

BRUNEI DARUSSALAM KEY ECONOMIC DEVELOPMENTS



PREPARED BY

DEPARTMENT OF PLANNING

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MINISTRY OF FINANCE AND ECONOMY

**THIRD
QUARTER
Q3 2022**

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BRUNEI ECONOMY

Q3 2022

GROSS DOMESTIC PRODUCT



The overall economy grew by 0.9%.
The Oil & Gas Sector contracted by 2.7%.
The Non-Oil & Gas Sector grew by 4.6%.

CONSUMER PRICE INDEX



The overall CPI rose by 4.3%.
The Food Index rose by 6.8%.
The Non-Food Index rose by 3.7%.

INTERNATIONAL MERCHANDISE TRADE



A trade surplus of BND2.0 billion was recorded.
Total exports amounted to BND5.2 billion.
Total imports amounted to BND3.2 billion.

GOVERNMENT FISCAL



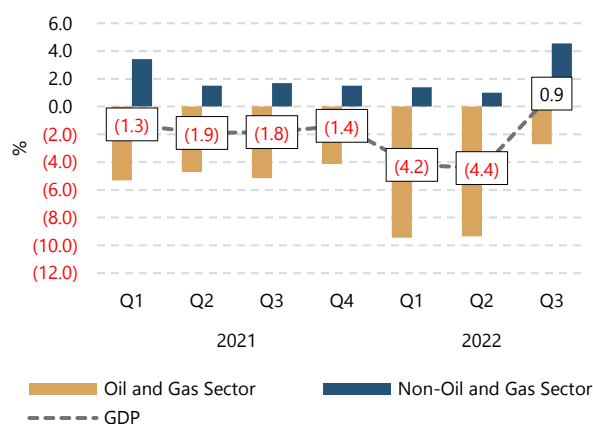
A fiscal surplus of BND252.3 million was recorded.
Total fiscal revenue amounted to BND1.6 billion.
Total fiscal expenditure amounted to BND1.3 billion.

Gross Domestic Product (GDP)

Overview

Brunei Darussalam's economy registered its first positive growth since Q3 2020, increasing by 0.9 per cent year-on-year (y-o-y) in the third quarter of 2022 (Q3 2022). The modest upturn was due to a sustained and significant increase in the Non-Oil and Gas Sector by 4.6 per cent, offsetting the prolonged decline in the Oil and Gas Sector by 2.7 per cent (**Exhibit 1**).

Exhibit 1 : GDP Growth (Q1 2021 – Q3 2022)



Source: Department of Economic Planning and Statistics

Oil and Gas Performance

The contraction in the Oil and Gas Sector was primarily due to a fall in the production of crude oil, natural gas, and liquefied natural gas (LNG) (**Table 1**). In particular, the reduction in crude oil and natural gas production was mainly due to rejuvenation and turnaround activities in the offshore platform. Subsequently, this has limited the supply of natural gas to the LNG plant and caused low gas intake for the purpose of LNG production. Correspondingly, this, along with extended shutdown activities led to the decline in the production of LNG.

Table 1 : Production of Crude Oil, Natural Gas and LNG (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Crude Oil (Thousand barrels /day)	97.1	86.2
Natural Gas (Million m ³ /day)	28.7	28.0
LNG (MMBtu/day)	750,944	731,975

Source: Energy Department, Prime Minister's Office

Non-Oil and Gas Performance

The improvement in the Non-Oil and Gas Sector was underpinned by positive growths recorded in several subsectors (**Table 2**).

Table 2 : Growth of Selected Non-Oil and Gas Sectors (Q3 2022)

	Growth (%)
Other Manufacturing	34.1
Restaurants	31.4
Finance	10.1
Transport and Logistics	8.9
Wholesale and Retail Trade	7.9
Manufacture of Petroleum and Chemical Products	5.9
Business Services	2.7
Fishery	1.7
Livestock and Poultry	(7.7)
Construction	(3.4)
Electricity and Water	(2.7)

Source: Department of Economic Planning and Statistics

In particular, growth of the Non-Oil and Gas Sector was mainly attributed to expansion in the Manufacture of Petroleum and Chemical Products Subsector arising from increased production of methanol as well as the new production of chemical products, specifically ammonia and granular urea (**Table 3**).

Table 3 : Production of Methanol, Ammonia and Granular Urea (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Methanol (MT)	129,778	150,674
Ammonia (Tonnes)	-	44,637
Granular Urea (Tonnes)	-	80,035

Source: Energy Department, Prime Minister's Office

The Other Manufacturing Subsector also showed an improved turnout, bolstered by increased steel manufacturing activities particularly for external demand.

This is followed by an improved performance in Wholesale and Retail Trade, spurred by increased domestic demand. In particular, this is reflected in the rise in retail sales volume index of most retail activities, among the highest included Petrol Stations, Hardware, Paints and Glass in specialised stores, Textiles, Wearing

Apparel and Footwear; and Watches and Jewellery (Table 4). In addition, the higher sales volume is also in line with the cessation of the COVID-19 Early Endemic Phase since early June 2022 compared to the limited social interactions and mobility in Q3 2021.

Table 4 : Quarterly Retail Sales Volume Index, Weight and Growth Rate by Activity (2019 = 100), Q3 2022

	Weights	% Growth (Q3 2022/Q3 2021)
Department Store	2,576	(0.8)
Supermarket	1,711	(8.1)
Mini Mart	271	8.2
Food and Beverages in Specialised Stores	200	9.4
Petrol Station	1,192	22.6
Computer & Telecommunications Equipment	593	(24.3)
Textiles, Wearing Apparel & Footwear	373	35.7
Hardware, Paints and Glass in Specialised Stores	607	18.3
Furniture & Household Equipment	326	15.7
Electrical Household Appliances and Lighting Equipment in Specialised Stores	586	(10.7)
Books, Newspapers and Stationery in Specialised Stores	137	2.2
Recreational Goods	186	14.5
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	227	10.0
Watches & Jewellery	355	18.3
Others	659	8.1
Total	10,000	2.4

Source: Department of Economic Planning and Statistics

Also benefitting from the cessation of the Early Endemic Phase is the Restaurants Subsector, whereby most commercial premises including restaurants, café and food courts were able to resume operation at full capacity. This in particular, is reflected in the higher food and beverages services volume recorded in Q3 2022 compared to Q3 2021 (Table 5).

Table 5 : Quarterly Food and Beverages Index Sales Volume Index, Weight and Growth Rate by Activity (2019 = 100), Q3 2022

	Weights	% Growth (Q3 2022/Q3 2021)
Restaurants	6,243	35.3
Fast-Food Outlets	1,668	27.9
Catering Service Activities	923	5.3
Other Food Service Activities	895	(6.0)
Beverage Serving Activities	271	2.9
Total	10,000	26.0

Source: Department of Economic Planning and Statistics

As for the Finance Subsector, its positive growth is attributed to a rise in income from financial and banking activities.

Meanwhile, the Transport and Logistics Subsector expanded on the back of improvements in air transport and other transport services. With travel-related restrictions no longer in place, air transport services continued its recovery momentum, buoyed by increased passenger arrivals and departures (Table 6).

Table 6 : Air Arrivals and Departures (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Arrivals	4,494	79,730
Departures	8,140	71,595

Source: Department of Immigration, Ministry of Home Affairs

Turning to the Business Services Subsector, its progress is mainly traced to increased engineering and technical activities in line with intensified oil and gas maintenance activities.

Elsewhere, the Fisheries Subsector grew on the back of higher production in both the capture and aquaculture industries. In particular, increased production from small-scale fishermen activities was the main contributor to the capture industry whilst the aquaculture industry gained primarily from higher production of farm prawn to meet external demand.

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

- The Construction Subsector, in view of the completion of major construction projects such as the Brunei Fertilizer Industries plant.
- The Electricity and Water Subsector, owing to a decrease in electricity and water production. In particular, the decline in electricity output was in line with reduced consumption from domestic and commercial activities.
- The Livestock and Poultry Subsector, due to high stock availability of beef in the market, which led to lower production.

