boost agriculture development (November 19, 2021). *Borneo Bulletin*.

<sup>17</sup> The Tourism Sector comprises GVA proportions of each of the following subsectors: Transport, Hotels, Restaurants, Business Services and Other Private Services. **The Tourism Sector's GVA has been revised from the previous quarters' reports.**

pandemic with international air arrivals languishing at unprecedentedly low levels due to prolonged restrictions on non-essential travel. As such, international air arrivals in Q4 2021 declined to 846, compared to 1,021 in Q4 2020.

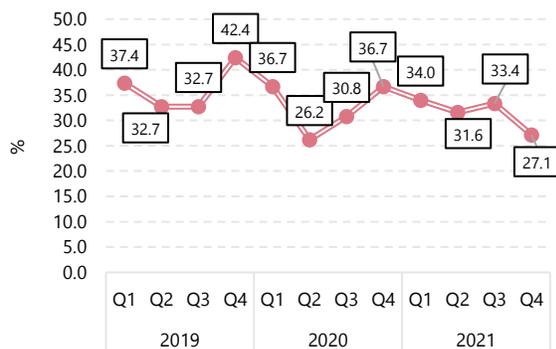
**Exhibit 22 : International Air Arrivals (Q1 2019 – Q4 2021)**



Source: Tourism Development Department, Ministry of Primary Resources and Tourism

Meanwhile, occupancy rates fell to 27.1 per cent in Q4 2021, its lowest reading since the 26.2 per cent recorded in Q2 2020. This is in contrary to the previous quarter's reading of 33.4 per cent during which had been largely attributed to high demand for quarantine space. Nevertheless, the decline in this quarter came following a reduction in the isolation period from 14 days to 7 days subject to country of origin.

**Exhibit 23 : Occupancy Rate of Hotels, Resorts, Apartments and Guest Houses (Q1 2019 – Q4 2021)**



Source: Ministry of Primary Resources and Tourism

Notwithstanding the COVID-19 crisis, several initiatives have been introduced in a bid to keep the tourism

industry afloat. As such, the Brunei December Festival kicked off its fifth installment with a range of over 50 virtual and physical events, aimed at promoting domestic tourism<sup>18</sup>. Besides that, other initiatives such as strengthening domestic product packages have also been ramped up to boost domestic tourism.

Furthermore, Temburong's first solar powered luxury eco-resort, the Abode Resort and Spa was officially opened to the public in early December. The resort, dubbed a landmark hospitality development in the Green Jewel of Brunei, is targeting an expansion to 70 villas in five years with sufficient market demand from local and international visitors<sup>19</sup>.

Despite having transitioned into an early endemic phase, the outlook of the Tourism Sector in the near term remains downbeat in light of the omicron-variant-induced third wave of COVID-19, which has driven community infection cases to frightening heights. Tourism and travel-related businesses in particular, will continue to face significant headwinds as fears over contracting the virus linger whilst several coronavirus-related restrictions remain intact. Other than that, growth recovery prospects may also likely be curtailed as the threat of new variants loom on the horizon.

On the bright side, considerable success in the national vaccination rollout campaigns (with more than 90 per cent of the total population fully vaccinated) on top of steady uptakes in booster shots spell encouraging news, lifting confidence and hopes of overturning the crisis. Aside that, domestic tourism may well continue to provide a source of strength, likely benefitting from a fairly robust domestic consumption, which has proven a solid buffer in the recent quarters due to border closures.

That said, it is too early to predict the long-term implications of the crisis will be for tourism, but a return to business as usual is highly unlikely.

### Info-Communication & Technology

As the country withstands the effects of the ongoing COVID-19 pandemic, the practice of online platform including virtual learning and work-from-home (WFH) arrangements continues to contribute towards expansive digital adoption during the fourth quarter of 2021, when the country was still in the middle of pandemic-related restrictions.

<sup>18</sup> Majority of Brunei December Festival Events to be Held Online due to COVID-19 (December 01, 2021). *The Scoop*.

