

BRUNEI DARUSSALAM KEY ECONOMIC DEVELOPMENTS

PREPARED BY

DEPARTMENT OF PLANNING
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**FOURTH
QUARTER (Q4)
& ANNUAL
2022**

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BRUNEI ECONOMY

Q4 2022

GROSS DOMESTIC PRODUCT



The overall economy contracted by 1.6%.
The Oil & Gas Sector contracted by 7.5%.
The Non-Oil & Gas Sector grew by 4.3%.

CONSUMER PRICE INDEX



The overall CPI rose by 3.3%.
The Food Index rose by 5.7%.
The Non-Food Index rose by 2.7%.

INTERNATIONAL MERCHANDISE TRADE



A trade surplus of BND1.3 billion was recorded.
Total exports amounted to BND4.5 billion.
Total imports amounted to BND3.2 billion.

GOVERNMENT FISCAL



A fiscal surplus of BND321.3 million was recorded.
Total fiscal revenue amounted to BND1.8 billion.
Total fiscal expenditure amounted to BND1.5 billion.

BRUNEI ECONOMY ANNUAL 2022

GROSS DOMESTIC PRODUCT



The overall economy contracted by 1.6%.
The Oil & Gas Sector contracted by 6.2%.
The Non-Oil & Gas Sector grew by 3.1%.

CONSUMER PRICE INDEX



The overall CPI rose by 3.7%.
The Food Index rose by 5.1%.
The Non-Food Index rose by 3.3%.

INTERNATIONAL MERCHANDISE TRADE



A trade surplus of BND7.0 billion was recorded.
Total exports amounted to BND19.6 billion.
Total imports amounted to BND12.7 billion.

GOVERNMENT FISCAL



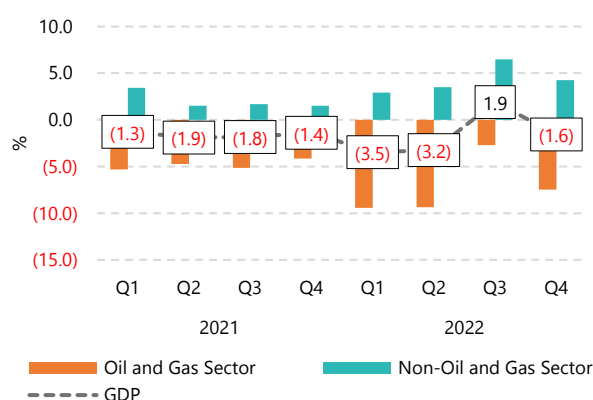
A fiscal surplus of BND638.9 million was recorded.
Total fiscal revenue amounted to BND6.7 billion.
Total fiscal expenditure amounted to BND6.0 billion.

Gross Domestic Product (GDP)

Overview

Brunei Darussalam's economy recorded a negative growth of 1.6 per cent year-on-year (y-o-y) in Q4 2022 mainly due to a contraction in the Oil and Gas Sector (by 7.5 per cent). Despite the downturn in the Oil and Gas Sector, it was moderated by a sustained and improved performance in the Non-Oil and Gas Sector, which registered a growth of 4.3 per cent (Exhibit 1).

Exhibit 1 : GDP Growth (Q1 2021 – Q4 2022)



Source: Department of Economic Planning and Statistics

Oil and Gas Performance

The contraction in the Oil and Gas Sector in Q4 2022 was attributed to a decline in crude oil, natural gas, and liquefied natural gas (LNG) production, as indicated in Table 1. This reduction was due to various factors, such as maintenance and rejuvenation activities in the offshore platforms, as well as adverse weather conditions that significantly affected production recovery activities. These factors limit the natural gas supply to the LNG plant and caused low gas intake for the purpose of LNG production. Furthermore, maintenance activities were also carried out at the LNG plant.