GDP by Expenditure

By expenditure approach, the positive growth in Q3 2022 was mainly attributed to a 159.0 per cent y-o-y increase in the Net Exports of Goods and Services. In particular, the increase was mainly driven by higher exports of mineral fuels. This is followed by an increase in the Household Final Consumption Expenditure, Private Gross Capital Formation and Government Final Consumption Expenditure (**Table 7**).

Table 7 : GDP by Expenditure (Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	Growth (%)
Government Final Consumption Expenditure	1,042.6	1,046.5	0.4
Household Final Consumption Expenditure	1,277.0	1,432.2	12.2
Gross Capital Formation	1,612.8	1,646.9	2.1
Net Exports of Goods and Services	238.6	617.9	159.0
GDP	4,695.4	4,487.3	0.9

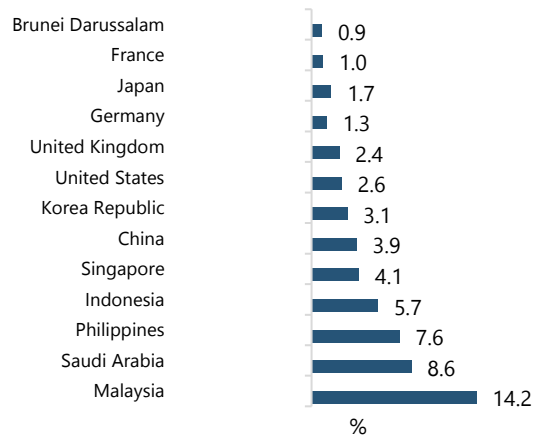
Source: Department of Economic Planning and Statistics

Global Economic Developments

According to the OECD, most countries reported positive growths albeit sluggish in Q3 2022, with Japan recording an annual growth of 1.7 per cent and France with 1.0 per cent (**Exhibit 2**). In view of the escalating pressures from the rising global inflation, the Russia-Ukraine war, alongside tighter financial conditions,

most economies have struggled to revive despite the recent lifting of COVID-19 curbs.

Exhibit 2 : GDP Growth of Selected Countries (Q3 2022)



Source: Organisation for Economic Co-operation and Development (OECD), Department of Statistics Malaysia, Ministry of Trade & Industry Singapore, Badan Pusat Statistik Indonesia, Philippines Statistics Authority and Saudi Arabia General Authority for Statistics.

Amid the significant uncertainties in the global economy, almost all the ASEAN countries continued to build on the momentum of economic recoveries. Malaysia's economy delivered a strong GDP growth of 14.2 per cent in Q3 2022. The encouraging development was contributed by robust domestic and foreign demand as well as improved labour market. The growth was also driven by encouraging performance in all economic sectors primarily the services and manufacturing sectors¹.

Indonesia's economic growth accelerated in the third quarter of 2022 by 5.7 per cent, backed by strong exports and domestic consumption. Its economic recovery was strengthened by the support of exports boom, lifting of pandemic-related restrictions and rising tourist arrivals. As a major exporter of coal, petroleum gas, gold, and palm oil, among other commodities, Indonesia has also particularly benefitted from the soaring commodity prices due to the Russia-Ukraine war².

Meanwhile, Singapore's economy expanded by 4.1 per cent, supported mainly by improvements in subsectors such as Food & Beverages (30.5 per cent), Real Estate (11.7 per cent), Retail Trade (8.9 per cent), Professional

¹ Press Release - Third Quarter 2022 GDP Grew By 14.2 Percent: Stronger Economic Performance Amid Global Challenges (November 11, 2022) Ministry of Finance Malaysia.

² Indonesia Q3 growth rises but remains below forecasts (November 8, 2022). *Borneo Bulletin*.

Services (8.3 per cent), Administrative & Support Services (7.9 per cent), and Transportation & Storage (6.8 per cent)³.

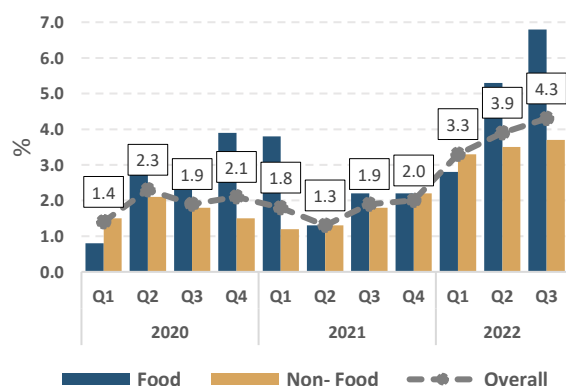
Promising growth recovery was also notable in China as its economy grew by 3.9 per cent, picking up from the 0.4 per cent recorded in the prior quarter. In particular, the growth was primarily attributed to, among others, steep improvements of the economic activities in the manufacturing, mining, and utility sectors. However, the ongoing restrictions due to zero-COVID policies and global recessionary trends are yet hampering the country's efforts for a broader growth rebound for China⁴.

Consumer Price Index

Overview

In Q3 2022, the Consumer Price Index rose 4.3 per cent y-o-y as compared to Q3 2021. The increase was contributed by the Food and Non-Food Index by 6.8 per cent and 3.7 per cent, respectively (**Exhibit 3**).

Exhibit 3 : Consumer Price Index (% Growth y-o-y), Q1 2020 – Q3 2022



Source: Department of Economic Planning and Statistics

Food Prices

The increase in the Food Index in Q3 2022 was associated with the rise in the following sub-indices:

- Oil & Fats increased by 26.0 per cent, which was driven by the increase in the price of cooking oil (34.3 per cent). This was in line with an increase in cooking oil prices from producing countries such as

Malaysia (**Table 8**), which is in tandem with the increase in crude palm oil (CPO) prices⁵.

Table 8 : Malaysia Cooking Oil Price Index, Q3 (July – September)

Month	Cooking Oil Price Index (2021)	Cooking Oil Price Index (2022)	Changes (%)
July	125.1	130.0	3.9
August	124.5	128.1	2.9
September	124.6	127.4	2.2
Average Index (Jul – Sep)	124.6	128.5	3.0

Source: eStatistik, Department of Statistics, Malaysia.

- Meat price increased by 13.0 per cent due to an increase in the price of chicken (13.0 per cent) and beef & buffalo (20.1 per cent).

- The increase in beef and buffalo meat prices in Brunei was in line with increased global beef prices including Australia (**Table 9**).

Table 9 : Average Price of Beef (USD/Kg) Q3 2021 Q3 2022

Beef (USD/Kg)	Q3 2021	Q3 2022
	5.62	5.73

Source: Global Commodity Market, World Bank

- The rise in chicken prices was driven by increased prices of chicken feeds (**Table 10**). This is consistent with the rising cost of soybean meal (a component of chicken feed) as a result of geopolitical tension and unfavorable weather⁶.

Table 10 : Average Price of Chicken Feed (BND/MT)

Chicken Feed (BND/MT)	Q3 2021	Q3 2022
	933.46	1,060.39

Source: Ministry of Primary Resources & Tourism

- Rice & Cereals by 4.5 per cent which owed to an increase in price of Noodles (10.8 per cent) following heightened global wheat prices (**Table 11**). The wheat price hike is due to the

³ Press Release - MTI Narrows Singapore's GDP Growth Forecast for 2022 to "3.0 to 4.0 Per Cent" (August 11, 2022). Ministry of Trade and Industry Singapore.

⁴ China's Q3 2022 Economic and Trade Roundup: Recovery Better Than Expected (October 27, 2022). China Briefing.

⁵ Cooking Oil Prices in Tandem with CPO Prices, 23 August 2022. Bernama.

⁶ Market Monitor (September & October, 2022). Agricultural Market Information System.

uncertain prospects for Ukraine’s seaborne export and worsening drought especially in Argentina⁷.

Table 11 : Average Price of Wheat (USD/MT)
 Q3 2021 Q3 2022

Wheat (USD/MT)	Q3 2021	Q3 2022
	318.78	394.83

Source: Commodity Market, The World Bank

Non-Food Prices

The increase in Non-Food Index was attributed to the rise in several of its sub-indices:

- Miscellaneous goods and services registered the highest increase of 13.8 per cent, mainly contributed by vehicle insurance (22.4 per cent).
- Transport prices showed an increase of 5.4 per cent resulting from an increase in the selected price of motor vehicles and air fares.
- Restaurants and Hotels increased by 3.0 per cent following the rise in the price of contract catering services alongside the increase in food prices.

