



Q3 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

Q3 2021



GDP



GDP fell by

-2.2%



Oil & Gas
-5.3%



Non-Oil & Gas
1.0%

Prices



CPI rose by

1.9%



Food
2.2%



Non-Food
1.8%

Trade



1.43b

Trade Surplus



Exports
4.25b



Imports
2.83b

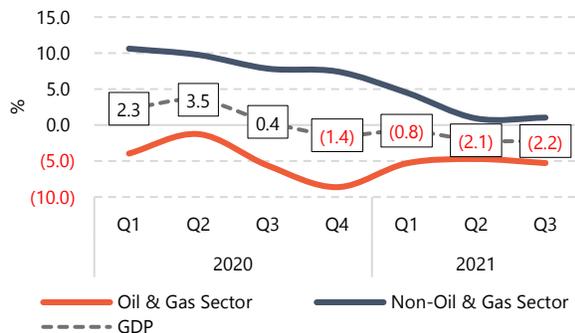
Gross Domestic Product

Overview

Brunei Darussalam's economy registered its fourth consecutive quarter of contraction, dipping further by 2.2 per cent year-on-year (y-o-y) in Q3 2021 as the nation grapples with the second outbreak of the COVID-19 pandemic, which struck in early August 2021. Coronavirus-related restrictions, which had been eased earlier in view of no community transmission cases reported for over a year, have been reinstated with greater stringency as the Government looks to contain the resurgence in infection rates, exacerbated by the emergence of new and more contagious variants.

Nevertheless, the overall economic downturn in Q3 2021 came about from a prolonged and deepened slump in the Oil and Gas Sector (down by 5.3 per cent). Meanwhile, the Non-Oil and Gas Sector showed resilience despite the second wave by continuing its streak of growth upturns, pocketing 1.0 per cent in this quarter.

Exhibit 1 : GDP Growth (Q1 2020 – Q3 2021)



Source: Department of Economic Planning and Statistics

Oil & Gas Performance

The decline in the Oil and Gas Sector was due to a decrease in the production of crude oil, natural gas, and liquefied natural gas (LNG). The reduction in crude oil and natural gas production was due to shutdown turnaround activities. In addition, limited onsite workforce due to pandemic-related restrictions also proved a setback, stifling the ability to recover from unscheduled deferment and delayed of Well, Reservoir and Facilities Management (WRFM) activities. Meanwhile, the decline in LNG production was due to limited gas supply and maintenance activities at one of the LNG plant facilities.

Non-Oil & Gas Performance

Among the subsectors that showed an improvement in Q3 2021 were Finance, Agriculture, Forestry & Fishery, Communication, Education, and Health Services.

- Finance Subsector, increased by 9.0 per cent driven by a rise in the income of financial and banking activities, mainly the non-interest profit income.
- Agriculture, Forestry & Fishery continued to perform positively since Q2 2020, benefitting from increased domestic demand amid effective non-essential travel bans. Higher production of fruits and paddy was the main contributor to improvements in the Agriculture Subsector. Meanwhile, the Livestock & Poultry Subsector gained from increased production mainly buffalo meat and broilers. As for the Fishery Subsector, the progress is attributable to higher production in the both the capture and aquaculture industry. In particular, increased production of farm prawns was the contributing factor to growth in the aquaculture industry.
- The Communication Subsector expanded by 6.1 per cent as work-from-home and online-learning activities intensified amid the second wave.
- Furthermore, the Education and Health Services Subsector rose slightly by 0.5 and 0.4 per cent respectively in line with the rise in private and government services activities.

Table 1 : Growth of Selected Non-Oil & Gas Sectors (Q3 2021)

	Growth (%)
Finance	9.0
Agriculture, Forestry and Fishery	27.9
Communication	6.1
Education	0.5
Health	0.4
Wholesale and Retail Trade	(7.8)
Construction	(4.7)
Transportation	(3.2)
Electricity and Water	(2.6)
Restaurant	(6.5)

Source: Department of Economic Planning and Statistics

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

- Wholesale and Retail Trade by 7.8 per cent, hampered by declining sales across all retail activities as movement restriction mandates took effect while voluntary social distancing by the public became more prevalent due to heightened uncertainty over the emergence of new and highly transmissible variants.
- Construction by 4.7 per cent in line with a drop in development expenditure by 20.5 per cent y-o-y.
- Logistics & Transport by 3.2 per cent, mainly due to negative growth in water transport in view of lower exports of LNG.
- Electricity and Water by 2.6 per cent, mainly due to decreased electricity production in line with low consumption from the both the government and oil and gas industries. As such, control measures such as allowing non-essential workers to work from home to mitigate the impact of the pandemic as well as less activities in the oil & gas industry contributed to the decrease in consumption.
- Restaurants by 6.5 per cent as prohibition on dine-in services were reinstated on food premises including restaurants, food stalls, cafes, and food courts amid the second outbreak.

GDP by Expenditure

By expenditure approach, the negative GDP growth was mainly due to a decrease in the domestic demand by 11.5 per cent, weighed down by detractions in both private and government gross capital formation (investment). The decline in private investment was in line with a decrease in the investment of machinery and equipment following less economic activities in Q3 2021 related to the spread of COVID-19. Correspondingly, this was also evident in the decline in imports of machinery and transport equipment. Moreover, government final consumption expenditure also decreased by 0.5 per cent in Q3 2021.

On the other hand, the negative growth was moderated by an increase in the exports of goods and services by 44.5 per cent, driven mainly by an increase in the exports of goods particularly mineral fuels from the downstream petrochemical industry. Nevertheless, exports of services recorded a decrease in line with

the decline in the construction activities. Furthermore, household final consumption expenditure rose by 13.0 per cent, primarily attributable to higher spending in supermarkets as people stocked up on their daily needs amid pandemic-related concerns.