Table 1 : Production of Crude Oil, Natural Gas and LNG (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Crude Oil (Thousand barrels /day)	103.4	88.0
Natural Gas (Million m ³ /day)	29.8	27.4
LNG (MMBtu/day)	774,076	702,270

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 (Q4 2022)

	Growth (%)
Manufacture of Other Petroleum and Chemical Products	14.2
Wholesale and Retail Trade	9.0
Finance	6.4
Restaurant	43.3
Air Transport	137.6
Business Services	5.9
Other Transport Services	26.5
Health Services	1.3
Construction	(5.5)
Water Transport	(4.9)
Other Manufacturing	(6.4)

Source: Department of Economic Planning and Statistics

The growth of the Non-Oil and Gas Sector can be primarily attributed to the expansion of the Manufacture of Petroleum and Chemical Products Subsector, which resulted from the increased production of petroleum products, notably RON 90, and the production of new chemical products, such as urea fertilizer (Table 3).

Table 3 : Production of Other Petroleum Products and Urea (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Other Petroleum Products (Tonnes)	2,024.5	2,097.2
Urea (Tonnes)	-	234,279

Source: Energy Department, Prime Minister's Office

This is followed by an improvement in the Wholesale and Retail Trade Subsector. This was attributed to a surge in domestic demand in line with the reduction in control measures following the cessation of the COVID-19 Early Endemic Phase as opposed to Q4 2021, in which most movement restrictions were reinstated to control the spread of COVID-19. The increase in this subsector was consistent with the rise in sales volume of several retail activities such as Petrol Station, Textiles, Wearing Apparel and Footwear, and Supermarkets (Table 4).

Table 4 : Quarterly Retail Sales Volume Index, Weight and Growth Rate by Activity (2019 = 100), Q4 2022

	Weights	% Growth (Q4 2022/Q4 2021)
Department Store	2,576	2.7
Supermarket	1,711	0.3
Mini Mart	271	12.9
Food and Beverages in Specialised Stores	200	(2.6)
Petrol Station	1,192	33.4
Computer & Telecommunications Equipment	593	(17.1)
Textiles, Wearing Apparel & Footwear	373	48.0
Hardware, Paints and Glass in Specialised Stores	607	(6.5)
Furniture & Household Equipment	326	(3.4)
Electrical Household Appliances and Lighting Equipment in Specialised Stores	586	(17.5)
Books, Newspapers and Stationery in Specialised Stores	137	41.7
Recreational Goods	186	(4.0)
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	227	(6.7)
Watches & Jewellery	355	(8.1)
Others	659	(3.5)
Total	10,000	1.4

Source: Department of Economic Planning and Statistics

Also benefiting from the cessation of COVID-19's Early Endemic Phase is the Restaurants Subsector, which saw a significant increase of 43.3 per cent in Q4 2022. This growth is attributed to the lifting of dine-in capacity limitations, in contrast to Q4 2021 when such restrictions were still in place. This positive performance was also supported by higher food and beverages services volume recorded in Q4 2022 compared to Q4 2021 (Table 5).

Table 5 : Quarterly Food and Beverages Index Sales Volume Index, Weight and Growth Rate by Activity (2019 = 100), Q4 2022

	Weights	% Growth (Q4 2022/Q4 2021)
Restaurants	6,243	39.7
Fast-Food Outlets	1,668	32.1
Catering Service Activities	923	64.4
Other Food Service Activities	895	2.2
Beverage Serving Activities	271	(2.9)
Total	10,000	33.3

Source: Department of Economic Planning and Statistics

As for the Finance Subsector, its growth was mainly attributed to an increase in income from financial and banking activities. In particular, this was mainly driven by higher interest income from placement investments abroad amid a high global interest rate environment.

Meanwhile, the Transport and Logistics Subsector expanded on the back of improvements in air transport and other transport services. The increase in air transport activity was due to a rise in both passenger air arrivals and departures (Table 6) as well as increase in scheduled aircraft movements from 529 in Q4 2021 to 2,027 in Q4 2022. The surge in air arrivals was attributed to improved air connectivity and increased flight frequency to the country, while the full reopening of the air border led to a significant increase in air departures.