Inflation Outlook

According to the International Monetary Fund’s (IMF) World Economic Outlook, Brunei Darussalam’s inflation rate is anticipated to be at 2.5 per cent in 2022 and 2.0 per cent in 2023.

In addition, the Asian region is anticipating peak inflation in the third quarter of 2022. The deceleration of inflation in the Asia and Pacific region towards the end of 2022 and 2023 is attributable to lower import prices of crude oil and food commodities on global markets coupled with steady decline in shipping costs. In the case of Brunei, the vulnerability to global inflation in response to oil price shocks is less visible due to fuel subsidies.

According to Agricultural Market Information System (AMIS) Market Monitor, major contributors to persistent food inflation include high energy and fertilizer costs; poor weather in key producing countries; and external effect of the Russia-Ukraine war.

However, geopolitical risks such as the war in Ukraine pose a greater threat to the inflation outlook as it bears price volatility and unpredictability compared to

traditional risks such as weather and government policy. Overall, despite projected inflation decelerating towards the end of 2022 and 2023, the upward risk to such predictions would depend mainly on geopolitical risks, weather conditions, exchange rates and government policies.

Selected World Developments

Table 12 : Selected Countries Consumer Price Index, Q3 (July – September)

% Changes	Q3 2021 / Q3 2022	
	Overall	Core
Singapore	7.3	5.1
Indonesia	5.2	3.0
Malaysia	4.5	3.7
Thailand	7.3	3.1
Philippines	6.5	4.5
United Kingdom	10.0	6.3
United States	8.3	6.3

Sources: Countries CPI Data Statistics

In the third quarter of 2022, Singapore and Thailand recorded a 7.3 per cent of headline inflation. However, Thailand registered lower core inflation due to continued drop in crude oil prices. Meanwhile, Singapore endured a more significant increase in prices of food; services and retail; and other goods.

Inflation in Malaysia moderated by the end of the third quarter due to a slower increase in food items. The Philippines saw its highest headline inflation in September since October 2018, driven by its high annual increase in food and non-alcoholic beverages.

Indonesia also recorded its highest inflation rate by the end of the third quarter owing to higher transportation prices as the government increased subsidies to address increasing subsidy expenditure amid the depreciating rupiah.

The United Kingdom (UK) is also experiencing its highest annual inflation since 1997 by the end of the third quarter, primarily driven by its rising food and non-alcoholic beverage prices despite a decline in its price of motor fuels.

Although inflation in the United States (US) showed a slight incremental fall in its annual inflation rate on a

⁷ Market Monitor (September & October, 2022). *Agricultural Market Information System*

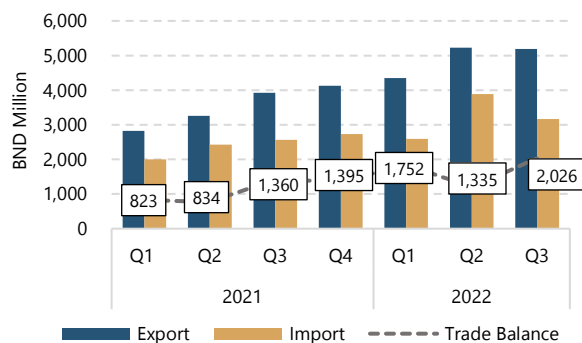
month-on-month basis, it is still considered high across multiple consumer categories. The main driver of inflation in the US is food, services and accommodation prices.

International Merchandise Trade

Overview

Brunei Darussalam's total merchandise trade in Q3 2022 increased by 28.7 per cent, to BND8,348.8 million from BND6,486.2 million in the previous year. The rise was attributed to an increase in exports and imports by 32.2 per cent and 23.3 per cent, respectively, following a robust performance in the downstream petrochemical industry. Overall, the country's trade balance remained in surplus, amounting to BND2,026.2 million in Q3 2022 (**Exhibit 4**).

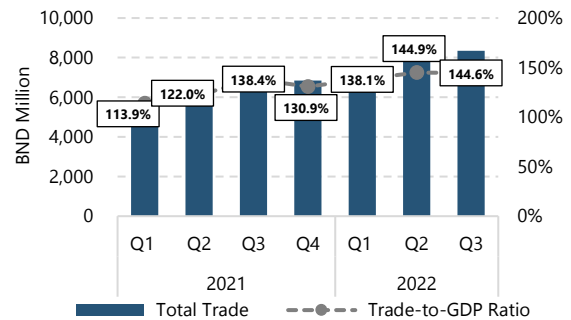
Exhibit 4 : Trade Statistics (Q1 2021 – Q3 2022)



Source: Department of Economic Planning and Statistics

Meanwhile, total trade as a percentage of GDP climbed to 144.6 per cent from 138.4 per cent in the same quarter of 2021⁸ (**Exhibit 5**). This implies that the international merchandise trade had played a more influential role in driving economic growth in this quarter.

Exhibit 5 : Trade-to-GDP Ratio (Q1 2021 – Q3 2022)



Source: Estimates by Department of Planning, Department of Economic Planning and Statistics

Export Development

Brunei Darussalam's total exports in Q3 2022 amounted to BND5,187.5 million, rallying from BND3,923.2 million in Q3 2021 (**Table 13**). The sheer increase was fuelled by the recovery of oil and gas export due to high oil prices (**Table 16**).

Table 13 : Exports (Q3 2021 & Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	Change (BND Million)
Domestic Exports	3,795.6	5,124.2	1,328.5
Re-Exports	127.6	63.3	(64.2)
Total Exports	3,923.2	5,187.5	1,264.3

Source: Department of Economic Planning and Statistics

Oil and gas commodities accounted for 45.8 per cent of the total exports, while non-oil and gas exports accounted for 54.2 per cent.

In Q3 2022, volume of LNG increased while crude oil's volume decreased compared to previous year's period (**Table 14**). However, the export value increased compared to Q3 2021 due to higher prices (**Table 15** and **Table 16**).

Table 14 : Exports Volume of Crude Oil and LNG (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Crude Oil (Thousand barrels per day)	86.7	64.4
LNG (MMBtu per day)	733,729	734,647

Source: Energy Department, Prime Minister's Office

⁸ The trade-to-GDP ratio indicates a country's openness or integration in the global economy. The ratio measures domestic producers' reliance on foreign

markets (export) as well as domestic demand's reliance on foreign supply of goods and services (import).

Table 15 : Oil and Gas Exports (Q3 2021 & Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	Change (BND Million)
Crude Oil	807.1	917.3	110.2
LNG	929.9	1,419.3	489.4
Total	1,737.0	2,336.6	599.6

Source: Energy Department, Prime Minister's Office

Table 16 : Prices of Major Export Commodities (Q3 2021 & Q3 2022)

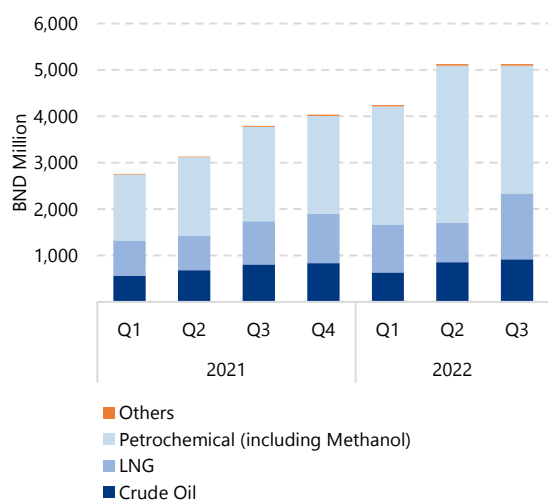
	Q3 2021	Q3 2022
Crude Oil (USD/barrel)	75.18	111.00
LNG (USD/MMBtu)	10.79	15.58

Source: Energy Department, Prime Minister's Office

On the other hand, the petrochemical industry continued to add value to the country's overall exports amounting to BND2,754.7 million in Q3 2022, an increase from BND2,036.9 million in Q3 2021 (**Exhibit 6** and **Table 17**). In particular, the rise was contributed by exports of mineral fuel products such as automotive diesel fuels and other motor spirits (gasoline) as well as chemical products, particularly p-Xylene.