Table 2 : GDP by Expenditure (Q3 2020 & Q3 2021)

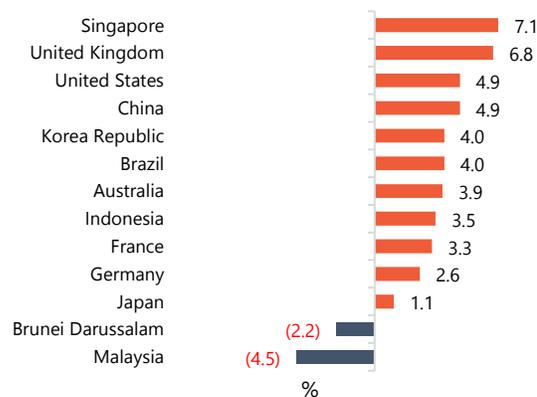
	Q3 2020 (BND Million)	Q3 2021 (BND Million)	Growth (%)
Domestic Demand	4,348.1	3,847.6	(11.5)
Government Final Consumption Expenditure	960.1	955.4	(0.5)
Household Final Consumption Expenditure	1,101.2	1,244.7	13.0
Gross Fixed Capital Formation	2,286.8	1,647.5	(28.0)
External Demand	2,344.7	3,388.5	44.5
Exports	2,344.7	3,388.5	44.5
GDP	4,630.8	4,527.6	(2.2)

Source: Department of Economic Planning and Statistics

Global Economic Developments

Despite the COVID-19 Omicron variant having already made its way across the globe, most countries' economic growth continued to accelerate except for Brunei Darussalam and Malaysia.

Exhibit 2 : GDP Growth of Selected Countries (Q3 2021)



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

In Q3 2021, the Malaysian economy contracted by 4.5 per cent due to declines in the services and manufacturing sectors. The decline in the services sector was attributed to the decrease in subsectors such as private services (6.8 per cent), wholesale &

retail trade (11.7 per cent), business services (15.8 per cent), and food & beverages and accommodation (16.5 per cent). Meanwhile, the manufacturing sector's decline was caused by the transport equipment, other manufacturing, and repair (29.6 per cent) and non-metallic mineral products, basic metal & fabricated metal products (14.0 per cent)¹.

In Q3 2021, Singapore's economy grew at a high rate of 7.1 per cent, exceeding expectations. The strong growth was contributed by an increase in the sectors such as manufacturing (7.2 per cent), construction (66.3 per cent) and wholesale trade (5.9 per cent)².

China's economy grew slower than expected in Q3 2021, as industrial production rose less than expected. The industrial sector's performance was over estimated due to the power shortage issue, impacting the expected production³.

South Korea's economic growth was recorded at 4.0 per cent in Q3 2021 due to increased activities such as agriculture, forestry, and fishery by 8.8 per cent, manufacturing by 0.2 per cent, and services by 0.4 per cent⁴.

Estimates GDP Growth 2021

International Monetary Fund (IMF) has lowered its global economic growth forecast for 2021 to a low of 5.9 per cent from its previous estimate of 6.1 per cent. The downward revision for global growth in 2021 was due to a downgrade for advanced economies concerning supply disruptions and low-income developing countries primarily due to worsening pandemic dynamics. In addition, the rapid spread of delta and the threat of new variants have increased uncertainty to the world economy.

In the case of Brunei Darussalam, the negative performance of oil and gas in the first nine months led to the expectation of lower-than-expected economic growth in 2021. In addition, the second wave of the pandemic will likely have adverse implications on several services subsectors that had been severely disrupted during the first outbreak mainly due to partial lockdown measures imposed by the Government, thus casting a grim outlook for 2021.

¹ Malaysia Economic Performance Third Quarter 2021, *Department of Statistics Malaysia*.

² Economic Performance in Third Quarter 2021, *Ministry of Trade, and Industry Singapore*.

³ China GDP disappoints, third-quarter growth slows to 4.9%, *CNBC*.

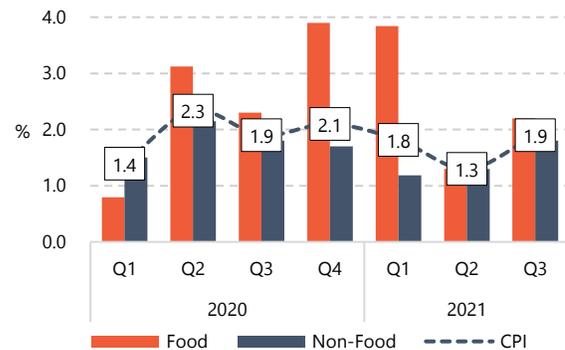
⁴ *Republic of Korea Economic Bulletin*, November 2021.

Inflation

Overview

The Consumer Price Index (CPI) rate rose for the seventh consecutive quarter, up by 1.9 per cent in Q3 2021 compared to Q3 2020. Both the Food Index and the Non-Food Index increased by 2.2 per cent and 1.8 per cent respectively.

Exhibit 3: Consumer Price Index (% Growth y-o-y), Q1 2020 – Q3 2021



Source: Department of Economic Planning and Statistics

Food Prices

The increase in the Food Index was attributed by several sub-indices:

- Meat increased by 9.9 per cent, driven by prices of chicken (5.6 per cent) and beef and buffalo meat (17.5 per cent). The reason for the price rise in beef and buffalo is largely due to rising beef demand, both in Australia and globally, coinciding with the lush pasture season that has led to cattle farmers keeping stock to breed more calves⁶. Meanwhile, the rising cost of chicken feed was the main contributor to the increase in prices of chicken meat.
- Vegetables rose by 5.6 per cent, mainly root types such as onions, shallots and garlic. Prices of onions have increased in Delhi's wholesale and retail markets owing to crop damages in certain regions due to heavy rainfall and high fuel rates⁷.
- Oil and fats rose by 13.6 per cent specifically vegetable oil and palm oil. The former increased

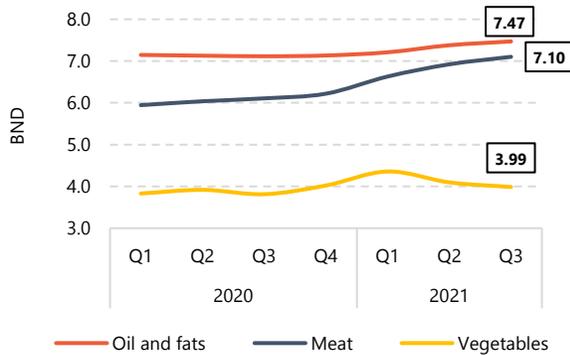
⁶ High steaks: Australian beef prices go up and up ... and up (October 22, 2021). *Good Food*.