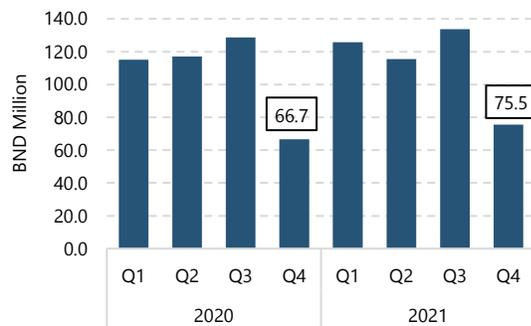
<sup>19</sup> The Abode Targets Expansion to 70 Villas in Five Years (February 07, 2022). *Borneo Bulletin*.

In response to the Government’s effort to curb the outbreak of COVID-19, the digital infrastructure service was upgraded in providing better services and increasing access to better quality education<sup>20</sup>.

In the fourth quarter of 2021, the Info-Communication and Technology (ICT) Sector continues to add value, contributing about BND75.5 million at GVA current prices, an increase from BND66.7 million in the same quarter of 2020.

On an annual basis, the ICT Sector contributed to BND450.7 million at GVA current prices in 2021, increasing from BND427.6 million in 2020.

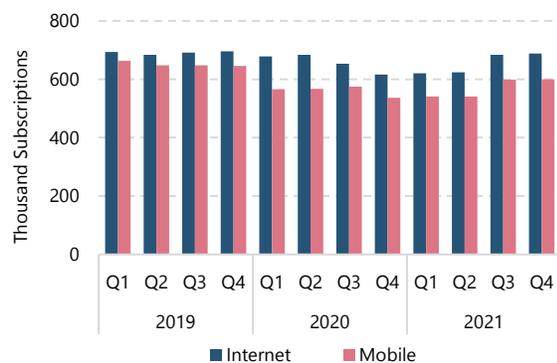
**Exhibit 24: ICT Sector GDP at Current Prices (Q1 2020 – Q4 2021)**



Source: Department of Economic Planning & Statistics

In particular, the improvement in Q4 2021 was in line with the increase in both the number of mobile subscriptions by 12.5 per cent and internet (fixed and mobile broadband) subscriptions by 11.8 per cent.

**Exhibit 25: Mobile and Internet Subscriptions (Q1 2019 – Q4 2021)**



Source: Authority for Info-Communications Technology Industry (AITI)

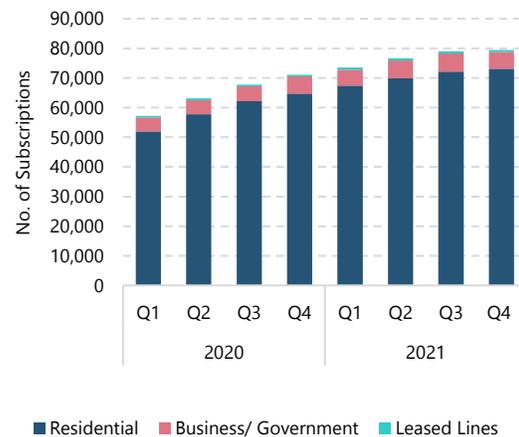
During the fourth quarter of 2021, mobile subscriptions rose y-o-y from 536,589 to 603,486 subscriptions and in parallel, internet subscriptions increased from 616,187 to 688,701 subscriptions.

As for internet subscriptions, mobile broadband subscriptions increased by 11.8 per cent. This was followed by an increase in fixed broadband subscriptions by 11.7 per cent, attributed by:

- Increase in residential users from 64,759 in Q4 2020 to 73,064 in Q4 2021; and
- Leased lines users increased from 557 in Q4 2020 to 624 in Q4 2021.

Meanwhile, business and government users decreased from 5,762 in Q4 2020 to 5,729 in Q4 2021.