Meanwhile, other domestic exports also increased to BND32.9 million in Q3 2022 compared to BND21.9 million in Q3 2021. Among the primary contributors to the increase were food related products such as Whiteleg Shrimps.

Exhibit 6 : Domestic Exports (Q1 2021 – Q3 2022)



Source: Department of Economic Planning and Statistics

Table 17 : Domestic Exports (Q3 2021 & Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	Change (BND Million)
Crude Oil and LNG	1,737.0	2,336.6	599.6
Petrochemical Products	2,036.9	2,754.7	717.8
Others	21.7	32.9	11.1
Total	3,795.6	5,124.2	1,328.5

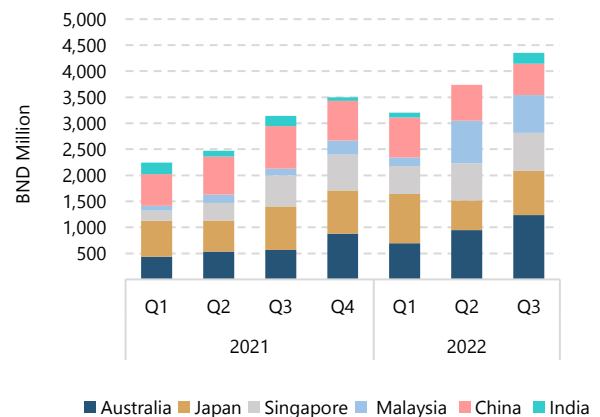
Source: Department of Economic Planning and Statistics

Australia remained the top export trading partner during this period, with its high demand for mineral fuels, primarily automotive fuels and crude oil (**Exhibit 7**).

This was followed by Japan, which surpassed other countries in the first month of Q3 2022 where the country demanded a high amount of LNG.

Exports to Singapore were the third largest, with miscellaneous types of automotive fuels and petroleum oils as the main commodities exported.

Exhibit 7 : Domestic Exports (Top 6 Destinations), Q1 2021 – Q3 2022



Source: Department of Economic Planning and Statistics

Import Development

Brunei Darussalam's total imports totalling BND3,161.3 million in Q3 2022 increased from BND2,563.0 million in Q3 2021, primarily due to mineral fuels (**Table 18**). Imports of mineral fuels are mainly used as feedstock for the petrochemical industry. This was followed by an increase in imports of Machinery & Transport Equipment as well as Food (**Exhibit 8**).

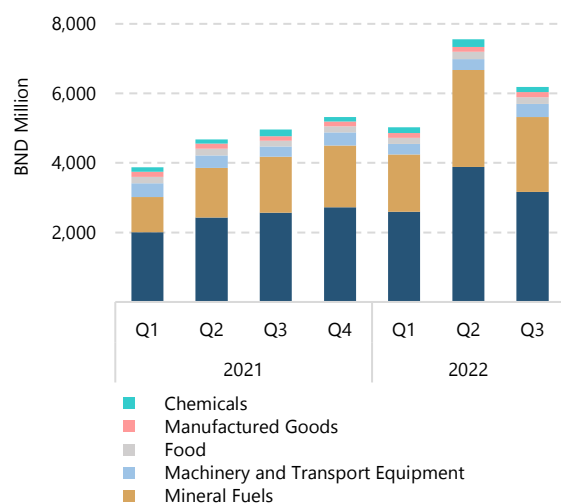
Meanwhile, other imports such as chemical and miscellaneous manufactured articles recorded a decrease in Q3 2022.

Table 18 : Imports by Commodity (Q3 2021 & Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	Change (BND Million)
Food	164.8	195.8	31.0
Mineral Fuels	1,613.9	2,157.8	543.9
Chemicals	197.3	143.6	(53.7)
Manufactured Goods	124.1	145.7	21.6
Machinery & Transport Equipment	299.4	376.4	77.0
Miscellaneous Manufactured Articles	131.4	104.8	(26.6)
Others	163.5	142.0	(21.5)
Total	2,563.0	3,161.3	598.3

Source: Department of Economic Planning and Statistics

Exhibit 8 : Imports by Top 5 Commodity, (Q1 2021 – Q3 2022)



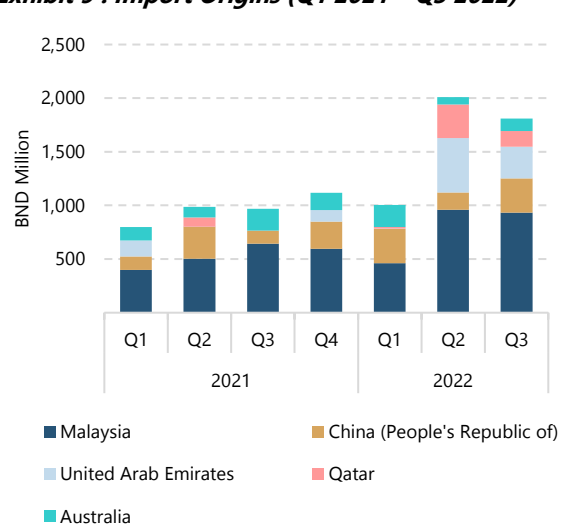
Source: Department of Economic Planning and Statistics

In terms of import origins, Malaysia was the top import market, valued at BND932.7 million, comprising primarily mineral fuels (73.6 per cent) which consists of petroleum oil imported mainly by the petrochemical industry; and food items (10.1 per cent) made up of feedstocks, aquaculture, and other various food products (**Exhibit 9**).

Most of Brunei Darussalam's food imports continues to be sourced from Malaysia, accounting for 48.2 per cent of the total food imports in Q3 2022. Due to the nature of food as a perishable product, importing food from a nearby bordering country such as Malaysia is advantageous. As a result, 52.9 per cent of food imports from Malaysia are transported by land, while 45.9 per cent are transported by sea.

The second and third biggest imports originated from the People's Republic of China and the United Arab Emirates. Most imports coming from China consist of Automotive fuels (Other motor spirits), whereas imports from the United Arab Emirates primarily consist of petroleum oils.

Exhibit 9 : Import Origins (Q1 2021 – Q3 2022)



Source: Department of Economic Planning and Statistics

Global Trade Developments

Other countries in the ASEAN region have also shown good growth in trade performance in various sectors.

Trade has been growing in Malaysia for quite some time, with figures constantly showing double digits growth. In Q3, Malaysia saw the highest quarterly value for export and import. The rise in export was primarily due to petroleum products, palm oil products, and electrical and electronic products.

The marginal increase in Australia's trade surplus compared to Q3 2021 was mainly due to slow growth in the country's major trading partner, China.

Singapore's trade performance decreased slightly in Q3 2022 compared to the previous quarter. However,

compared to year-on-year, trade performance continues to show promising results as oil and non-oil export expanded primarily due to higher oil prices and increased pharmaceutical exports.

Meanwhile, foreign trade in China was still increasing but at a slow rate as the country's Zero Covid policy is still in place. The marginal growth of the country was mainly due to exports of automobiles and mobile phones, in which ASEAN was China's largest trade partner.

Table 19 : Total Trade Growth y-o-y in Partner Nations (Q3 2022)

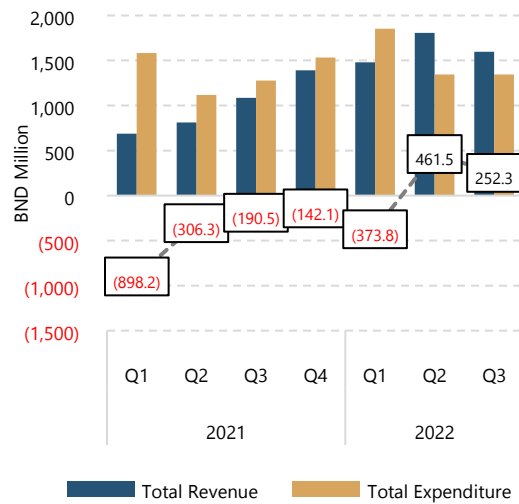
Countries	Q3 2022 (%)
Malaysia	42.0%
Australia	14.7%
Singapore	25.7%
China	10.7%

Source: Department of Statistic Malaysia; Ministry of Trade and Industry; Organization for Economic Cooperation and Development; China Briefing.com.