⁷ Tomato, onion prices rise in Delhi on high fuel rates, crop damages in Karnataka, Maha. (October 12, 2021). *The Economic Times*.

due to world soy and rapeseed oil prices largely underpinned by, respectively, firm import demand primarily from India and protracted global supply tightness⁸. Meanwhile, the latter was due to concerns over labour shortage in Indonesia and Malaysia accounting for about 85 per cent of the world's palm oil production⁹.

Globally, the edible oil industry is hopeful about further cooling down of prices from February-March in expectation of new harvesting of mustard crop and easing of palm oil prices and increase in the production of soybean in Brazil and South America.

Exhibit 4: Average Prices for Selected Food Items (Q1 2020 – Q3 2021)

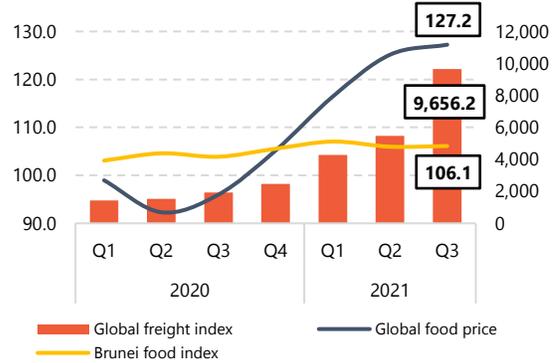


Source: Department of Economic Planning and Statistics

Furthermore, both the global freight and food indices showed exponential growth in Q3 2021 fuelled by the global supply chain crunch from congested ports combined with the pandemic-induced boom in demand for goods. The United Nations Conference on Trade and Development (UNCTD) estimated that the surge in freight rates is likely to push up global consumer prices by an additional 1.5 per cent¹³. At the same time, the shipping industry is also feeling the 'reversal' pinch from inflation as maritime companies supply food to seafarers¹⁴.

Rising shipping costs are also felt by Brunei Darussalam as it is an import-dependent country, which among other factors, contributed to the increase in Brunei's food index.

Exhibit 5: Global Food Commodity Price Index and Global Container Freight Price (Q1 2020 – Q3 2021)



Source: Food and Agriculture Organization; Freightos Baltic Index

Non-Food Prices

The increase in the Non-Food Index was driven by Transport and Restaurants & Hotels:

- Transport costs continued to rise by 7.4 per cent, mainly due to the rise of prices in motor cars in line with increasing retail prices of new models of saloon cars introduced in the market.

Exhibit 6: Average Price of Saloon Cars (Q1 2020 – Q3 2021)



Source: Department of Economic Planning and Statistics

- Restaurants & Hotels prices edged up by 1.4 per cent as both catering services (in restaurants, cafes, fast-food outlets, and contract catering) and accommodation services registered an increase. The higher prices of food items in the menu have affected the prices of food catering packages for family occasions though there were minimal changes (0.2 per cent) when compared to Q2 2021. COVID-19 measures being reinstated in early August have put upwards pressure on

⁸ Food and Agriculture Organization of the United Nations, World Food Situation, 06/01/2022.

⁹ Supply Shortfall Causes Vegetable Oil Prices To Rise (July 20, 2021). *Olivamed*.

¹³ High shipping costs to push up global inflation, UN warns (November 18, 2021). *Financial Times*.

¹⁴ Inflation driving food costs for shipping (November 26, 2021). *Hellenic Shipping News*.

food prices and domestic delivery costs in order to breakeven operational costs¹⁵.

Exhibit 7: Average Price – Restaurants & Hotels (Q1 2020 – Q3 2021)



Source: Department of Economic Planning and Statistics

Inflation Outlook

Food prices will follow the past increasing trend into the next quarter as meat demand remains firm and labour restrictions continue in Indonesia and Malaysia. Restaurant food costs will continue to increase as long as movement restrictions are still in place on top of rising prices of cooking ingredients e.g. cooking oil. Hotel prices may cool with the end-of-year holiday promotions.

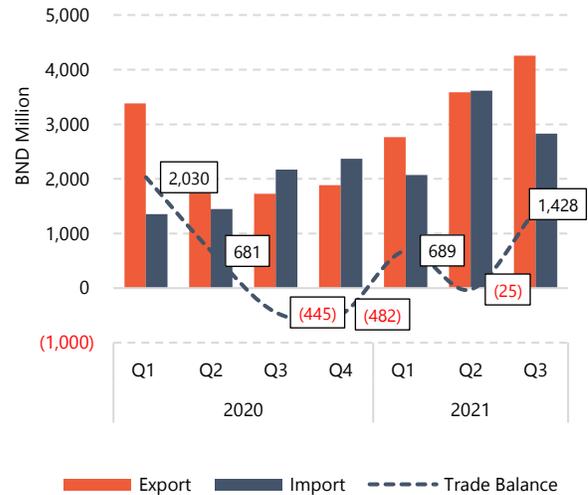
International Merchandise Trade

Overview

Total merchandise trade in Q3 2021 with a value of BND7.1 billion took a minor step back from the previous quarter's peak following second quarter's surge of total imports. Total exports in this quarter continued to trade at new heights at 146.4 per cent growth y-o-y following strong performance from the downstream petrochemical industry, while total imports increased by 30.1 per cent. Trade balance recovered from the previous quarter's deficit to a significant surplus of BND1,428 million in Q3 2021.

On the other hand, total trade expressed as a percentage of GDP, came in at 153.8 per cent in Q3 2021, higher than the 98.2 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.

Exhibit 8 : Trade Statistics (Q1 2020 – Q3 2021)



Source: Ministry of Finance and Economy

Export Development

In Q3 2021, Brunei Darussalam's total exports reached BND4,253.8 million, representing a 146.4 per cent increase from Q3 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 40.8 per cent of exports in this quarter while non-oil and gas exports accounted for 59.2 per cent.

Table 3 : Exports (Q3 2020 & Q3 2021)

	Q3 2020 (BND Million)	Q3 2021 (BND Million)	Change (BND Million)
Domestic Exports	1,704.3	4,126.3	2,422.0
Re-Exports	22.4	127.6	105.1
Total Exports	1,726.7	4,253.8	2,527.1

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 3 major exports however is 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.

¹⁵ It's a blessing in disguise (September 29, 2021). *Borneo Bulletin*.