Table 6 : Air Arrivals and Departures (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Arrivals	846	17,275
Departures	11,960	95,440

Source: Department of Immigration, Ministry of Home Affairs

Furthermore, the surge in air travel activity had a positive impact on other transport activities in line with increased demand for travel agency activities. Moreover, the volume of seaborne cargo for both loaded and discharged also showed upturns (Table 7).

Table 7 : Seaborne Cargo Discharged and Loaded (Tons) (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Discharged	212,317	223,302
Loaded	14,962	166,584

Source: Ministry of Transport and Infocommunications

The growth in the Business Services Subsector can primarily be attributed to the upsurge in engineering and technical activities, which was in line with the intensified maintenance operations in the oil and gas industry.

Private health services experienced a significant growth of 8.1 per cent, which led to an increase in the Health Services Subsector.

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

- The Construction Subsector, in view of completion of major construction projects such as the Brunei Fertilizer Industries plant.
- Water Transport Subsector, considering the decline in LNG exports.
- Other Manufacturing Subsector, due to a decrease in demand for construction-related materials such as cement in line with the decline in the Construction Subsector.

GDP by Expenditure

By expenditure approach, the negative growth observed in Q4 2022 was due to declines in Investment, particularly from the private sector; and Government Final Consumption Expenditure. However, these declines were offset by increased exports of goods and services, primarily driven by mineral fuel exports, and a significant rise in Household Final Consumption Expenditure (Table 8).

Table 8 : GDP by Expenditure (Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	Growth (%)
Government Final Consumption Expenditure	1,215.0	1,202.6	(1.0)
Household Final Consumption Expenditure	1,220.6	1,441.4	18.1
Investment	1,401.9	1,398.4	(0.2)
Exports of Goods and Services	4,047.7	4,386.7	8.4
GDP	4,979.7	4,901.7	(1.6)

Source: Department of Economic Planning and Statistics

Overall Performance in 2022

Brunei Darussalam's economy experienced a contraction of 1.6 per cent in 2022, primarily due to a decline of 6.2 per cent in the Oil and Gas Sector. Despite this setback, the Non-Oil and Gas Sector

demonstrated resilience by recording a growth of 3.1 per cent, marking its sixth year of continuous positive growth.

In particular, the Oil and Gas Sector saw a decline primarily due to reduced production of crude oil, natural gas, and liquefied natural gas (LNG).

Table 9 : Oil and Gas Production (2021 & 2022)

	Unit	2021	2022
Crude Oil	kkbl/day	106.6	92.5
Natural Gas	Million m ³ /day	30.6	28.1
LNG	MMBtu/day	815,657	719,328

Source: Derived from quarterly data provided by the Energy Department, Prime Minister's Office

Meanwhile, growth in the Non-Oil and Gas Sector emerged primarily from subsectors such as Manufacturing of Petroleum and Chemical Products (3.3 per cent), Wholesale and Retail Trade (3.5 per cent), Air Transport (147.1 per cent), and Restaurants (13.9 per cent).

The Manufacturing of Petroleum and Chemical Products experienced consistent growth throughout all four quarters, primarily driven by higher production of RON 90.

The Wholesale and Retail Trade Subsector gained from increasing sales volume of several retail activities such as Supermarket and Petrol Station.

The Air Transport Subsector improved mainly due to the gradual return of air travel activities to normal levels as air borders have been fully reopened. This was also in line with the increase in scheduled aircraft movements from 2,012 in 2021 to 5,148 in 2022.

The Restaurants Subsector experienced a notable improvement in 2022, primarily attributed to the lifting of pandemic restrictions that enabled people to dine in restaurants.