Fiscal

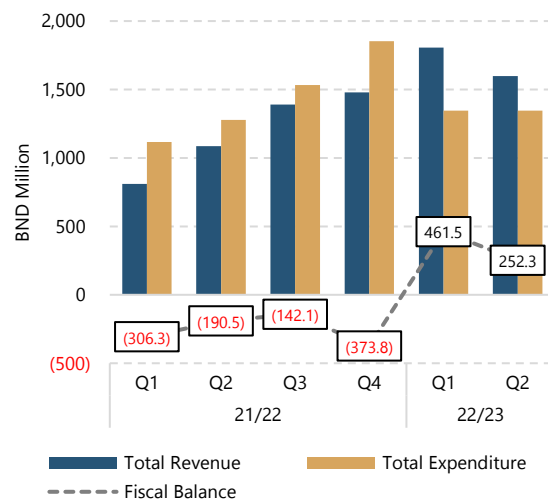
Brunei Darussalam recorded a surplus of BND252.3 million in the third quarter of 2022 compared to a deficit in the same quarter of 2021 (**Exhibit 10**). This was due to higher revenue, increasing from BND1,087.2 million in Q3 2021 to BND1,597.23 million in Q3 2022, although government expenditure also increased from BND1,277.7 million in Q3 2021 to BND1,344.9 million in Q3 2022. The higher revenue was driven by higher oil and gas revenue.

Exhibit 10 : Fiscal Balance (Q1 2021 – Q3 2022)



Source: Treasury Department, Ministry of Finance and Economy

Exhibit 11 : Fiscal Balance (FY2021/2022 - FY2022/2023)



Source: Treasury Department, Ministry of Finance and Economy

With oil and gas accounting for a substantial share of government revenue (90.3 per cent in Q3 2022), the revenue increase in Q3 2022 corresponded to a rise in domestic export of crude oil and LNG during the same quarter owing to higher prices.

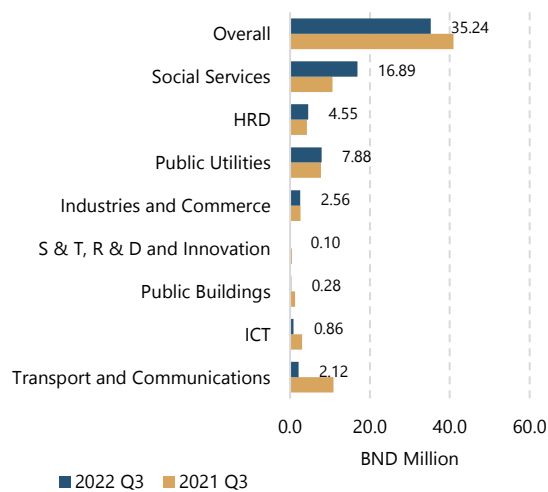
The increase in total government expenditure was mainly due to a rise in charged expenditure by 26.9 per cent, from BND300.5 million in Q3 2021 to BND381.4 million in Q3 2022. However, the rise was moderated by a decline in ordinary expenditure, primarily attributable to the fall in other charges annual

recurrent (OCAR) expenditure by 2.4 per cent and a decline in development expenditure by 13.9 per cent.

Regarding development expenditure, the decline in Q3 2022 was in line with a significant drop in project expenditure under the transport and communication sector, from BND10.88 million in Q3 2021 to BND2.12 million in Q3 2022. Moreover, expenditure on the Information and Communication Technology Sector and Public Building Sector also recorded a drop by 71.3 per cent and 78.1 per cent, respectively. This decline was in line with most National Development Plan (RKN) projects having neared or seen completion.

Nevertheless, some RKN projects, particularly in the Social Services Sector, Human Resource Development Sector, and Public Utilities Sector, are incurring rising expenditures (**Exhibit 12**). Among the factors contributing to the increase in expenditures was the continued construction of one thousand units of terrace houses built on a 165-hectare site under the Kampong Lugu National Housing Phase 2, which contributed approximately 31.2 per cent of the total expenditures for the third quarter of 2022. This project was anticipated to be completed in 2023. Besides pursuing the national vision of upholding the quality of life of the citizens, this project is expected to bring about ripple economic benefits and create more employment opportunities through expansion in commercial activities such as retail shops, restaurants, entertainments and others.

Exhibit 12 : Main National Development Plan Sectors Expenditure, Q3 2021 & Q3 2022



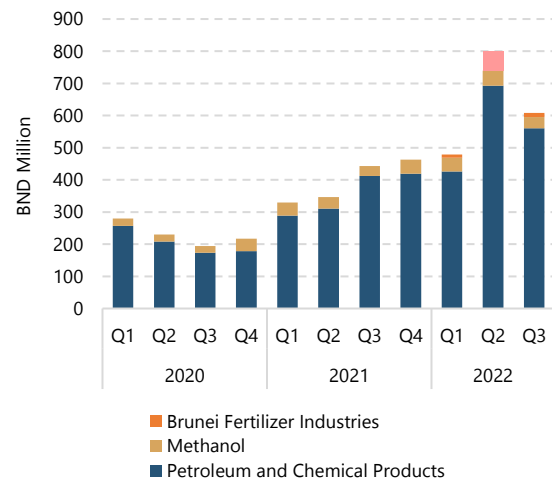
Source: Treasury Department, Ministry of Finance and Economy

Priority Sectors Development

Downstream Oil and Gas

In Q3 2022, the Downstream Oil and Gas Sector recorded another positive growth contributing about BND608.0 million to GVA at current prices compared to BND442.9 million recorded in the same period last year (**Exhibit 13**).

Exhibit 13 : Downstream Oil and Gas Sector GVA at Current Prices (Q1 2020 – Q3 2022)



Source: Department of Economic Planning and Statistics

The improvement in the third quarter of the year was supported primarily by the increase in the production of Petroleum and Chemical Products. In addition, the rise was also supported by increase in the production of methanol and new production of the chemical product, specifically urea fertilizer (**Table 20**). The improvement in petrochemical activities was mainly contributed by the production of petroleum products such as Gasoline RON90, RON92 and Diesel (**Table 21**).

Table 20 : Production of Methanol and Urea (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Methanol (Metric Tonnes)		
Production	129,778	150,674
Urea (Tonnes)		
Production	-	80,035

Source: Energy Department, Prime Minister's Office

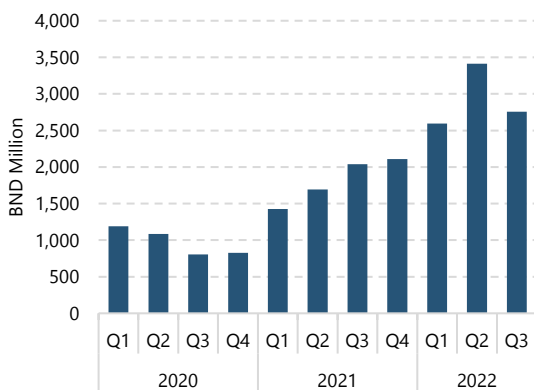
Table 21 : Production of Gasoline and Diesel (Q3 2021 & Q3 2022)

		Q3 2021	Q3 2022
Gasoline (Tonnes)			
Production	RON90	0	322,939
	RON92	0	206,409
Diesel (Tonnes)			
Production		559,905	748,693

Source: Energy Department, Prime Minister's Office

Meanwhile, exports from the Downstream Oil and Gas Sector reached BND2,754.7 million in Q3 2022, a sheer increase from the BND2,036.9 million recorded in the same period a year ago, backed by higher export prices. **(Exhibit 14).**

Exhibit 14 : Downstream Oil & Gas Exports, (Q1 2020 – Q3 2022)