Table 4 : Major Exports (Q3 2020 & Q3 2021)

	Q3 2020 (BND Million)	Q3 2021 (BND Million)	Change (BND Million)
Crude Oil	339.5	807.1	467.6
LNG	541.2	929.9	388.7
Methanol	38.0	53.9	15.9
Total	918.8	1,790.9	872.1

Source: Ministry of Energy

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 5 : Prices of Major Export Commodities (Q3 2020 & Q3 2021)

	Q3 2020	Q3 2021
Crude Oil (USD/barrel)	44.76	75.18
LNG (USD/MMBtu)	5.10	10.19
Methanol (USD/MT)	177.00	333.99

Source: Ministry of Energy

Table 6 : Volume of Major Export Commodities (Q3 2020 & Q3 2021)

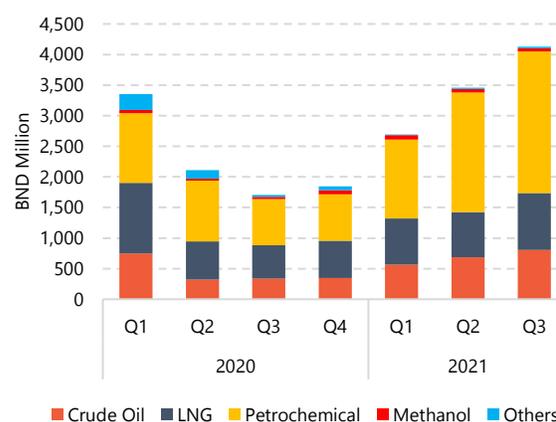
	Q3 2020	Q3 2021
Crude Oil (Thousand barrels per day)	60.2	86.7
LNG (MMBtu per day)	840,457	733,729
Methanol (MT)	156,753	119,598

Source: Ministry of Energy

Note: Export volume decreased for both crude oil and LNG while methanol increased.

On the other hand, the petrochemical industry continues to add value in the country's overall exports with its highest ever contribution amounting to BND2,313.6 million in Q3 2021.

Exhibit 9 : Domestic Exports (Q1 2020 – Q3 2021)



Source: Ministry of Finance and Economy

Table 7 : Domestic Exports (Q3 2020 & Q3 2021)

	Q3 2020 (BND Million)	Q3 2021 (BND Million)	Change (BND Million)
Major Exports	918.8	1,790.9	872.1
Petrochemical Products	756.2	2,313.6	1,557.4
Others	29.3	21.8	(7.5)
Total	1,704.3	4,126.3	2,422.0

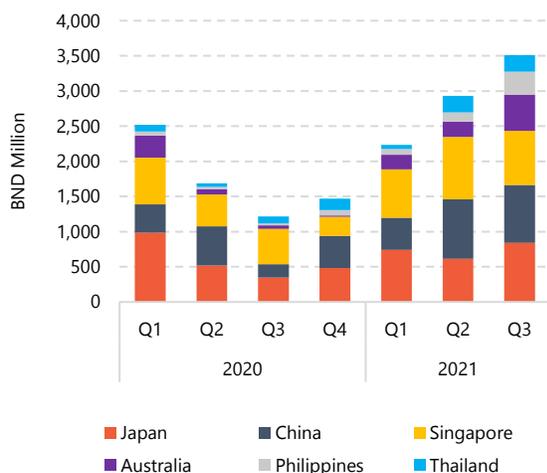
Source: Ministry of Finance and Economy

In terms of export destinations, Japan regains the lead as the top export partner for Brunei Darussalam for this quarter with export products comprising mainly of LNG. This is of the cusp of the Tokyo Olympics 2021 event during July and August.

China remains the second biggest export partner despite slightly lower trade performance compared to the previous quarter. Exports remain at a heightened level however and comprise mainly of petrochemical products; and this trend is expected to continue into 2021.

Although total exports to Singapore this quarter is somewhat weaker compared to Q2 2021, exports continue to trade at a heightened level for 2021 comprising mainly of petrochemical products in the form of automotive fuels and crude oil.

Exhibit 10 : Domestic Exports (Top 6 Destinations), Q1 2020 – Q3 2021



Source: Ministry of Finance and Economy

Import Development

Brunei Darussalam's total imports totalling BND2,825.8 million in Q3 2021 were higher compared to Q3 2020 although it fell compared to the peak in 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 64.5 per cent of imports in this quarter while non-oil and gas imports accounted for 35.5 per cent.

Table 8 : Imports by Commodity (Q3 2020 & Q3 2021)

	Q3 2020 (BND Million)	Q3 2021 (BND Million)	Change (BND Million)
Food	202.5	164.8	(37.6)
Mineral Fuels	845.9	1,876.6	1,030.7
Chemical	214.7	197.3	(17.4)
Manufactured Goods	235.6	124.1	(111.5)
Machinery & Transport Equipment	535.0	299.4	(235.6)
Others	138.1	163.5	25.4
Total	2,171.8	2,825.8	654.0

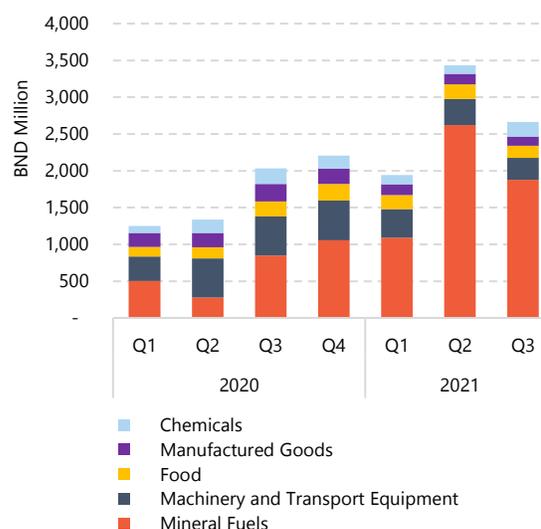
Source: Ministry of Finance and Economy

In particular, mineral fuel import, mainly used as feedstock for the petrochemical industry, was significantly higher in Q3 2021 (up 121.8 per cent)

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 import of food decreased by 18.6 per cent, chemicals fell by 8.1 per cent; machinery and transport equipment decreased by 44.0 per cent; and manufactured goods declined by 47.3 per cent.

