

BRUNEI DARUSSALAM

KEY ECONOMIC

DEVELOPMENTS



Q3 2020

Department of Planning
Department of Economic Planning and Statistics
Ministry of Finance and Economy

CONTENTS

	Page
1. Gross Domestic Product	01
2. Inflation	03
3. International Merchandise Trade	04
4. Government Fiscal	08
5. Priority Sectors Development	08

THE BRUNEI DARUSSALAM ECONOMY

Q3 2020



GROSS DOMESTIC PRODUCT



In Q3 2020, Real GDP grew by **0.5%**



Non-Oil & Gas Sector

8.0%



Oil & Gas Sector

-5.7%

FISCAL

In Q3 2020, Fiscal Balance fell by

-87.8%



Fiscal Revenue



-119.7%



Fiscal Expenditure

-11.7%

PRICES



In Q3 2020, the Consumer Price Index (CPI) rose by

1.9%



Food



Non-Food

2.3%

1.8%

INTERNATIONAL MERCHANTISE TRADE



In Q3 2020, Total Trade rose by

20.6%



Exports



Imports

-12.6%

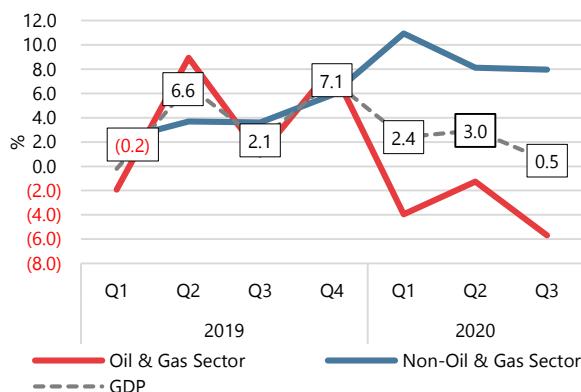
72.7%

Gross Domestic Product (GDP)

Overview

In Q3 2020, Brunei Darussalam's economy grew by 0.5 per cent year-on-year (y-o-y), slower than the previous five (5) quarters, weighed down by the Oil & Gas Sector (-5.7 per cent). Nevertheless, the overall GDP growth was contributed by an increase in the Non-Oil & Gas Sector by 8.0 per cent.¹

Exhibit 1 : GDP Growth (Q1 2019 – Q3 2020)



Source: Department of Economic Planning and Statistics

Non-Oil & Gas Performance

Growth in the Non-Oil & Gas Sector was mainly driven by downstream activities following the production of petroleum and chemical products. Meanwhile, several subsectors also showed improvements such as Communication, Water Transport, Wholesale & Retail Trade, Agriculture, Forestry & Fishery and Real Estate & Ownership of Dwellings.

Table 1 : Growth of Selected Non-Oil & Gas Sectors (Q3 2020)

Economic Sector	Growth (%)
Manufacture of Other Petroleum & Chemical Products	433.5
Communication	23.8
Water Transport	22.0
Agriculture, Forestry & Fishery	15.6
Wholesale & Retail Trade	4.6
Real Estate & Ownership of Dwellings	2.3
Education Services	(0.6)
Government Services	(4.0)

¹ The Oil & Gas Sector is comprised of oil and gas mining and manufacturing of LNG. Meanwhile, the Non-Oil & Gas Sector is comprised of the Primary Sector,

Finance Services	(4.4)
Restaurants	(8.0)
Hotels	(12.3)
Air Transport	(92.1)

Source: Department of Economic Planning and Statistics

In Q3 2020, the Communication Subsector expanded by 23.8 per cent driven by an increase in the number of postpaid mobile and fixed internet broadband subscribers.

As for the Wholesale and Retail Trade Subsector, the growth is attributed to the increase in domestic demand for food and beverages as travel restrictions remain effective amid the COVID-19 pandemic. Other than that, the increase in sales volume of motor vehicles also contributed to the positive performance of this subsector.

Meanwhile, growth in the Real Estate & Ownership of Dwellings Subsector was in line with an increase in property financing particularly in housing purchase.

The Agriculture, Forestry & Fishery Sector increased by 15.6 per cent following an increase in the production of subsectors such as Fishery and Livestock & Poultry. An improvement in the Fishery Subsector was mainly due to the aquaculture industry in line with the increase in the production of marine shrimp. Meanwhile, an improvement in the Livestock & Poultry Subsector was mainly associated with an increase in the production of eggs and broiler.

The increased availability of eggs was in line with the initiative of several local companies in boosting their production. Meanwhile, an increase in the production of broiler also contributed to the positive growth of the Livestock & Poultry Subsector. On the other hand, an increase in the production of beef was due to increased domestic demand for local meat during the Qurban season, which occurred in August.

However, the increase in the Agriculture, Forestry & Fishery was offset by the decrease in the production of vegetables, fruits and other agriculture. The decline was attributed to the decline in the production of fruits and vegetables due to weather factors, as Brunei usually experiences rainy season in the third quarter. Other factors include pest and difficulties in purchasing

Industry Sector such as non-oil manufacturing (including petroleum and chemical products), electricity and water and construction; and Services Sector.

supplies (such as seeds), due to the movement control order during the COVID-19 pandemic. Despite a decrease in this subsector, the production of paddy registered high growth due to the use of high-yielding varieties, Sembada 188.