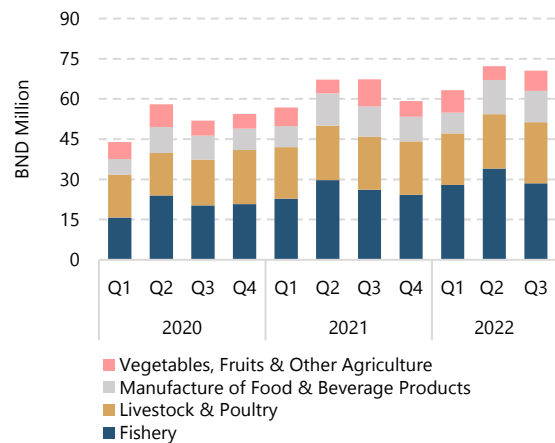


Source: Department of Economic Planning and Statistics

Food

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 BND70.6 million to GVA in Q3 2022, increasing from BND67.4 million in the same quarter of 2021 **(Exhibit 15).**

Exhibit 15 : Food Sector GVA at Current Prices, Q1 2020 – Q3 2022



Source: Department of Economic Planning and Statistics

By subsector, the Vegetables, Fruits, and Other Agriculture Subsector was valued at BND7.6 million at GVA in Q3 2022, decreasing from BND10.2 million in Q3 2021. The decrease was due to a fall in production of several commodities **(Table 22).**

Table 22 : Agriculture Production in Metric Tonnes (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Paddy	1,329.6	1,064.4
Vegetables	1,944.9	1,799.9
Fruits	2,308.3	1,351.1

Source: Ministry of Primary Resources and Tourism

The decrease in agriculture products is mainly due to labour shortage, increase in cost of fertilisers, off-season for certain vegetables and fruits as well as pest and disease issues.

As for the Livestock and Poultry Subsector, the sector was valued at BND22.8 million in Q3 2022, increasing from BND19.9 million in Q3 2022. This was mainly due to the increase in the following commodities **(Table 23)** in line with regular import activity of day-old chicks:

Table 23 : Poultry Production (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Broilers (MT)	7,825.3	8,084.8
Chicken Eggs (Million Eggs)	43.2	43.4

Source: Ministry of Primary Resources and Tourism

However, production of livestock such as buffaloes and cattles, as well as goats and sheep (**Table 24**) decreased due to lower importation from suppliers due to stock availability from the previous quarter, as well as an increase in importation costs.

Table 24: Livestock Production in Metric Tonnes (Q3 2021 & Q3 2022)

	Q3 2021	Q3 2022
Buffaloes & Cattles	1,206.7	809.8
Goats & Sheep	33.4	16.9

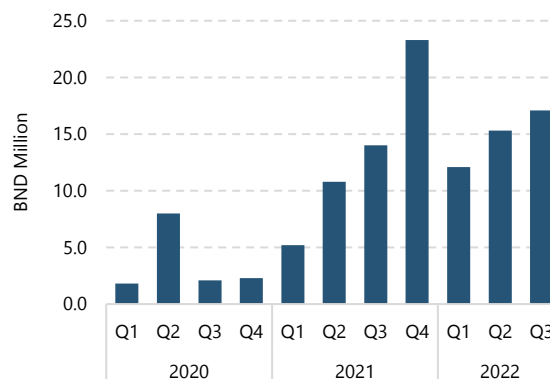
Source: Ministry of Primary Resources and Tourism

Meanwhile, the Fishery Subsector was valued at BND28.5 million at GVA in Q3 2022, up from BND26.1 million in Q2 2021. This improvement was aided by an increase in production in the capture industry and aquaculture industry by 0.2 per cent and 4.3 per cent respectively. The increase in capture industry was supported by an increase in the number of active part-time fishermen. As for the aquaculture industry, during this period, there was a consistent importation and increased domestic production of vannamei shrimp seeds which led to an increase in the production of farm prawn.

The Manufacture of Food & Beverage Products Subsector amounted to BND11.6 million at GVA in Q3 2022, increasing from BND11.2 million recorded in Q2 2021. This was driven by the increase in production of processed fish and seafood products by 23.2 per cent in line with increased inputs.

In terms of the Food Sector's exports, it amounted to BND17.1 million in Q3 2022, up from BND14.0 million in the same quarter of 2021. In terms of product type, shrimp products accounted for the majority of total domestic exports in Q3 2022, primarily to Taiwan and Japan (**Exhibit 16**).

Exhibit 16 : Food Exports, Q1 2020 – Q3 2022



Source: Department of Economic Planning and Statistics

In addition, among the initiatives aimed at accelerating the development of the food industry include: -

- For its agri-food processing, Ghanim International Corporation Sdn Bhd (Ghanim) intends to import raw materials and ingredients, including meat, from Australia. When Australian government representatives visited the Brunei Food Industry Development (BFID) Multipurpose Processing Facility in Salambigar, Dr. Nur Rahman, Chief Executive Officer of Ghanim International Corporation, explained that the high quality inputs would allow Brunei Darussalam to produce premium halal products to meet both domestic demand and exports into the international market⁹.

Tourism

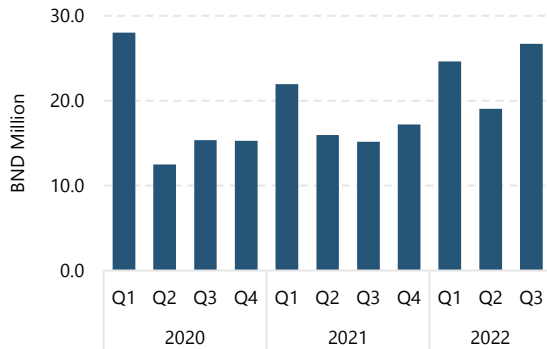
In Q3 2022, the Tourism Sector's GVA at current prices was valued at BND26.7 million, increasing from the BND15.2 million recorded in the same period last year (**Exhibit 17**)¹⁰.

⁹ Eyeing Australia for food processing materials, (July 6, 2022). *Borneo Bulletin*

¹⁰ The Tourism Sector's GVA comprises the following subsectors: Air Transport, Land Transport, Water Transport, Other Transport Services, Hotels, Restaurants,

Wholesale and Retail Trade; and Other Private Services. The Tourism Sector's GVA values from Q1 2020 to Q3 2022 has been revised from the previous publications.

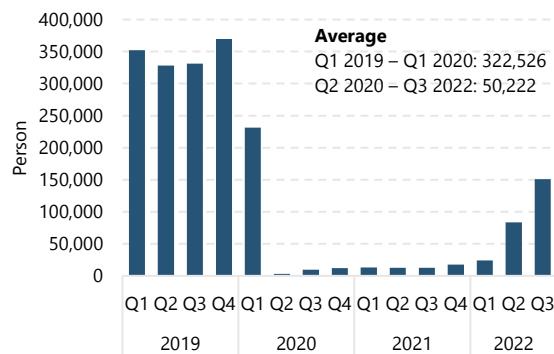
Exhibit 17 : Tourism GVA at Current Prices (Q1 2020 – Q3 2022)



Source: Department of Economic Planning and Statistics

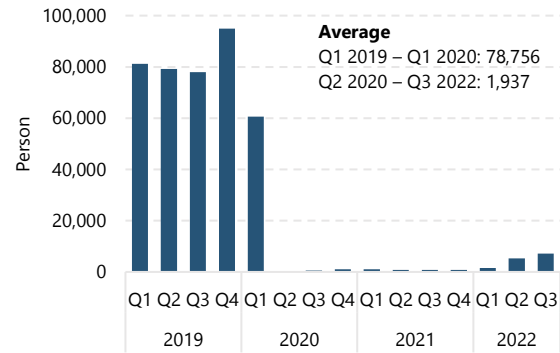
The improvement in Q3 2022 was supported primarily by the aviation sector in view of an increase in the number of arrival and departure by air from 12,634 persons to 150,965 persons (**Exhibit 18**). Likewise, the number of international visitors arriving by air also rose to 7,193 visitors compared to 848 visitors in Q3 2021 (**Exhibit 19**). As such, this encouraging development was partly attributed to the new protocol for air travel announced by the Government on 6th May 2022, which included the withdrawal of the Travel Green List and the need for quarantine upon arrival in the country. Previously, only travellers departing from 11 “green-listed” countries could enter the country for non-essential reasons¹¹.