Exhibit 11 : Imports by Top 5 Commodity, (Q1 2020 – Q3 2021)



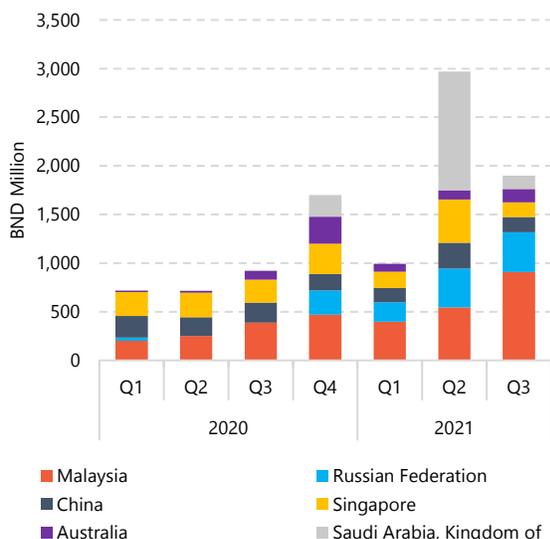
Source: Ministry of Finance and Economy

In terms of import origins, Malaysia was the top import market valued at BND906.4 million, comprising mostly of mineral fuels at 76.4 per cent of their imports, and food items at 8.8 per cent made up of aquaculture and agriculture products. Most of Brunei Darussalam's food imports are from Malaysia accounting for 47.9 per cent of total food imports in this quarter. There is a clear advantage to importing food from a nearby bordering country such as Malaysia due to the nature of food as a perishable product, resulting in a significant 49.4 per cent import of food from Malaysia by land, and 49.0 per cent by sea. Australia remained as the second biggest source of food imports at 12.9 per cent consisting mainly of live cattle and other meat related products, followed by Singapore at 7.2 per cent consisting of general food products.

This is followed by imports from the Russian Federation consisting mainly of mineral fuels in the form of crude oil. Imports of crude oil is typically sourced from the Russian Federation as well as Malaysia on a consistent basis for 2021.

Imports from China is the third highest in Q3 2021 consisting of machinery & transport equipment at 27.4 per cent, with manufactured goods and mineral fuels at 22.7 per cent and 22.6 per cent respectively.

Exhibit 12 : Import Origins (Q1 2020 – Q3 2021)



Source Ministry of Finance and Economy

Trade Outlook

Trade outlook is mixed for the whole year of 2021 as production target for oil and gas is lowered for the year 2021 compared to the previous year. Thus, oil and gas volume exports are expected to be strained in the next quarter. Average prices for major exports products however, have undergone great recovery from the previous year and continue to rise from the previous quarter which will be crucial in determining the final export value.

Petrochemical production target on the other hand, is heightened for the year 2021 overall, leaving room for improved export performance for the whole year, compared to the previous year. In a twist, food exports particularly aquaculture, bucked its seasonal trend and traded at levels higher than the second quarter against expectations. This was a welcome phenomenon and is expected to weaken in the final quarter of 2021 before recovering towards the new year.

Imports in recent quarters has been predominantly in the form of 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.

Priority Sectors Developments

Downstream Oil & Gas

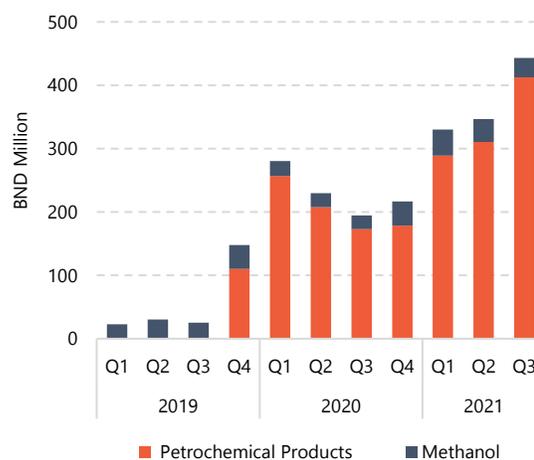
Since the onset of Hengyi Industries' Oil Refinery and Petrochemical Plant in late 2019, the Downstream Oil & Gas Sector has continued to play a pivotal role in driving the country's push for economic diversification. In Q3 2021, the Downstream Oil and Gas Sector was valued at BND442.9 million in GDP at current prices, which is significantly higher than the BND194.6 million recorded in the same period a year ago. The improvement in the sector's performance was due to the increasing GVA values for both methanol and petrochemical activities. In particular, the rise in Ron88 Gasoline production was the main contributor to the increase in petrochemical activities. On the same note, higher methanol prices were the main contributing factor to improved methanol activities. On average, the methanol prices averaged USD334 per metric tonne in Q3 2021 compared to USD177 per metric tonne in Q3 2020.

Table 9 : Price and Production of Methanol (Q3 2020 & Q3 2021)

	Q3 2020	Q3 2021
Price (USD/MT)	177.00	333.99
Production (MT)	163,187	129,778

Source: Ministry of Energy

Exhibit 13 : Downstream Oil & Gas Sector GDP at Current Prices (Q1 2019 – Q3 2021)

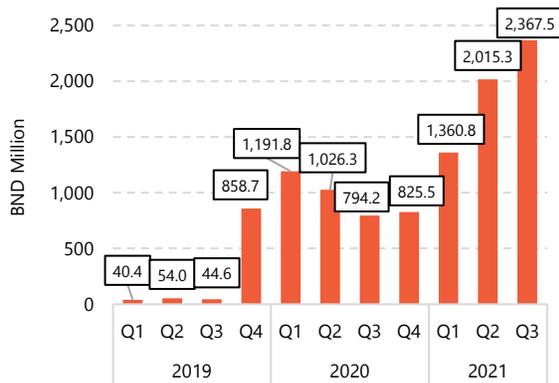


Source: Department of Economic Planning & Statistics

Domestic exports of downstream oil and gas (petrochemical products and methanol) during Q3 2021 reached BND2,367.5 million, which was a

significant increase from the BND794.2 million recorded in the same period last year backed by the higher export price and volume.