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

- Air Transport declined sharply for the third consecutive quarter weighed down by continued slump in air traffic activities (both passenger and cargo) due to ongoing travel restrictions and sluggish air transport demand;
- Hotels contracted at a slower pace (by 12.3 per cent) compared to the 55.5 per cent contraction in the preceding quarter. The lower decline is in view of accommodation services largely benefiting from increased domestic tourism activities, in turn moderating the continued plunge in international arrivals;
- Similarly, Restaurants posted a decline in Q3 2020 by 8.0 per cent due to lower dine-in business as the new norm affected the interest of the customer to dine in the restaurant. However, a lower decline from the 19.6 per cent contraction in the second quarter occurred as the government implement de-escalation measures with the resumption of dine-in services and increased customer/diner capacity at the end of July 2020;
- Finance Services shrank by 4.4 per cent mainly due to a decline in banking services activities, in which the overall loans and advances (lending) recorded a decrease by 0.3 per cent y-o-y to about BND5.8 billion in Q3 2020; and
- Education Services decreased slightly by 0.6 per cent primarily due to a decline in government education services.

Oil & Gas Performance

As for the Oil & Gas Sector, the decline was mainly due to lower production of crude oil and Liquefied Natural Gas (LNG) in parallel with declines in the exports of both commodities. In particular, the downturn came on the back of a slowdown in global demand for energy commodities amid the COVID-19 pandemic.

GDP by Expenditure

By expenditure approach, GDP growth was mainly attributed to an increase in the Domestic Demand, particularly Household Final Consumption Expenditure by 14.1 per cent and Gross Capital Formation by 9.5 per cent particularly private investment in both machinery and equipment; and construction. Meanwhile, External Demand (exports of goods and services) also recorded an increase of 0.3 per cent driven by exports of goods.

Table 2 : GDP by Expenditure (Q3 2020)

	Q3 2019 (BND Million)	Q3 2020 (BND Million)	Growth (%)
Domestic Demand	4,111.3	4,360.0	6.0
Government Final Consumption Expenditure	1,048.0	960.1	(8.4)
Household Final Consumption Expenditure	975.6	1,113.1	14.1
Gross Fixed Capital Formation	2,087.7	2,286.8	9.5
External Demand	2,338.0	2,344.7	0.3
Exports	2,338.0	2,344.7	0.3
GDP	4,610.5	4,631.9	0.5

Source: Department of Economic Planning and Statistics

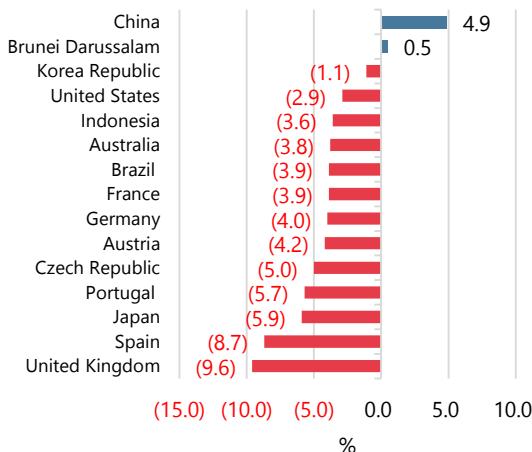
Global Economic Developments

According to OECD, among the major economies, China was the first and only economy that bounced back from its coronavirus losses, recording a y-o-y growth of 4.9 per cent in Q3 2020, accelerating from the 3.2 per cent growth it recorded on a quarter-to-quarter basis.

Meanwhile, most European countries entered their third successive quarter of GDP losses this year, with the United Kingdom, Spain, Portugal, Czech Republic and Austria the most affected so far.

The US, which reopened its economy despite an ongoing outbreak, saw Q3 growth dipped by 2.9 per cent y-o-y.

Exhibit 2 : GDP Growth of Selected Countries (Q3 2020)



Source: Organisation for Economic Co-operation and Development (OECD)

Within the ASEAN region, Brunei Darussalam was the only country that observed a positive Q3 GDP growth, with all others charting negative growths, albeit some recovering modestly on a quarter-to-quarter basis.

As such, the Singapore economy contracted by 5.8 per cent y-o-y, moderating from the 13.3 per cent contraction recorded in the previous quarter. The improvement came on the back of the phased resumption of activities in Q3 2020 following the Circuit Breaker which was implemented from April 7 – June 1, 2020, as well as the rebound in activity in major economies during the quarter as they emerged from their lockdowns².

Economic Outlook

According to OECD, the global economy is expected to continue its downturn, contracting by 3.0 per cent in Q4 2020. Nevertheless, increased vaccination campaigns, concerted health policies and government financial support are expected to boost economic recovery by 2021³.

As for Brunei Darussalam, growth outlook in the next quarter merits a reserved view. Although recent months have seen oil prices showing signs of pickup, much hinges on how this will translate into the production side of the Oil & Gas Sector. The gradual recovery of the global economy perhaps offers a

glimmer of hope if demand for energy commodities gain further traction in the coming months.

Meanwhile, productions in the petrochemical industry are expected to continue and provide boost to growth. However, any prospect of it contributing to growth is less profound compared to the previous three quarters considering Q4 2019 as the base year for petrochemical production.

Nevertheless, other potential sources of growth will likely emanate from the services side of the economy. Despite a decrease in international tourism, several subsectors such as Wholesale and Retail Trade and Hotels may likely benefit from increased domestic tourism activities especially in the festive month of December.

Inflation

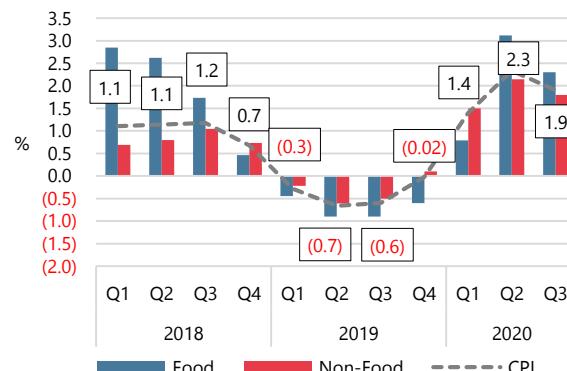
Overview

The Consumer Price Index (CPI) rate for Q3 2020 was 1.9 per cent y-o-y – an increase from -0.6 per cent in Q3 2019. The current rate is the third consecutive positive growth recorded in 2020.