Exhibit 18 : Total Air Arrivals and Departure (Q1 2019 – Q3 2022)



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

Exhibit 19 : International Air Arrivals (Q1 2019 – Q3 2022)



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

Besides aviation, food and beverages services sales under the Tourism Sector also registered an increase of 30.1 per cent y-o-y in Q3 2022 (**Table 25**). In particular, the increase in sales was in line with the cessation of the COVID-19 Early Endemic Phase since early June 2022, where commercial premises including restaurants, café and food courts are allowed to operate at full capacity, compared to dine-in being prohibited due to the reinstatement of control measures in Q3 2021.

Table 25 : Quarterly Food & Beverages Sales and Growth Rate by Activity (Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	% Growth (Q22022/Q2 2021)
Restaurants	47.8	66.8	77.9
Fast-Food Outlets	15.9	21.0	20.9
Catering Service Activities	5.1	5.5	1.8
Other Food Service Activities	10.0	9.7	(1.2)
Beverage Serving Activities	2.3	2.5	0.6
Total	81.1	105.5	30.1

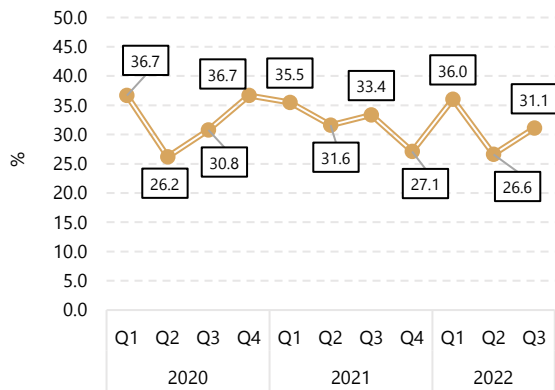
Source: Department of Economic Planning and Statistics

As for the accommodation and hospitality activity, the average occupancy rate in Q3 2022 was recorded at 31.1 per cent, declining from the 33.4 per cent recorded in same period of the previous year (**Exhibit 20**). Despite a rise in the number of international visitors by

¹¹ Dust off your passports: Brunei government relaxes more travel protocols (April 22, 2022). *The Scoop*.

air, the decline in occupancy rate was partly due to increasing number of visitors arriving for family visit purposes (i.e. staying at their family or relative's house).

Exhibit 20 : Occupancy Rate of Hotels, Resorts, Apartments and Guest Houses (Q1 2020 – Q3 2022)



Source: Ministry of Primary Resources and Tourism

In a bid to keep the tourism industry afloat, several initiatives have been introduced. Among others include:

- With Brunei Darussalam hosting rich biodiversity and pristine forest, the concept of regenerative tourism has been highlighted in a recent business forum hosted by Asia Inc as the next step in sustainable tourism. Building on this, Singapore's Mandai Park Holdings (responsible for Singapore's major wildlife attractions such as Jurong Bird Park, Night Safari, Singapore Zoo and River Safari) and Banyan Tree Holdings Limited (with a portfolio of 55 luxury resorts and hotels in over countries) will collaborate to build and operate an eco-resort in Ulu Temburong that will educate travelers about the country's rainforest and conservation efforts¹².
- Ride-hailing platform Dart Logistics has recently launched a new mobile application "Dart Shuttle", offering on-demand shuttle services for 24 different pick-up and drop-off locations around Kiulap, Gadong, and RIPAS Hospital at a rate of \$2 per trip. Dart is also exploring multiple avenues to expand their shuttle service in accordance with market demand. In addition, Dart has also recently collaborated with Spare Technology Solutions – a joint venture between Spare Labs and Mitsubishi

¹² Regenerative Tourism, Startup Financing, and Inflation: takeaways from TRANSFORM 2022 (September 26, 2022). *Biz Brunei*.

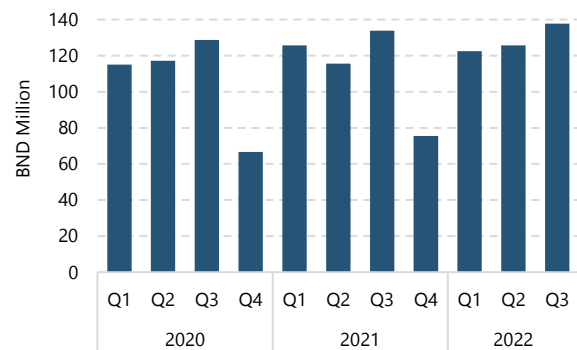
¹³ Dart introduces shuttle service connecting Gadong and Kiulap (September 19, 2022). *Biz Brunei*.

with experience doing on-demand bus services in Japan – to develop their route and ride hailing management system¹³.

Info-Communication & Technology (ICT)

In Q3 2022, the ICT Sector was valued at BND137.8 million at GVA, increasing from the BND133.8 million recorded in the same quarter of the 2021 (Exhibit 21)¹⁴.

Exhibit 21 : ICT Sector GVA at Current Prices (Q1 2020 – Q3 2022)



Source: Department of Economic Planning and Statistics

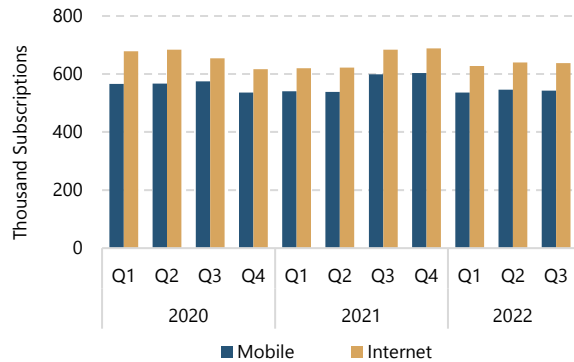
Correspondingly, the positive performance of the overall ICT sector is attributable to a 16.9 per cent increase in Computer Programming, Consultancy and Information Service Activities in view of several maintenance and new projects from government agencies and a foreign direct investment company.

Despite the improved performance of the ICT Sector, it was marred by a 1.1 per cent contraction in the Telecommunication Subsector with a fall in both the number of mobile and internet subscriptions.

In particular, mobile subscriptions declined by 9.4 per cent from 599,255 in Q3 2021 to 542,984 in Q3 2022, while internet subscriptions decreased by 6.9 per cent from 684,061 in Q3 2021 to 637,100 in Q3 2022 (Exhibit 22).

¹⁴ The ICT Sector's GVA comprises the following subsectors: Telecommunication, Computer Programming, Consultancy & Information Services and Publishing, Motion Pictures, Television and Radio.

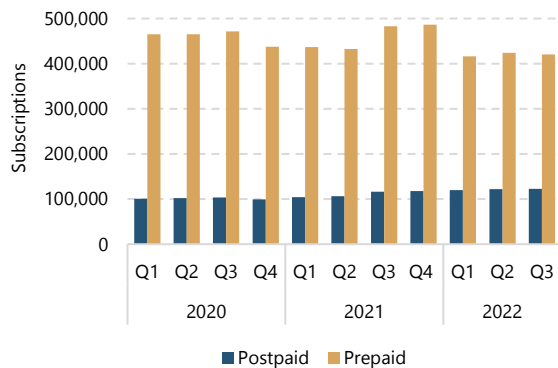
Exhibit 22 : Mobile and Internet Subscriptions (Q1 2020 – Q3 2022)



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

In particular, the fall in mobile subscriptions was mainly due to mobile prepaid, which decreased by 13.0 per cent from 483,056 in Q3 2021 to 420,293 in Q3 2022 (**Exhibit 23**).