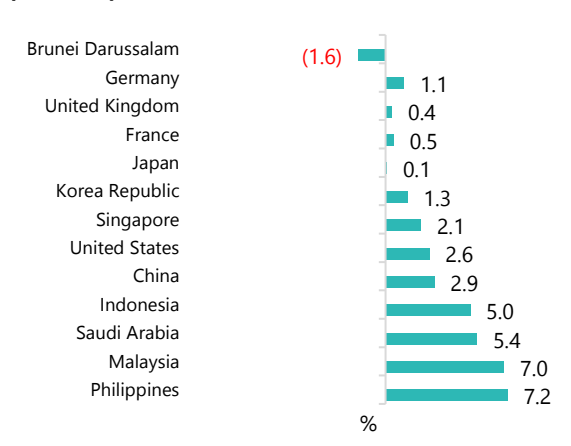
By expenditure approach, the negative GDP growth in 2022 was primarily due to a decline in Investment by 1.8 per cent and net exports of goods and services by 4.9 per cent. However, the decline was moderated by an increase in the Government Final Consumption Expenditure (6.9 per cent) and Household Final Consumption Expenditure (9.9 per cent).

Global Economic Developments

Among the major economies in the world, the United States, China and Japan reported positive growth

rates in Q4 2022 as well as for the whole year of 2022 (Exhibit 2).

Exhibit 2 : GDP Growth of Selected Countries (Q4 2022)



Source: Department of Economic Planning and Statistics; Bureau of economic Analysis; Department of Statistics Malaysia; Ministry of Trade & Industry Singapore; Badan Pusat Statistik Indonesia; Philippines Statistics Authority; Saudi Arabia General Authority for Statistics, Focus Economics; and Trading Economics.

The U.S. economy grew by 2.6 per cent in Q4 2022, softening from the 3.2 per cent pace in Q3 2022. A significant drop in residential fixed investment associated with rising interest rates and elevated home prices, proved a setback on the growth number alongside a decline in exports. Nevertheless, increases in personal consumption expenditures, private inventory investment, government spending and non-residential fixed investment aided growth. As for the whole year of 2022, the U.S. economy grew by 2.1 per cent, marking a return to pre-pandemic growth rates after two years of wild fluctuations¹.

Meanwhile, China posted a 2.9 per cent growth in Q4 2022, though this was a slowdown from the 3.9 per cent recorded in Q3 2022. Overall, China's economy expanded by just 3.0 per cent in 2022, marking one of its worst reading in nearly half a century. In particular, China's growth was impacted heavily by months of widespread COVID lockdowns and a historic downturn in the property market².

As for Japan, its economy posted a 0.1 per cent growth in Q4 2022, decelerating from the 1.7 per cent growth recorded in Q3 2022. The meagre growth came amid multiple challenges faced by the country, such as a global economic slowdown and high inflation. As for the whole year of 2022, Japan's economy expanded by 1.1 per cent, marking the

second year of growth as the country recovered from the COVID-19 pandemic³.

Moving to the ASEAN region, Singapore registered a 2.1 per cent growth in Q4 2022, bolstered by improvements in subsectors such as Construction (by 10.0 per cent) as both public and private sector construction output increased; Wholesale Trade (by 2.4 per cent) mainly supported by the machinery, equipment & supplies segment, which was in turn bolstered by the wholesaling of electronic components and telecommunications & computers; Retail Trade (by 5.1 per cent) supported by a robust increase in non-motor vehicle sales volume, which outweighed a decline in motor vehicle sales volume; Transportation & Storage (by 2.5 per cent) mainly supported by the air transport segment, which saw robust growth as international travel continued to recover; Accommodation (by 7.8 per cent) attributed to a robust recovery in international visitor arrivals; and Information & Communications (by 5.6 per cent) which was supported by sustained growth in IT development, consultancy, data hosting and related activities. As for the whole year of 2022, the Singapore economy expanded by 3.6 per cent, moderating from the 8.9 per cent growth in 2021⁴.