On a quarterly basis, the inflation rate decreased by 0.2 per cent compared to the previous quarter in 2020.

Prices of the Food Index and Non-Food Index increased by 2.3 per cent and 1.8 per cent respectively.

Exhibit 3: Consumer Price Index (% Growth), Q1 2018-Q3 2020



Source: Department of Economic Planning and Statistics

² Singapore GDP Contracts 5.8% in Q3 2020 – MTI (November 23, 2020). *The Malaysia Reserve*.

³ Turning Hope into Reality (December 2020). *OECD Economic Outlook (2020)*.

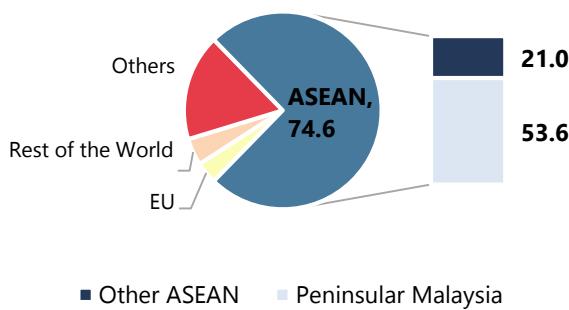
Food Prices

The growth in the Food Index was driven by increases in several sub-indices:

- Mineral water and soft drinks by 7.3 per cent mainly due to non-aerated soft drinks which are sold in limited numbers; and
- Prices of vegetables (chillies, tomatoes and broccoli) and meat (beef, buffalo and processed meat) continued to increase by 5.9 per cent and 2.4 per cent respectively due to seasonal factors and limited supply in exporting countries.

Given the fact that Malaysia is one of Brunei Darussalam's trading partners, comprising 53.6 per cent of food imports, any disruption of supplies from Malaysia will have an impact on our prices.⁴

Exhibit 4: Food Imports by Trading Partners (% Share), Q3 2020



Source: Department of Economic Planning and Statistics

Non-Food Prices

The increase of the Non-Food Index was contributed by several sub-indices:

- Miscellaneous Goods and Services by 17.6 per cent y-o-y due to increases in vehicle insurance and services of employment agencies but at a slower rate;
- Transport by 1.5 per cent due to a rise in flight ticket prices to cover operational costs from restricted flights since the previous quarter. In support of this, air passenger movement was

⁴ Department of Planning, Department of Economic Planning and Statistics

⁵ Consumer Price Index Malaysia (September 2020). Department of Statistics Malaysia.

down by 76.5 per cent from January to October this year compared to the same period last year;

- Furnishings, Household Equipment and Routine Household Maintenance by 2.6 per cent specifically household textiles such as curtains and fabric blinds;

Meanwhile, several sub-indices of the Non-Food Index recorded a decrease:

- Restaurants and Hotels-related price and costs continued to decrease from -0.6 per cent in the previous quarter to -1.1 per cent this quarter weighed down by hotel accommodation promotions; and
- Housing, Water, Electricity, Gas and Other Fuels fell by 0.03 per cent due to housing rentals.

Regional Developments

Malaysia's CPI in Q3 2020 decreased by 1.4 per cent compared to Q3 2019. On a quarterly basis, the CPI rose by 1.5 per cent compared to the previous quarter in 2020.⁵

Singapore's CPI-All Items inflation rose from -0.4 per cent in August to 0.0 per cent in September as the costs of services, electricity & gas and private transport fell at a more gradual pace. Costs relating to the three aforementioned items fell at a slower pace due to increases in telecommunication services fees, new subscriptions and car prices respectively.⁶

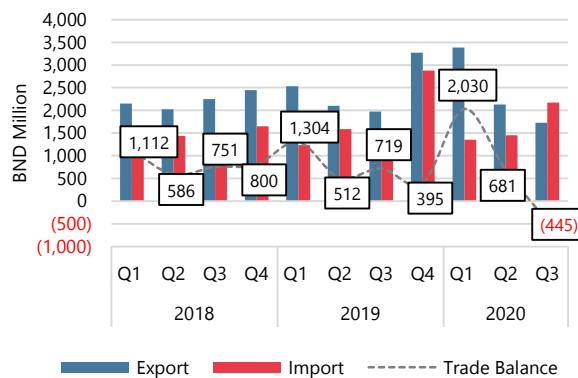
International Merchandise Trade

Overview

In Q3 2020, total trade increased by 20.6 per cent y-o-y mainly due to the increase in total imports by 72.7 per cent as total exports fell by 12.6 per cent. This consequently turned the country's trade balance to a deficit of BND445 million.

⁶ Consumer Price Developments in September 2020. Ministry of Trade and Industry Singapore.

Exhibit 5 : Trade Statistics (Q1 2018 - Q3 2020)



Source: Department of Economic Planning and Statistics

Export Development

Despite significant development in the export of petrochemical over the past quarters, Brunei Darussalam's total exports contracted by 12.6 per cent y-o-y in this quarter amid the ongoing COVID-19 pandemic that has disrupted global trade activities.

Table 3 : Exports (Q3 2019 & Q3 2020)

	Q3 2019 (BND Million)	Q3 2020 (BND Million)	Change (BND Million)
Domestic Exports	1,842.6	1,704.3	(138.3)
Re-Exports	133.6	22.4	(111.2)
Total Exports	1,976.2	1,726.7	(249.5)

Source: Department of Economic Planning and Statistics

In particular, the country's major exports declined significantly due to weakened crude oil and LNG demand that has put downward pressure on their commodity prices.

Table 4 : Major Exports (Q3 2019 & Q3 2020)

Major Exports	Q3 2019 (BND Million)	Q3 2020 (BND Million)	Change (BND Million)
Crude Oil	855.7	339.5	(516.2)
LNG	934.2	541.2	(393.0)
Methanol	44.6	38.0	(6.6)
Total	1,834.5	918.8	(915.7)

Source: Ministry of Energy

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.