**Exhibit 26: Fixed Broadband Subscriptions (Q1 2020 – Q4 2021)**



Source: Department of Economic Planning & Statistics

The country marked a new milestone when fixed broadband subscribers reached 80,000 in September 2021, which is equivalent to 75.2 per cent of the nation’s households<sup>21</sup>. In terms of broadband penetration, the penetration rate for mobile broadband jumped from 120.2 per cent in Q4 2020 to 141.7 per cent in Q4 2021 while fixed broadband penetration climbed from 67.7 per cent to 75.6 per cent in line with the increased subscriptions, indicating increasing internet access using fixed broadband.

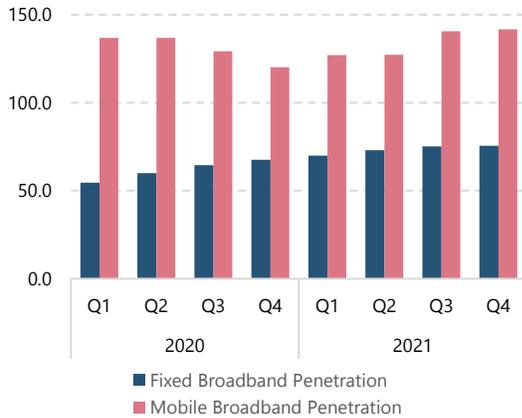
In addition, y-o-y revenue upturns in major companies under the Communications Sector contributed to the

<sup>20</sup> Envisioning fully connected, intelligent world (December 05, 2021). *Borneo Bulletin*.

<sup>21</sup> Brunei shows progress in digitalisation agenda (December 02, 2021). *Borneo Bulletin*.

steady rise in mobile and internet subscribers in this quarter.

**Exhibit 27: Mobile and Fixed Broadband Penetration (Q1 2020 – Q4 2021)**



Source: Department of Economic Planning & Statistics

Meanwhile, a number of initiatives were put into practice in line with the country's pursuit of becoming a smart nation and embracing the digital economy. These include: -

- In October 2021, the Authority for Info-Communications Technology Industry of Brunei Darussalam (AITI) made an initiative to organise the Coding.bn for Cohort 1 programme, which is designed to train aspiring local youth in programming with global industry standards<sup>22</sup>. This is in line with the aspiration of equipping a workforce with future-ready skills to adapt to rapid global developments.
- Meanwhile in December 2021, the United National Networks Sdn Bhd (UNN) launched a cloud hosting service – Infrastructure-as-a-Service (IaaS)<sup>23</sup>. This service enables businesses to pay for what is required without the worries of building and maintaining complex data centres or IT Infrastructure. Businesses can start small and scale up quickly as needs arise without incurring large capital expenditure.

<sup>22</sup> Imperative for workforce to be digital capable (October 23, 2021). *Borneo Bulletin*.

<sup>23</sup> UNN launches cloud hosting service (December 20, 2021). *Borneo Bulletin*.

## Services

The Services Sector has performed resiliently over the course of the COVID-19 pandemic with GVA values hovering steadily at about pre-pandemic levels. Now with the second outbreak, restrictions have been reinstated, exerting renewed pressure on service providers.

In Q4 2021, the Services Sector, comprising activities of Wholesale & Retail Trade, Business Services, Transport & Logistics and Other Private Services contributed about BND374.0 million to GVA at current prices, slightly lower than the GVA logged in Q4 2020 at BND377.6 million. Nevertheless, this is an improvement from the BND361.2 million recorded in the prior quarter (Q3 2021)<sup>24</sup>.

For the whole year of 2021, the Services Sector contributed approximately BND1,623.8 million, an increase from the BND1,531.5 million recorded in 2020.

**Exhibit 28 : Services Sector GVA at Current Prices (Q1 2019 – Q4 2021)**



Source: Department of Economic Planning and Statistics

The decline in the Services Sector in Q4 2021 was due to a downturn in Wholesale & Retail Trade. Evidently, sales across almost all retail activities contracted as movement restriction mandates continued with voluntary social distancing by the public became more prevalent due to heightened uncertainty over the emergence of new and highly transmissible variants.