Elsewhere, Malaysia's GDP in Q4 2022 expanded 7.0 per cent. The Services sector was the main contributor to the Malaysia's economy and rose by 8.9 per cent in Q4 2022. The favourable performance was attributed to subsectors such as Wholesale & retail trade (9.8 per cent), Transportation & storage (22.6 per cent) and Food & beverage and accommodation (25.2 per cent). Overall, Malaysia's economic performance boosted to 8.7 per cent in 2022 as compared to 3.1 per cent in the previous year which is the highest annual growth recorded within the period of 22 years (2000: 8.9 per cent)⁵.

Brunei Darussalam Economic Outlook 2023

For the year 2023, Brunei Darussalam's economy is projected to grow in the range of 0.7 per cent to 1.2 per cent. The primary driver to this positive outlook is the Oil and Gas Sector, which is expected to post a growth recovery by 0.4 per cent whilst the Non-Oil and Gas Sector is also anticipated to expand between 0.9 per cent and 1.8 per cent.

In particular, the recovery in the Oil and Gas Sector is expected to stem from higher production of both

¹ U.S. economy grew 2.1 percent in 2022, but recession fears loom (January 26, 2023). *The Washington Post*.

² China posts one its worst economic performances in decades because of COVID (January 17, 2023). *CNN Business*.

³ Japan's GDP slows to 1.1% in 2022 on weaker export growth (February 14, 2023). *Nikkei Asia*.

⁴ Press Release - Performance of the Singapore Economy in 4Q2022 : MTI maintains 2023 GDP Growth Forecast at "0.5 to 2.5 Per Cent" (February 13, 2023). *Ministry of Trade and Industry, Singapore Department of Statistics*.

⁵ Malaysia Economic Performance Fourth Quarter 2022 (February 10, 2023). *Department of Statistics Malaysia Official Portal*.

crude oil and natural gas in view of completion of some maintenance activities.

As for the Non-Oil and Gas Sector, its positive outlook is mainly supported by several key subsectors such as Construction, Electricity & Water, Agriculture, Forestry & Fishery, Transport & Logistics, Hotels, Communication and Business Services.

The Construction Subsector is projected to expand with construction-related activities involving projects from the 11th National Development Plan (RKN11) extended to Financial Year 2023/2024. Correspondingly, the Electricity and Water Subsector is also expected to gain from an anticipated increase in the usage of power utilities, particularly from the industry side.

In Agriculture, Forestry & Fishery, its positive outlook is primarily supported by higher production targets in the Livestock & Poultry and Fishery subsectors. In particular, the increased production in Livestock & Poultry is in line with an expected increase in domestic demand for buffalo and goat meat, broiler and chicken eggs. Specifically for chicken eggs, the increased production is likely to be supported by an anticipated rise in export demand. This is in view of Golden Chick Hatchery & Breeding Sdn Bhd having successfully begun exporting chicken eggs to Singapore in December 2022⁶. Furthermore, there will be a growing demand for input materials from local manufacturing companies to support the food manufacturing industry. Meanwhile, the Fishery Subsector is expected to grow, backed by higher production targets in both the capture and aquaculture activities.

Turning to Transport & Logistics, its growth is expected to pick up strongly with travel-related restrictions no longer in place compared to last year. Accordingly, an anticipated increase in travel activities is likely to provide tailwinds to the Hotels Subsector.

The Communication Subsector is expected to improve, supported by increased domestic demand along with an anticipated rise in international tourists in view of the full border reopening since August 2022.

As for Business Services, the demand for technical and professional services such as architecture and engineering is expected to rise in line with the anticipated increase in construction activities.

In addition, the production of ammonia and granular urea from Brunei Fertilizer Industries is also expected to provide a source of growth as the company looks to resume full operation.

On the other hand, several key economic activities are expected to experience a subdued growth. In particular, the production of petroleum and chemical products from Hengyi Industries is projected to decline, among others due to disruptions caused by scheduled maintenance activities. Meanwhile, an anticipated rise in outbound travel activities due to the full border reopening may likely weigh on domestic demand, in turn undermining the prospect of the Wholesale and Retail Trade Subsector.