Due to the lower price in all three commodities and lower exports volume in crude oil and LNG, major exports shrank by almost 50.0 per cent.

Table 5 : Prices of Major Export Commodities (Q3 2019 & Q3 2020)

Export Price	Q3 2019	Q3 2020
Crude Oil (USD/barrel)	66.4	44.6
LNG (USD/MMBtu)	8.8	5.1
Methanol (USD/MT)	637.1	174.5

Source: Ministry of Energy

Table 6 : Volume of Major Export Commodities (Q3 2019 & Q3 2020)

Export Volume	Q3 2019	Q3 2020
Crude Oil (Thousand barrels per day)	103.8	60.2
LNG (MMBtu per day)	848,866	841,091
Methanol (MT)	51,774	156,753

Source: Ministry of Energy

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

On the positive side, the petrochemical industry leads the country's export (for three consecutive quarters since Q1 2020) with the exports of petrochemical products amounting to BND756.2 million. However, impacted by weaker global demand in general, export value in this quarter is relatively lower compared to the previous quarters.

Exhibit 6 : Domestic Exports (Q1 2018 - Q3 2020)



Source: Ministry of Energy

Table 7 : Domestic Exports (Q3 2019 & Q3 2020)

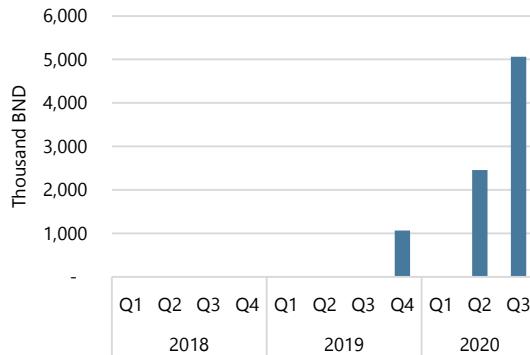
Domestic Exports	Q3 2019 (BND Million)	Q3 2020 (BND Million)	Change (BND Million)
Major Exports	1,834.5	918.8	(915.7)
Petrochemical Products	-	756.2	756.2
Others	8.1	29.3	21.2
Total	1,842.6	1,704.3	(138.3)

Source: Ministry of Energy

In terms of export destination, Singapore was the top export partner for Brunei Darussalam in this quarter with export products comprising mainly of crude oil and petrochemicals. This is followed by Japan and Malaysia as the major markets for LNG as well as India and Thailand as the main importers of the country's crude oil.

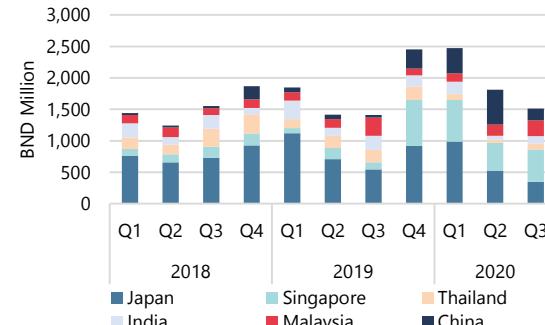
Other developments came about from the exports of hydrogen to Japan amounting to BND5.1 million. The project, Advanced Hydrogen Energy Chain Association for Technology Development (AHEAD), is a pilot project that aims to show that a global hydrogen supply chain can be established towards realisation of a clean energy society.

Exhibit 7 : Exports of Hydrogen (Q1 2018 - Q3 2020)



Source: Department of Economic Planning and Statistics

Exhibit 8 : Domestic Exports (Top 6 Destinations), Q1 2018 - Q3 2020



Source: Department of Economic Planning and Statistics

Import Development

Brunei Darussalam's total imports increased by 72.7 per cent y-o-y in this quarter mainly contributed by the increase in import of mineral fuel.

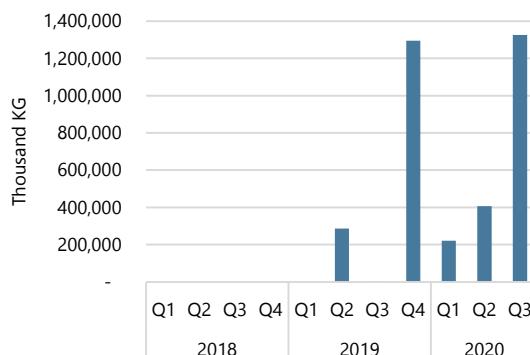
Table 8 : Imports by Commodity (Q3 2019 & Q3 2020)

Import by Commodity	Q3 2019 (BND Million)	Q3 2020 (BND Million)	Change (BND Million)
Food	151.7	202.5	50.7
Mineral Fuels	136.5	845.9	709.4
Chemical	98.9	214.7	115.8
Manufactured Goods	200.5	235.6	35.1
Machinery & Transport Equipment	544.7	535.0	(9.7)
Others	124.9	138.1	13.2
Total	1,257.3	2,171.8	914.5

Source: Department of Economic Planning and Statistics

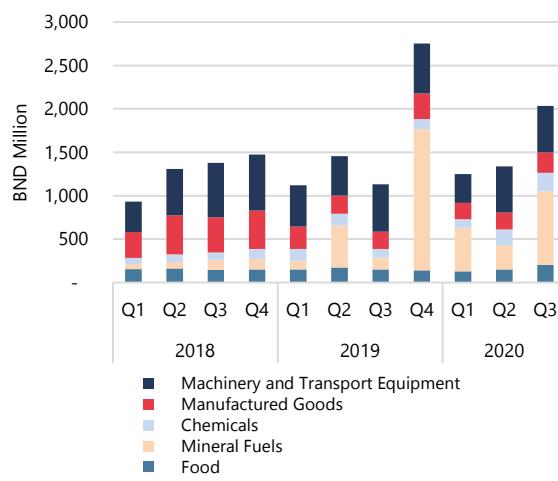
Similar to the previous quarter, the country's significant increase in demand for mineral fuels (since Q4 2019) was to accommodate the production of petrochemical products from the new petrochemical plant.