Exhibit 14 : Downstream Oil & Gas Exports, (Q1 2019 – Q3 2021)

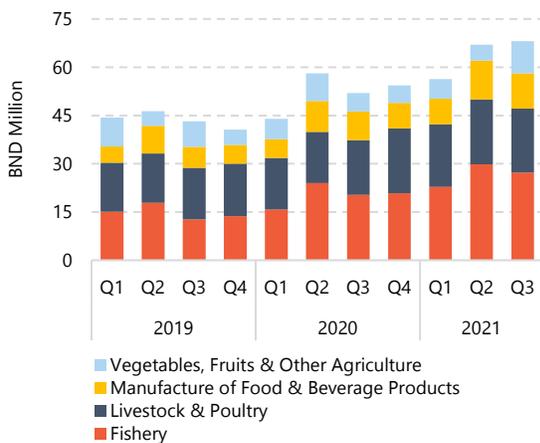


Source: Department of Economic Planning & Statistics

Food

The Food Sector which comprises of four subsectors i.e. Vegetables, fruits & other agriculture; Livestock & poultry; Fishery; and Manufacture of Food & Beverage products registered growth by 31.0 per cent in Q3 2021 compared to Q3 2020.

Exhibit 15 : Food Sector GDP at Current Prices, Q1 2019 – Q3 2021



Source: Department of Economic Planning & Statistics

The GVA of the Food Sector expanded for the fifth consecutive quarter since Q3 2020, yielding a resounding outturn of BND 68.1 million in Q3 2021 compared to the BND52.0 million recorded in the same quarter of 2020.

By subsector, Livestock & Poultry was valued at BND19.9 million at GDP current prices in Q3 2021 increasing from the BND17.0 million recorded in Q3 2020. This improvement came from increased productions in the following commodities:

- Broiler chicken, which increased from 6,642.8 MT in Q3 2020 to 7,825.6 MT in Q3 2021;
- Buffalo and cattle meat, which increased from 755.2 MT in Q3 2020 to 1,206.7 MT in Q3 2021; and
- Goat and sheep meat, which increased from 19.4 MT in Q3 2020 to 33.5 MT in Q3 2021.

For the Fishery Subsector, it was valued at BND27.2 million at GDP current prices in Q3 2021, higher than the BND20.4 million recorded in Q3 2020. This improvement was supported by increased productions in both the capture and the aquaculture industry. In particular, the total output of the capture industry increased from 3,115.0 MT in Q3 2020 to 4,166.1 MT in Q3 2021. Meanwhile, the aquaculture industry continued its uptrend, driven by significant increases in marine shrimp productions, which increased from 958.4 MT in Q3 2020 to 1,344.7 MT in Q3 2021.

As for the Vegetables, Fruits & Other Agriculture Subsector, it was valued at BND10.0 million at GDP current prices in Q3 2021, greater than the BND5.7 million recorded in Q3 2020. This was due to increased production in the following commodities:

- Paddy, which increased from 426.4 MT in Q3 2020 to 1,319.5 MT in Q3 2021 despite the delay in harvest and to some extent, crop pests and diseases;
- Rice, which increased from 277.2 MT in Q3 2020 to 857.7 MT in Q3 2021; and
- Fruits, which increased from 1,459.6 MT in Q3 2020 to 2,308.1 MT in Q3 2021.

For Manufacture of Food & Beverage Products, it was valued at BND11.0 million at GDP current prices in Q3 2021 compared to BND8.9 million in Q3 2020. This was mainly attributed to higher production of processed meat and seafood products as well as animal feed.

In terms of exports from the Food Sector, it amounted to BND13.9 million in Q3 2021, the highest recorded compared to the previous quarters. By type of products, the majority of total domestic exports in Q3 2021 were comprised of shrimp products exported mainly to Taiwan and Japan.

Exhibit 16 : Food Exports, Q12019 – Q32021



Source: Department of Economic Planning & Statistics

In other developments, several initiatives were laid out in line with the country's goal of expediting the development of the food industry. These include:

More youth were encouraged to venture into the agriculture sector to contribute to the nation's gross domestic product (GDP) growth in non-oil and gas sector and to boost food security. The public who are involved in *Projek Rintis* (agriculture) are offered up to two hectares of land for each application. If the land can be fully utilised within two years, applicants can ask for expansion¹⁷.

Tourism

The Tourism Sector is facing the heat yet again as the second outbreak of the COVID-19 pandemic struck the country in early August. Tourism-related sectors, particularly hotels and aviation are struggling to recover from the initial losses suffered since the first outbreak.

Underwhelmed by the second wave, the Tourism Sector declined to BND28.8 million in Q3 2021 compared to BND31.4 million in the previous quarter and BND29.9million recorded in Q3 2020²¹.

Exhibit 17 : Tourism GDP at Current Prices (Q1 2020 – Q3 2021)



Source: Department of Economic Planning and Statistics

The recent quarters have seen domestic tourism activities spearheading the revival of the Tourism Sector. However, the re-introduction of stricter measures amid surging number of infections, exacerbated by the highly contagious Delta Variant, has dented the momentum in recovery.

Reinstated bans on dine-in facilities have limited food serving establishments to offering only delivery and takeaway services. Correspondingly, sales from food and beverages services dwindled by 12.3 per cent in Q3 2021 compared to the same period last year.

Table 10 : Food & Beverages Services, Index, Value of Sales and Growth (Q3 2021)

	Q3 2021 Index (2017 = 100)	Value of Sales (BND Million)	Growth y-o-y (%)
Restaurants	83.4	51.1	(17.4)
Fast-Food Outlets	121.7	17.4	(2.2)
Beverage Serving Activities	122.8	1.4	(24.9)
Other Food Service Activities	110.2	4.3	41.6
Total	92.0	74.1	(12.3)

Source: Department of Economic Planning and Statistics

Nevertheless, the Government in response to the outbreak has extended interim relief measures such as loan deferments and wage subsidies targeting MSMEs in vulnerable sectors such as tourism, hospitality, restaurants and cafes, air and water transport.

¹⁷ Venture into agriculture, minister tells youth (August 08, 2021). *Borneo Bulletin*.

²¹ The Tourism Sector comprises GVA proportions of each of the following subsectors: Wholesale & Retail Trade, Transport, Hotels, Restaurants, Business

Services and Other Private Services. The Tourism Sector GVA has been revised from the previous report in Q2 2021.

Furthermore, the COVID-19 pandemic has also had a crushing impact on international tourism with tourist arrivals by air having been reduced to a trickle since the beginning of the crisis. Now with the extension of non-essential travel bans, tourist inflows in Q3 2021 continued to languish at low levels.