<sup>24</sup> The Services Sector comprises GVA proportions of each of the following subsectors: Wholesale & Retail Trade, Transport, Business Services and Other Private Services. **The Services Sector's GVA has been revised from the previous quarters' reports.**

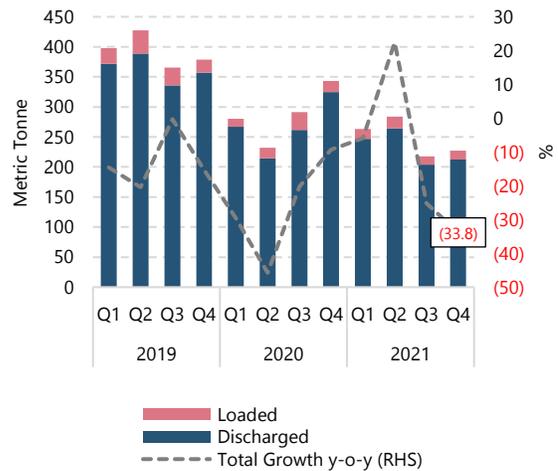
**Table 16 : Value of Sales and Growth Rate by Activity (Q4 2021)**

	<b>Q4 2021 Index (2017 = 100)</b>	<b>Value of Sales (BND Million)</b>	<b>Growth y-o-y (%)</b>
<b>Department Store</b>	111.1	122.0	(10.3)
<b>Supermarket</b>	114.4	62.8	1.4
<b>Mini Mart</b>	78.6	9.4	(13.3)
<b>Food and Beverages in Specialised Stores</b>	103.1	6.4	(8.3)
<b>Petrol Station</b>	86.9	31.6	(25.7)
<b>Computer &amp; Telecommunications Equipment</b>	158.6	35.6	4.5
<b>Textiles, Wearing Apparel &amp; Footwear</b>	73.3	11.2	(33.3)
<b>Hardware, Paints and Glass in Specialised Stores</b>	84.2	28.0	3.1
<b>Furniture &amp; Household Equipment</b>	94.7	13.3	(15.7)
<b>Electrical Household Appliances and Lighting Equipment in Specialised Stores</b>	137.1	35.4	(6.2)
<b>Books, Newspapers and Stationery in Specialised Stores</b>	80.5	5.3	(24.2)
<b>Recreational Goods</b>	153.5	10.1	(4.8)
<b>Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores</b>	100.0	10.8	(3.4)
<b>Watches &amp; Jewellery</b>	121.3	13.9	1.8
<b>Others</b>	116.0	21.3	(9.0)
<b>Total</b>	<b>108.5</b>	<b>417.1</b>	<b>(8.6)</b>

Source: Department of Economic Planning and Statistics

Meanwhile, in Transport & Logistics, sea freight activities took a step back with a decrease of 33.8 per cent y-o-y.

**Exhibit 29 : Sea Freight Activity (Q1 2019 – Q4 2021)**



Source: Maritime and Port Authority Brunei Darussalam

In terms of freight by medium of transport in Q4 2021, the main type of goods exported via air was re-exports of machinery parts, particularly aviation parts. On the other hand, imported goods via air mainly comprised of laboratory reagents and equipment, medicaments, as well as food products, particularly fruits and some fish.

As for sea freight, mineral fuels made up a large share of the exported goods while imports through sea were mainly comprised of mineral fuels, building materials such as cement clinkers and stone-related products as well as various types of seeds.

Meanwhile for land freight, majority of exported goods includes animal complete feeds, scrap and waste and building materials such as iron and steel products. On the other hand, imports via land largely comprised building materials such as pebbles and gravels; animal feed for poultry as well as food products, particularly fruits.

**Table 17 : Main Exports and Imports in Weight/Volume by Transport Medium (Q4 2021)**

	<i>Main Exports</i>	<i>Main Imports</i>
<b><i>Air</i></b>	Machinery parts	Laboratory reagents and equipment Medicaments Food
<b><i>Sea</i></b>	Mineral fuels	Mineral fuels, Building materials Various seeds
<b><i>Land</i></b>	Animal feed Scrap and waste Building materials	Building materials Animal feed Food

Source: Department of Economic Planning and Statistics