Exhibit 9 : Imports of Crude Oil (Q1 2018 - Q3 2020)



Source: Ministry of Energy

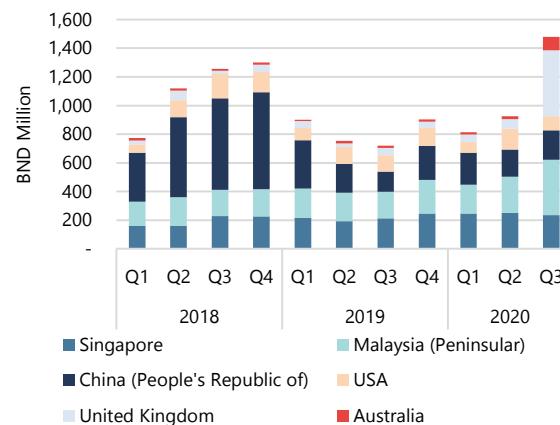
Exhibit 10 : Imports by Top 5 Commodity (Q1 2018 - Q3 2020)



Source: Department of Economic Planning and Statistics

This development also became the main driver for recent changes in the country's imports origin. Particularly in Q3 2020, United Kingdom became the top import (mainly mineral fuel) origin for Brunei Darussalam with import values of BND461.1 million. (Imports origin for mineral fuel varied in previous quarters from trade partners such as United Arab Emirates, Kazakhstan and Equatorial Guinea.)

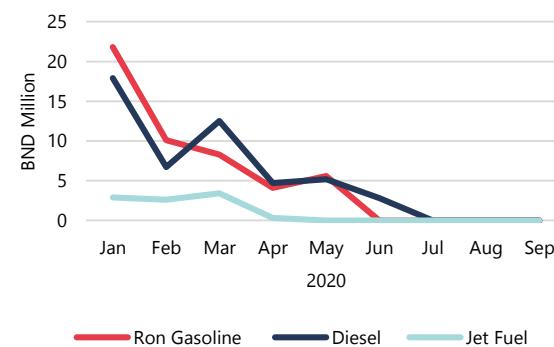
Exhibit 11 : Import Origins (Q1 2018 - Q3 2020)



Source: Department of Economic Planning and Statistics

With these developments, Brunei Darussalam was able to completely phase out the importation of petroleum products i.e. Ron Gasoline, Diesel and Jet Fuel in Q3 2020.

Exhibit 12 : Import of Ron Gasoline, Diesel and Jet Fuel (Jan-Sep 2020)



Source: Ministry of Energy

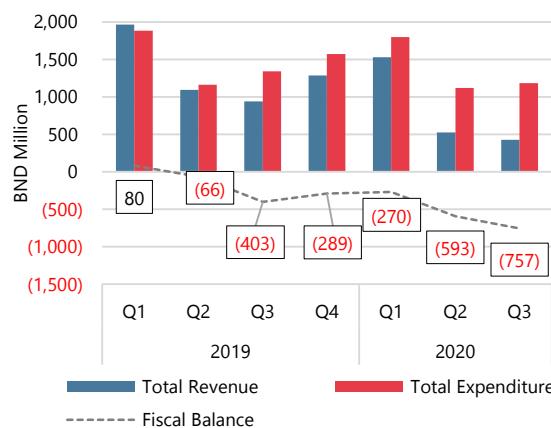
Trade Outlook

Trade outlook for Brunei Darussalam remains subdued although crude oil prices are beginning to show signs of pickup in the recent months. Notwithstanding, weak global energy demand is likely to weigh down any prospect of crude oil being traded in large volumes. On the other hand, petrochemical exports will likely be the main source of trade gains, albeit much will depend on the pace of recovery in the global/regional demand for energy commodities and the volume of exports especially considering Q4 2019 as the base level.

Government Fiscal

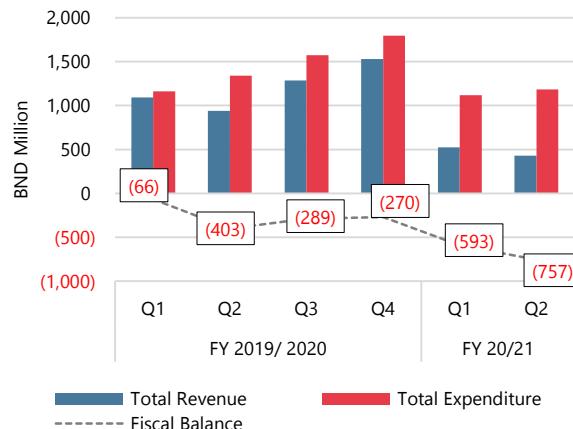
In Q3 (Jul-Sep) 2020, Brunei Darussalam fiscal deficit widened to BND756 million compared to a deficit of BND403 million in the same period last year. This was mainly due to a fall in the government revenue by BND510 million despite a decrease of expenditure by BND157 million.

Exhibit 13 : Fiscal Balance (Q1 2019 - Q3 2020)



Source: Treasury Department, Ministry of Finance and Economy

Exhibit 14 : Fiscal Balance (FY2019/2020 & 2020/2021)



Source: Treasury Department, Ministry of Finance and Economy

The decrease in government revenue was due to a fall in oil and gas revenue in line with the decrease in crude oil and LNG exports values.

On the expenditure side, the decrease was largely contributed by both lower Other Charges Annually Recurrent (OCAR) expenditure and development expenditure. Both OCAR expenditure and development expenditure contributed to a larger decrease by BND64 million and BND49 million, respectively. The decrease of capital expenditure was mainly due to near completion of major projects, particularly, the Temburong Bridge project.