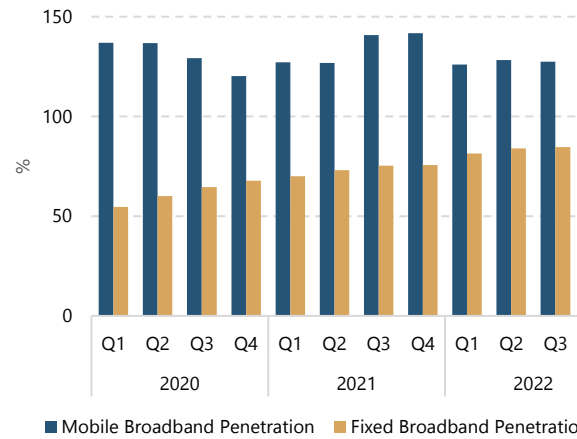
Exhibit 23 : Mobile Subscriptions (Q1 2020 – Q3 2022)



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

The shift in consumer preferences for fixed broadband from mobile broadband saw fixed broadband penetration climbed from 75.3 per cent in Q3 2021 to 84.6 per cent in Q3 2022. Meanwhile, mobile broadband penetration fell from 140.7 per cent in Q3 2021 to 127.5 per cent in Q3 2022 (**Exhibit 24**).

Exhibit 24 : Mobile and Fixed Broadband Penetration (Q1 2020 – Q3 2022)



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

In other developments, Brunei Darussalam remains steadfast in its pursuit of digital transformation and becoming a smart nation. Among the initiatives include:

- Brunei Telecommunications Industry continues to improve the infrastructure and network by activating the Broadband Uplift programme, which is aimed at raising the fixed broadband baseline speed for subscribers to at least 50Mbps. This is in line with the Digital Economy Masterplan 2025 and Wawasan Brunei 2035 initiative towards becoming into a Smart Nation¹⁵.
- One of the leading global providers of ICT infrastructure and smart devices, Huawei launched Asia-Pacific Seeds for the Future 2022 in collaboration with the ASEAN Foundation and Tourism Authority of Thailand (TAT) during a ceremony in Thailand last week. The programme brought together 120 outstanding students from 16 Asia-Pacific countries for a 9-day digital boot camp in Thailand¹⁶.
- Progresif Sdn Bhd launched new fibre broadband plans, enhancing their products and services in digital connectivity and online experience. This is in line with the national objective of improving connectivity across the nation¹⁷.
- SEA-VET platform has become a regional one-stop hub for technical and vocational education and

¹⁵ Boost for Digital Technology (August 31, 2022), *Borneo Bulletin*.

¹⁶ Brunei students join global digital bootcamp (August 24, 2022) *Borneo Bulletin*.

¹⁷ Enhancing digital connectivity with new fibre broadband plans (September 03, 2023), *Borneo Bulletin*.

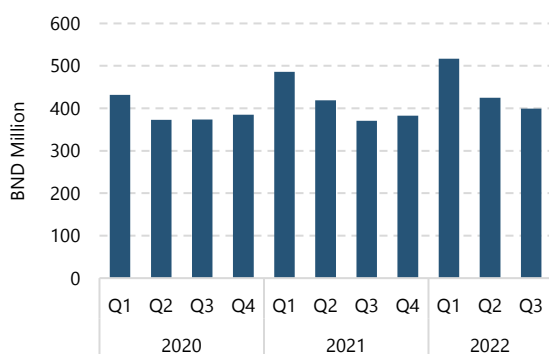
training (TVET) information and is now extending its function to e-learning. This new phase is made possible with the collaboration between Southeast Asian Ministers of Education Organisation Regional Centre for Vocational and Technical Education and Training (SEAMEO Voctech) and GIZ RECOTVET. SEAMEO Voctech's Smart Lab will provide an avenue for TVET teachers, learners, and learning media developers, to collaborate and co-develop resources using interactive technology including gaming, simulation, virtual reality (VR), augmented reality (AR), extended reality (XR), and mixed reality (MR) to improve teaching and learning¹⁸.

- COVID-19 has posed an unprecedented challenge, which has accelerated ICT adoption creating new opportunities. As one of the key ingredients is the workforce, where the BIICF has identified the skills and competencies required for workforce that are aligned with the industry's need. About 79 high-demand technical and soft skills competencies for 20 job roles, among others include data analyst, data engineer, application developer, cyber risk analyst, and security engineer¹⁹.

Services

The Services Sector comprising activities of Wholesale & Retail Trade, Business Services, and Transport & Logistics, continued to grow year-on-year this quarter contributing about BND399.6 million to GVA, compared to BND370.4 million in Q3 2021 (Exhibit 25).

Exhibit 25 : Services Sector GVA at Current Prices (Q1 2019 – Q3 2022)



Source: Department of Economic Planning and Statistics

The increase was primarily caused by Wholesale and retail trade activities in line with a rise in the majority of sales across retail activities in the Retail Sales Index (RSI) for Q3 2021 (Table 26).

This sales value increase was due to higher demand in line with the cessation of the COVID-19 Early Endemic Phase since early June 2022 compared to the limited social interactions and mobility in Q3 2021.

Table 26 : Quarterly Retail Estimated Value of Sales and Growth Rate by Activity (Q3 2022)

	Q3 2021 (BND Million)	Q3 2022 (BND Million)	% Growth (Q32022/Q3 2021)
Department Store	114.5	115.1	0.6
Supermarket	77.8	74.2	(4.6)
Mini Mart	13.1	14.7	12.3
Food and Beverages in Specialised Stores	5.7	6.6	16.9
Petrol Station	34.9	42.8	22.8
Computer & Telecommunications Equipment	26.4	20.2	(23.8)
Textiles, Wearing Apparel & Footwear	9.7	13.3	36.5
Hardware, Paints and Glass in Specialised Stores	22.7	28.9	27.3
Furniture & Household Equipment	9.3	10.7	15.3
Electrical Household Appliances and Lighting Equipment in Specialised Stores	24.9	23.1	(7.2)
Books, Newspapers and Stationery in Specialised Stores	4.0	4.2	5.5
Recreational Goods	7.8	9.3	19.2
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	12.2	13.2	8.8
Watches & Jewellery	14.3	17.5	22.8
Others	30.2	33.2	9.6
Total	407.4	427.0	4.8

Source: Department of Economic Planning and Statistics

Air transport sector also contributed to the Services sector increase, and is in line with an increase in the

¹⁸ Technical Education goes digital (July 25, 2022). *Borneo Bulletin*.

¹⁹ The future of work has arrived (August 9, 2022). *Borneo Bulletin*.

inward and outward-bound air freight movements (Table 27).

Table 27 : Air Freight Movements (in kg)

	Q3 2021	Q3 2022	% Growth (Q32022/Q3 2021)
Inward	2,056,771	2,130,887	3.6
Outward	578,300	699,652	21.0
Total	2,635,071	2,830,539	7.4

Source: Department of Civil Aviation

In terms of value, transport through sea presents the largest share of trade share among other mediums recorded at 95.5 per cent in Q3 2022 (Table 28).

Table 28 : Total Merchandise Trade Value (Q3 2022)

	Q3 2021 (BND Million)	Share (%)
Air	284.2	3.4
Sea	7,969.7	95.5
Land	94.9	1.1

Source: Department of Economic Planning and Statistics

As for sea freight, mineral fuels accounted for a large share of the exported goods while imports through sea were mainly comprised of mineral fuels, inedible crude materials and various manufactured goods.

The main type of goods exported via air were re-exports of various machinery and transport equipment, such as aircraft parts. In terms of imports, the main type of goods were various types of time sensitive foods such as fruits, yogurt, fish, meats and others. Imports of medicaments however, is the largest volume in terms of a single commodity type. (Table 29).

Meanwhile for land freight, majority was re-exported goods including animal complete feeds, scrap and waste materials. On the other hand, imports via land largely comprised of food products, particularly fisheries, complete feeds and fruits.

Table 29 : Main Exports and Imports in weight/volume by Transport Medium (Q3 2022)

	Main Exports	Main Imports
Air	Various Machinery Parts	Miscellaneous Foods; Medicaments
Sea	Mineral Fuels	Mineral Fuels; Inedible Crude Materials; Various Manufactured Goods
Land	Animal Feed; Various Manufactured Goods	Animal Feed; Food

Source: Department of Economic Planning and Statistics

As we look ahead and continue our pursuit of economic recovery after the pandemic, the Services Sector is expected to continue its momentum and expand further in the coming quarters. Certain subsectors such as Wholesale and Retail Trade has shown great promise, with its highest ever recorded Q3 value, this quarter. Although other indicators may present a potential weakness, overall, the Services sector is expected to maintain its course and rise in the coming quarters.