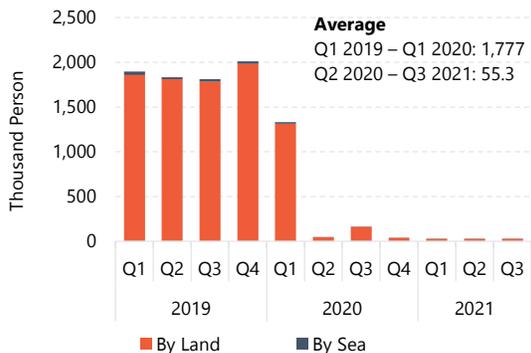
Exhibit 18 : International Air Arrivals (Q1 2019 – Q3 2021)



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

Likewise, arrivals by land and sea remained muted for the sixth quarter in a row.

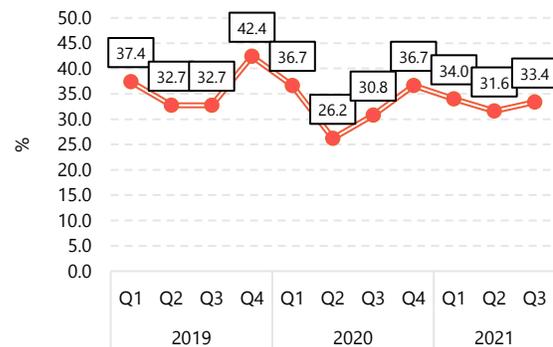
Exhibit 19 : Arrivals by Land and Sea (Q1 2019 – Q3 2021)



Source: Department of Immigration, Ministry of Home Affairs

Prior to the second wave, occupancy rates have been recovering steadily as locals took staycation. The trend resumed in Q3 2021 with occupancy rates recorded at 33.4 per cent, higher than the 30.8 per cent in Q3 2020 mainly due to increased demand for quarantine space.

Exhibit 20 : Occupancy Rate of Hotels, Resorts, Apartments and Guest Houses (Q1 2019 – Q3 2021)



Source: Ministry of Primary Resources and Tourism

Despite the ongoing pandemic, several initiatives have been made to keep the tourism industry afloat. Recently, the ASEAN-Korea Centre released a promotional video as part of the ASEAN Familiarisation Tour 2021. The programme involved virtual trips by ASEAN millennials to various tourism destinations in the ASEAN region including Brunei Darussalam. As such, Brunei Darussalam's tourist attractions that have not been widely explored by Korean tourists were introduced including the Temburong District dubbed 'the Amazon of ASEAN' as well as a variety of activities that can be enjoyed only in the country, ranging from jungle hiking to scuba diving²².

As we look ahead, the Tourism Sector is staring at another grim outlook, as fresh infections along with the emergence of a new and highly contagious variants derail the momentum in revival. Despite the country having transitioned from a pandemic into an endemic phase, tourism-related businesses will continue to face significant headwinds as uncertainties linger amid the rise of new variants as well as other restrictions that remain intact.

On the bright side, a steady progress in national vaccination rollouts spells encouraging news, boosting confidence and hopes of overturning the crisis. Other than that, domestic tourism may well still benefit from a fairly robust domestic consumption, which has proven a solid buffer in the recent quarters due to border closures.

Nevertheless, expectations on any profound near-term recovery in international tourist inflows remain

²² Brunei welcomes virtual tourists (September 05, 2021). *Borneo Bulletin*.

stymied in view of the alarming rise in cases globally involving the new variant.

For now, 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 and Technology

The re-emergence of the coronavirus pandemic in Brunei Darussalam in early August has significantly led to the increased use and adoption of electronic devices through remote learning and work-from-home (WFH) arrangements amid social-distancing and lockdown measures. Both professional and social meetings became the new norm held through applications such as Zoom, Google and Microsoft Teams.

The control measures outlined by the Ministry of Health (MoH) has attributed to a substantial increase of traffic and data volume²⁵

With the exception of Q2 2021, the recent quarters since the outbreak of the pandemic in Q1 2020 have seen Brunei Darussalam's ICT Sector clinching higher GVA values. In Q3 2021, the GVA value amounted to BND133.8 million compared to BND128.7 million recorded in the same period last year.

Expectations should be high heading into the fourth quarter of 2021 amid the continued measures and restrictions. While the economy gradually reopens at the end of the year, digital apps launched by Government agencies and private sector actively used such as QueUp, TransportBN and GoMamam have spurred activities under this sector. This requires local companies to provide solutions and services which in turn contributes to the increased revenue of the company.

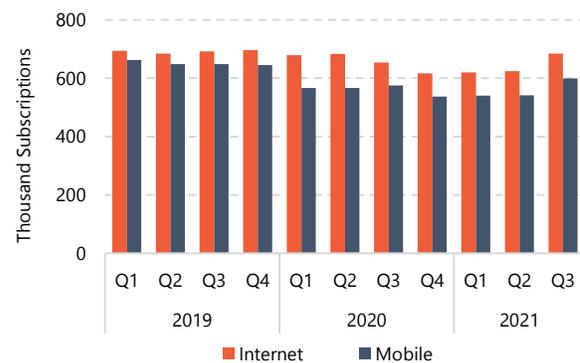
Exhibit 21: ICT Sector GDP at Current Prices (Q1 2019 – Q3 2021)



Source: Department of Economic Planning & Statistics

In particular, the jump in Q3 2021 was mainly due to an increase in both the number of mobile subscriptions (by 4.1 per cent y-o-y) and internet subscriptions (by 4.6 per cent y-o-y).

Exhibit 22: Mobile and Internet Subscriptions (Q1 2019 – Q3 2021)



Source: Department of Economic Planning & Statistics

The increase in mobile subscriptions in Q3 2021 was mainly due to higher subscriptions of prepaid mobile plan as demand picked up during the second wave of the pandemic COVID-19.

As for internet subscriptions, mobile broadband subscriptions have skyrocketed by 3.23 per cent year-on-year to 605.0 thousand subscriptions triggered by a sudden surge of activities. Meanwhile, fixed broadband subscriptions in Q3 2021 also recorded an increase from 67.7 thousand to 79.0 thousand subscriptions contributed mainly by an increase in residential users, followed by business/government users:

²⁵ All disruptions resolved within 24 hours (August 18, 2021). *Borneo Bulletin*.

- Residential users increased from 62,139 in Q3 2020 to 72,124 in Q3 2021.
- Business and government users increased from 5,049 in Q3 2020 to 6,157 in Q3 2021.