Priority Sectors Development

Downstream Oil & Gas

In the third quarter of 2020, the oil refinery and petrochemical industry contributed about BND200 million to Gross Value Added and around BND760 million of domestic exports.

The Downstream sector is expected to significantly grow in the near future when Phase 2 commences. This will create a spill over effect and develop local businesses, boost creation of new industries as well generate employment opportunities to locals.

In anticipation of Phase 2, collaboration between Hengyi Industries and IBTE in creation of industry-ready workforce continues with the Lanzhou Petrochemical College Scholarship Programme. In Q3 2020, Hengyi Industries continues to invest in local manpower and has awarded multiple scholarships to 18 more students from Institute of Brunei Technical Education (IBTE) followed by 23 more students from Universiti Brunei Darussalam (UBD).^{7,8}

Towards efforts of diversification and creation of new industries in the Downstream Oil & Gas sector, production of hydrogen is explored which began with the pilot project to construct the hydrogenation plant. Hydrogen is a new product Brunei Darussalam has been exploring as a means for generating and transporting clean burning energy and an opportunity to further diversify by providing a means for LNG production to decouple and not rely in oil and gas prices. Following development in the pilot hydrogen project, Japan's Chiyoda Corp and its partners have begun providing clean fuel using imported hydrogen from Brunei Darussalam for the gas turbine power generators of Toa Oil Co in Kawasaki, near Tokyo. The move marks the first consumption of foreign-produced

⁷ Hengyi Industries awards scholarships to 18 students (August, 2020). *Borneo Bulletin*.

⁸ 23 UBD students awarded scholarships (August 23, 2020). *Borneo Bulletin*.

hydrogen for power generation in Japan and the world's first successful international hydrogen supply chain according to the company.⁹

According to the International Energy Agency (IEA), demand for hydrogen continues to increase yearly with a peak of 73.9 mega tonnes in 2018. The EU continues to research and develop this field with numerous projects planned for the purposes of energy related sectors, transportation and integration into current systems.

For its first year of operation planned in 2021, Brunei Fertilizer Industries (BFI) has set its sights on creating 500 job opportunities, including 350 for locals. The company aims to start commercial production in the second quarter of 2021 once construction of its BND1.8 billion plant at Sungai Liang Industrial Park is completed. 161 apprentices have undergone BFI's operation and maintenance training at Institut Teknologi Petroleum Petronas (INSTEP) in Terengganu; ASEAN Bintulu Fertilizer in Bintulu; Petronas Chemical Fertilizers in Kedah and Gas Processing and Utilities Plant in Kertih, and will be offered full employment after completing the 12-month training programme.¹⁰

Food

The Food Industry is a critical sector for development on not only for its contribution to GDP but also as food security by being able to address domestic demand and not entirely rely on imports. In the third quarter of 2020, the Food Industry contributed about BND54 million to Gross Value Added, the highest it has been recorded, attributed mainly to the Fishery Subsector. In terms of trade, this quarter saw majority of our food products including manufactured food exported to Australia, Singapore, and Kenya.

According to the Department of Agriculture and Agrifood, fruits and vegetable production declined particularly from the fruit subsector. Challenges cited that led to the decline in fruits include heavy rain season that disrupts seasonal and non-seasonal fruits' pollination process. Similarly, the heavy rain season damaged vegetables in their growing stage by way of flooding leaving many unable to reach their harvesting stage before perishing. The wet season has also harboured difficult to control pests and bugs that has

caused additional damage particularly for fruit vegetables such as chili, tomatoes, cucumber and eggplant leading to a decline in the output. Additionally, due to the border closure, it has become difficult to obtain certain raw materials required particularly fruit seeds for plantations.

Paddy production increased to about 1,299.0 metric tonnes in Q3 2020 compared to the same period in 2019. Paddy production continues to increase for the year due to increased area of Sembada188 paddy cultivation, high yield hybrid rice varieties, from 37.4 hectares in the 2018/2019 season to 262 hectares during 2019/2020 season. The average paddy productivity also increased from 4.96 tonnes/hectare per season outside the 2019 season to 6.10 tonnes/hectare per season in the main season 2019/2020.

Following the development of rice cultivation, the Sembada 188 rice, cultivated by the first cohort of the LiveWIRE AgroBIZ project was launched and is now available for the public and can be purchased at the Institute of Brunei Technical Education (IBTE) and Sultan Bolkiah Campus in Seria. The Sembada 188 Rice was produced by 10 students of IBTE's Agro-Technology Campus (ATC). In addition, fifteen new students were inducted as the second batch and will be developing 10 hectares of paddy fields, planting high-yield rice varieties and utilising modern machinery^{11,12}

In the third quarter, aquaculture production saw a significant increase in output from 309.2 metric tonnes to 1,114 metric tonnes y-o-y with the biggest contributor from the production of marine shrimp to about 958 metric tonnes from 103 metric tonnes in Q3 2019 based on data from the Department of Fisheries. Majority of the farm prawn are exported to Australia and Singapore.

In the Livestock and Poultry Subsector, output of buffalo & cattle meat, broiler and chicken eggs have experienced significant improvements in growth. In Q3 2020, the production of buffaloes and cattle increased to 315.5 and 425.0 metric tonnes respectively while goats decreased to 7.4 metric tonnes compared to the same period in 2019. Broiler production increased to 6,643.0 metric tonnes compared to 6,349.6 in Q3 2019,

⁹ Japan's Chiyoda says hydrogen pilot project begins to fuel power plant (June, 2020). *The Reuters*.

¹⁰ Brunei Fertilizer Industries targets 500 jobs in 2021 (September 15, 2020). *The Scoop*.

¹¹ LiveWIRE AgroBIZ welcomes second batch of inductees (July 8, 2020). *The Bruneian News*.