Global Economic Outlook 2023

According to the International Monetary Fund (IMF), global economic growth is forecasted to slow down from 3.4 per cent in 2022 to 2.9 per cent for 2023. Among others, key growth contributors include the resilient demand in the United States and Europe, easing energy costs and the reopening of China's economy after Beijing abandoned its strict COVID-19 restrictions. On the other hand, central banks' restrictive stance to tighten monetary policy in combating inflation and the escalation of the war in Ukraine will likely weigh on activity⁷.

The slowdown in growth will be more pronounced for advanced economies, with a decline from 2.7 per cent in 2022 to 1.2 per cent in 2023. As such, growth in the United States is projected to slow to 1.4 per cent in 2023 as tight financial conditions on the back of monetary policy tightening are expected to weigh on personal consumption and investment. Meanwhile, growth in Europe will likely face challenges despite signs of resilience to the energy crisis, a mild winter, and generous fiscal support. With the European Central Bank tightening monetary policy, and a negative terms-of-trade shock due to the increase in the price of its imported energy, growth in the region is projected to bottom out at 0.7 per cent in 2023 compared to 3.5 per cent last year.

Elsewhere, China and India will be the major engines of growth, accounting for half of global growth in 2023, compared to the US and euro area which account for significantly less. Notably, China's growth is set to rebound to 5.2 per cent in 2023 following the lifting of its COVID-19 restrictions, although continued stresses in its property market and

⁶ Food Security Boost with Brunei-Singapore Cooperation (December 15, 2022). *Borneo Bulletin*.

⁷ World Economic Outlook Update – Inflation Peaking Amid Slow Growth (January 2023). *International Monetary Fund*.

weakening global demand are likely to weigh on its recovery.

Meanwhile, despite weaker external demand for their merchandise goods and commodities, GDP growth in key Southeast Asian economies such as Malaysia, Indonesia and Thailand is likely to be supported by a continued recovery in domestic and tourism demand.

Table 10 : Growth Outlook of Selected Countries (%)

	Actual 2022	Outlook 2023
Global Economy	3.4	2.9
Advanced Economies	2.7	1.2
US	2.0	1.4
Euro Area	3.5	0.7
Emerging and Developing Economies	3.9	4.0
China	3.0	5.2
India	6.8	6.1

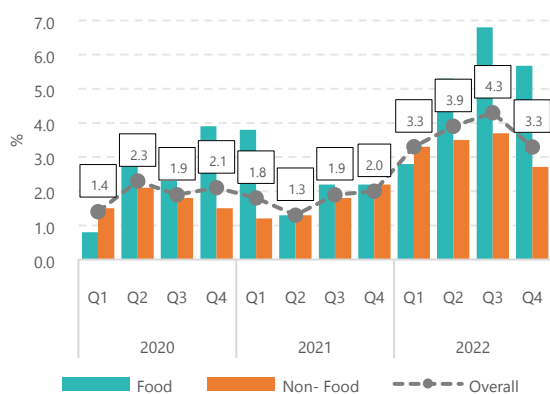
Source: International Monetary Fund

Consumer Price Index

Overview

The Consumer Price Index (CPI) rate for Q4 2022 increased to 3.3 per cent y-o-y compared to Q4 2021. The Food and Non-Food Index contributed to the increase by 5.7 per cent and 2.7 per cent, respectively (Exhibit 3).

Exhibit 3 : Consumer Price Index (% Growth y-o-y), Q1 2020 – Q4 2022



Source: Department of Economic Planning and Statistics

Quarterly Inflation - Q4 2022

In Q4 2022, the increase in the Food Index was attributed to the following selected food items:

- Meat by 11.9 per cent, in particular Chicken meat (11.3 per cent), mainly attributable to the rising cost of chicken feed (Table 11). The increase in the cost of chicken feed was in line with the rising cost of global soybean meal (the main component of animal feed), whereby the top soybean exporter, Argentina, faced drought and worsening weather conditions that hampered soy plantings⁸. In addition, the rise was also supported by China's limited availability of soybean meals due to the high global price of soy⁹.