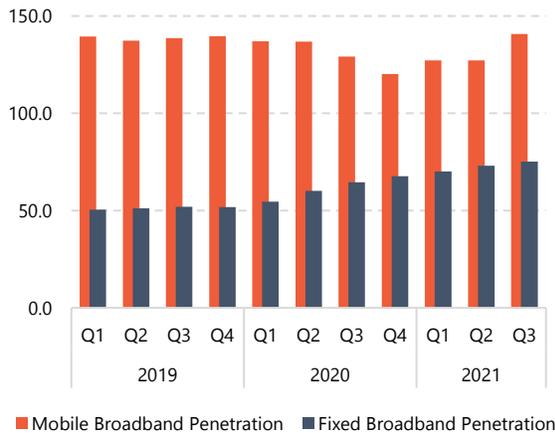
Exhibit 23: Fixed Broadband Subscriptions (Q1 2019 – Q3 2021)



Source: Department of Economic Planning & Statistics

In terms of broadband penetration, mobile broadband registered an increased penetration rate from 129.2 per cent in Q3 2020 to 140.7 per cent in Q3 2021, meanwhile, fixed broadband penetration has increased from 64.5 per cent to 75.3 per cent during the same period in line with the increased subscriptions which shows increasing internet access using fixed broadband.

Exhibit 24: Mobile and Fixed Broadband Penetration (Q1 2019 – Q3 2021)



Source: Department of Economic Planning & Statistics

Despite a slight decline in the Computer Programming, Consultancy and Information Service Activities sub-sector, there have been key developments such as a rapid rise in online bookings on food delivery apps such as HeyDomo, GoMamam and TapowBN.

Amid the restrictions posed to combat the second wave of infections, this is particularly evident as an alternative for patrons to opt for delivery services coupled with fully-booked drivers amid constant notifications from the app.

In July, United National Networks (UNN) launched a colocation service, which serves to provide enhanced customer experience and convenience with remote hand service allowing customers to execute their data centre operation remotely²⁶.

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 Q3 2021, the Services Sector, comprising activities of Wholesale & Retail Trade, Business Services, Transport & Logistics and Other Private Services contributed about BND392.0 million to GVA, declining from the BND442.2 million recorded in the prior quarter and the BND407.5 million logged in Q3 2020²⁷.

Exhibit 25 : Services Sector GDP at Current Prices (Q1 2019 – Q3 2021)



Source: Department of Economic Planning and Statistics

²⁶ UNN launches colocation service (July 01, 2021). *Borneo Bulletin*.

²⁷ 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 GVA has been revised from the previous report in Q2 2021.

In particular, the decline in the Services Sector in this quarter was due to a downturn in Wholesale & Retail Trade. Evidently, sales across all retail activities contracted as movement restriction mandates took effect while voluntary social distancing by the public became more prevalent due to heightened uncertainty over the emergence of new and highly transmissible variants.

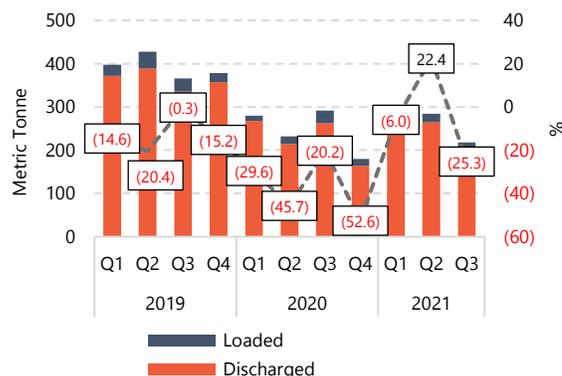
Table 11 : Value of Sales and Growth Rate by Activity (Q3 2021)

	Q3 2021 Index (2017 = 100)	Value of Sales (BND Million)	Growth y-o-y (%)
Department Store	110.8	121.7	(2.5)
Supermarket	120.4	66.1	11.5
Mini Mart	83.2	10.0	(6.7)
Food and Beverages in Specialised Stores	83.9	5.2	(25.7)
Petrol Station	93.8	34.2	(20.9)
Computer & Telecommunications Equipment	109.1	24.4	(8.0)
Textiles, Wearing Apparel & Footwear	63.8	9.8	(18.1)
Hardware, Paints and Glass in Specialised Stores	69.0	23.0	3.6
Furniture & Household Equipment	77.0	10.8	(19.5)
Electrical Household Appliances and Lighting Equipment in Specialised Stores	117.1	30.2	(2.7)
Books, Newspapers and Stationery in Specialised Stores	49.6	3.3	(12.4)
Recreational Goods	109.1	7.2	(22.6)
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	96.7	10.4	(1.3)
Watches & Jewellery	96.6	11.0	(11.1)
Others	106.6	19.6	(9.9)
Total	100.6	386.8	(5.2)

Source: Department of Economic Planning and Statistics

Meanwhile, in Transport & Logistics, sea freight activities took a step back with a decrease of 25.3 per cent y-o-y, just off the cusp of the previous quarter's first increase in activity, in the last two years prior.

Exhibit 26 : Sea Freight Activity (Q1 2019 – Q3 2021)



Source: Maritime and Port Authority Brunei Darussalam

In terms of freight by transport medium in Q3 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, medicaments, some miscellaneous manufactured plastic articles 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 animal feed for poultry.

Meanwhile for land freight, majority was re-exported goods including 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 12 : Main Exports and Imports in weight/volume by Transport Medium (Q3 2021)

	Main Exports	Main Imports
Air	Machinery parts	Laboratory reagents Medicaments Food
Sea	Mineral fuels	Mineral fuels, Building materials Animal feed
Land	Animal feed Scrap and waste Building materials	Building materials Animal feed Food

Source: Department of Economic Planning and Statistics

In other developments, as part of the initiatives to promote development in the Services Sector, Brunei Fertilizer Industries Sdn Bhd (BFI) has partnered with Muara Port Company Sdn Bhd (MPC) to undertake logistics, operations and port-handling services for the purpose of exporting granular urea for BFI. Through this initiative, it would allow BFI to deploy larger vessels for exports to markets such as India, Australia, Latin America and the United States (US)²⁸.

²⁸ Agreement inked to boost downstream industry (September 07, 2021). *Borneo Bulletin*.