¹² AgroBIZ project Sembada 188 rice now available for purchase (July 8, 2020). *The Bruneian News*.

while the number of eggs produced increased to 44.8 million eggs from 39.0 million eggs in Q3 2019.

In pursuing food manufacturing activities, bruneihalalfoods introduced its latest product ranges featuring Serenetea and Krupok in July, and the FlavaFroot beverages in mid-August. The introduction of these products affirms bruneihalalfoods ambition to create extensive local products and realise the production and innovation capabilities of their local partners and manufacturers. Working with local partners and producers, they hope to continue creating innovative, high quality, competitively priced, convenient, and healthier products for local and international markets.^{13,14,15}

Tourism

In preparations for the holiday season where Bruneians are unable to travel abroad, many domestic tourism related initiatives are being developed to improve and create new local recreational destinations and activities for leisure and holiday within Brunei Darussalam.

Darussalam Holdings Sdn Bhd (DHSB) introduced in August its inaugural Brunei Tour Island Discovery package that lets local holidaymakers spend a day 'unearthing the historical wonders of the sultanate's islands' by boat. The trip explores seven island destinations along the Brunei River Heritage Trail creating exposure on Brunei's heritage and historical sites. Some 82 people have participated in the 'Temburong 1 Kampong 1 Produk' (Temburong 1K1P) package led by DHSB Travel and Tours guides in August.^{16,17}

Additionally, amid the lockdown, locals have taken the initiative to boost domestic tourism particularly in developing local products, cooking classes in a showcase of culinary culture, local cuisine, and experiences.¹⁸

Brunei Darussalam's non-essential travel ban continues through the third quarter of 2020 resulting in very few international visitors by land, sea, and air. This is reflected in the very low air passenger activity in the third quarter, with a recorded total of 551 visitors, 276 for business purposes and 113 government related business.

¹³ Bruneihalalfoods launches new product (August, 2020). *Borneo Bulletin*.

¹⁴ Bruneihalal's FlavaFroot tea now in stores (August 17, 2020). *The Bruneian News*.

¹⁵ bruneihalalfoods launches serenetea and krupok (July 2020), *bruneihalal*

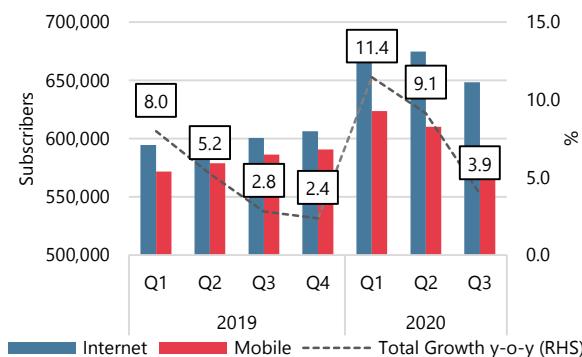
¹⁶ Brunei Tour Island Discovery: scenic river cruise with a glimpse of history (August 11, 2020). *The Bruneian News*.

Despite the travel ban in March, the hotel industry has recorded an appreciable improvement in occupancy with an average rate of 42.8 per cent from major hotels for Q3 2020 compared to 14.3 per cent in the previous quarter. Being unable to travel abroad for holiday, locals have increasingly booked stays at local hotels for the purposes of leisure and getaway.

ICT

Although mobile subscribers recorded a negative 0.2 percent growth for the first time since 2018, internet (fixed and mobile broadband) subscribers grew a significant amount at 8.0 per cent y-o-y in Q3 2020. Overall, a total growth of 3.9 per cent is recorded for internet and mobile Subscribers which is in line with the positive GDP growth of the Communication Subsector.

Exhibit 15 : Internet and Mobile Subscriptions (Q1 2019 - Q3 2020)



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

In July, following the launch, Datastream Digital Sdn Bhd (DST) commences a partnership agreement signing ceremony held via a virtual platform in an effort towards digital transformation and innovation across Brunei Darussalam by tapping into oversea markets with Philippine tech giant Multisys Technologies Corporation (Multisys). This partnership allows both parties to leverage on each other's strengths in telecommunication technology and software engineering solutions to deliver better access and smoother user experience across different environments. This collaboration presents an opportunity to jointly develop and tap the overseas market with innovative solutions. The partnership will

¹⁷ Domestic travel packages boost local tourism (August 8, 2020). *Borneo Bulletin*.

¹⁸ Cooking classes highlight Tutong cuisine (August 8, 2020). *Borneo Bulletin*.

pave the way for DST and Multisys to expand Business-to-Consumer (B2C) and Business-to-Business (B2B) solutions.¹⁹

DARe (Darussalam Enterprise), as Brunei Darussalam's focal agency representative to the ASEAN Coordinating Committee on Micro, Small and Medium Enterprises (ACCMSME), has launched Go Digital ASEAN. Four thousand Bruneians will be trained in digital literacy and business to better navigate the challenges posed by the coronavirus pandemic in the future^{20,21}

The first cashless payment mobile application, that can link multiple bank cards arrives in Brunei as Pocket by ThreeG Media Sdn Bhd. Pocket was first rolled out at the end of 2019, but received a renewed marketing push in April as remote and cashless payments gained popularity during the COVID-19 outbreak to maintain physical distancing.²²

In collaboration with Universiti Teknologi Brunei (UTB), 'GO on the Go' application, was launched in July to facilitate references and enhance understanding of public service affairs and human resource management. The app is one of the initiatives by the Public Service Department (JPA) and is available on both Android and IOS platforms.²³

Services

In Q3 2020, the Services Sector showed a mix of positive developments such as from Wholesale and Retail Trade while others showed contractions.

The positive growth of the Wholesale and Retail Trade Subsector is in line with the 10.3 per cent growth of retail sales. This is mainly attributed to higher sales of computer & telecommunication equipment activity which is continued from the previous quarter. Recreational goods have also experienced a significant growth in demand y-o-y, this is attributed to higher spending for these types of goods domestically in Brunei Darussalam instead of overseas due to the border restriction. The effects of the ongoing restrictions to travel abroad continue to be reflected in domestic sales of several retail activities including department stores and supermarkets.

Table 9 : Value of Sales and Growth Rate by Activity (Q3 2020)

Activity	Q3 2020 Index (2017 = 100)	Value of Sales (BND Million)	Growth y-o-y (%)
Department Store	113.6	124.6	9.0
Supermarket	107.6	59.2	10.6
Mini Mart	89.1	10.7	2.0
Food and Beverages in Specialised Stores	112.9	7.0	2.8
Petrol Station	118.6	43.2	(3.7)
Computer & Telecommunications Equipment	118.5	26.6	42.2
Textiles, Wearing Apparel & Footwear	77.9	11.9	(0.6)
Hardware, Paints and Glass in Specialised Stores	66.6	22.2	(9.5)
Furniture & Household Equipment	95.7	13.4	19.6
Electrical Household Appliances and Lighting Equipment in Specialised Stores	120.3	31.0	28.2
Books, Newspapers and Stationery in Specialised Stores	56.6	3.7	(23.6)
Recreational Goods	141.0	9.3	41.5
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	98.0	10.5	11.7
Watches & Jewellery	108.6	12.4	23.3
Others	118.3	21.8	20.7
Total	106.1	407.3	10.3

Source: Department of Economic Planning and Statistics

Furthermore, the sales volume of motor vehicle recorded the highest increase among all the quarters from 2018 up to the second quarter of 2020. In Q3 2020, sales volume increased by 8.5 per cent y-o-y which is equivalent to 3,345-unit sales compared to 3,083-unit sales in Q3 2019.

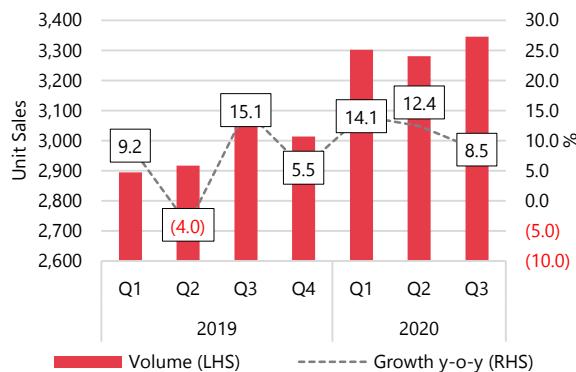
¹⁹ DST joins hands with Philippine tech giant (August, 2020). *Borneo Bulletin*.

²⁰ Go Digital ASEAN launched (July, 2020). *Borneo Bulletin*.

²¹ Go Digital ASEAN to train 4,000 Bruneians in digital literacy and business (July, 2020). *Biz Brunei*.

²² Pocket: First cashless payment mobile app in Brunei linking multiple banks cards (July, 2020). *Biz Brunei*.

²³ GO app launched to increase access to public service information (July, 2020). *Borneo Bulletin*.

Exhibit 16 : Motor Vehicle Sales Volume (Q1 2019 - Q3 2020)

Source: ASEAN Automotive Federation

Following the previous quarter, the Restaurants Subsector continues to experience negative GDP growth as restrictions to restaurants limit number of concurrent customers as well as social distancing practices.

Table 10 : Value of Food & Beverage Sales and Growth Rate by Activity (Q3 2020)

Activity	Q3 2020 Index (2017=100)	Value of Sales (BND Million)	Growth y-o-y (%)
Restaurants	100.9	61.9	(0.8)
Fast-food outlets	124.4	17.8	(1.5)
Beverages serving activities	163.5	1.8	75.3
Other food service activities	77.9	3.0	(31.4)
Total	104.9	84.5	(1.6)

Source: Department of Economic Planning and Statistics

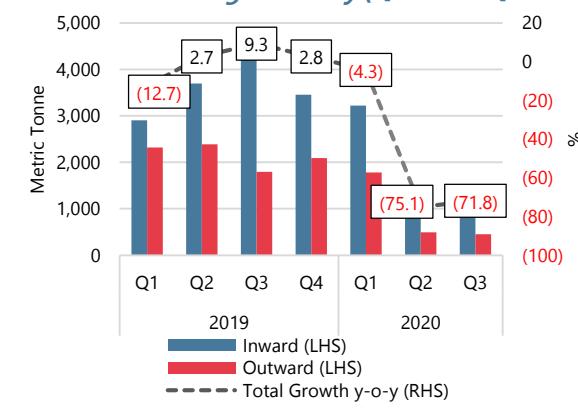
Table 11 – Top Exports and Imports in weight/volume by Logistic Medium (Q3 2020)

Logistic medium	Top Exports	Top Imports
Air	Fruits, surveying equipment, machinery parts	Medicaments, food and machinery parts.
Sea	Mineral fuels, waste and scrap	Mineral fuels, cement and stone related products.
Land	Wire nails, paper pulp, wood products	Food, animal feed, bricks and gravel.

Source: Department of Economic Planning and Statistics

In Q3 2020, the top imports through air by weight/volume are medicaments, food products such as fruits and miscellaneous machinery parts. Top

exports through air by weight/volume are fruits most notably fresh melons, nautical surveying equipment and machinery parts. Sea freight mainly consists of energy related commodities in terms of weight/volume both for exports and imports. This also includes other heavy commodities such as waste and scrap for exports and cement and stone related products for imports. By land, exports consist mainly of wire nails as well as paper pulp while imports were food products such as fruits, animal feed for poultry, bricks, pebbles and gravel.

Exhibit 17 : Air Freight Activity (Q1 2019 - Q3 2020)

Source: Ministry of Transport and Info-Communications