Table 11 : Average Price of Chicken Feed (BND/MT)

	Q4 2021	Q4 2022
Chicken Feed (BND/MT)	958.24	1,044.76

Source: Ministry of Primary Resources & Tourism.

- Rice & Cereals by 5.8 per cent which among others, owed to the increase in the price of Noodles (12.2 per cent) following heightened global wheat prices (Table 12). The persistent rise in wheat prices is associated with the negative effect on wheat supply caused by the disruptions resulting from the Russia-Ukraine war and high demand.

Table 12 : Average Price of Wheat (USD/MT)

	Q4 2021	Q4 2022
Wheat (USD/MT)	370.31	415.65

Source: Commodity Market, The World Bank.

- Fish and Seafood by 5.4 per cent, was mainly contributed by the increase in price of fresh fish (5.4 per cent) caused by decreased supply due to unfavorable weather.
- Oil & Fats by 21.4 per cent, which was driven by an increase in the price of cooking oil (26.0 per cent). This was in line with the increase in cooking oil prices, in particular palm oil from producing countries such as Malaysia and Indonesia due to the following factors:
 - The strong demand for palm oil has been underpinned by the widening price discount for palm oil against other edible oils such as Sunflower oil and Soybean oil¹⁰. In particular, the ongoing the ongoing geopolitical conflict has disrupted the Sunflower oil supply chain globally, causing a surge in the demand for palm oil as a substitute.

⁸ Market Monitor (December, 2022). *Agricultural Market Information System*.

⁹ Commodity Markets Outlook (October, 2022). *World Bank*.

¹⁰ Palm Oil Market Outlook Update November 2022. *Refinitiv Commodities Research*.

- Lower palm oil production in Malaysia, mainly attributable to labour shortages due to the COVID-19 pandemic, and compounded further by uncontrollable factors including weather. In particular, the La Nina rainy weather brought floods to Malaysia and Indonesia, the world's top palm oil producers, and disrupted harvesting and transport of the vegetable oil.
- Increased crude palm oil (CPO) prices following the strengthening of the Malaysian ringgit MYR against the U.S dollar with the rise of the new government which caused export to be expensive¹¹.
- Indonesia's higher export taxes and levy on palm oil products further supported the increased price of CPO¹².

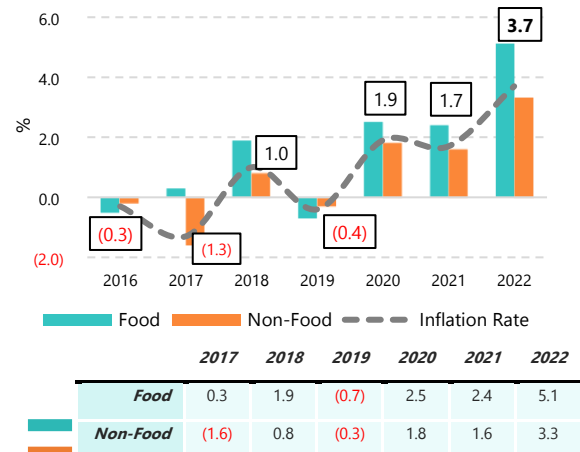
Meanwhile, the increase in Non-Food Index was attributed to the rise in several of its sub-indices:

- Miscellaneous Goods and Services prices rose by 13.6 per cent mainly due to the increase in the price of vehicle insurance influenced by the market prices of cars.
- Restaurants and Hotels registered an increase of 4.4 per cent which was mainly in line with the rise in the cost of contract catering.

Annual Inflation - 2022

CPI in 2022 rose by 3.7 per cent compared to 2021 as both the Food Index and Non-Food Index picked up by 5.1 per cent and 3.3 per cent respectively (**Exhibit 4**).

Exhibit 4 : Consumer Price Index (Annual % Growth), 2017–2022



Source: Department of Economic Planning and Statistics

The increase in the Food Index was mainly attributed to rising prices of Oils & Fats and Meat.

- Oil & Fats increased by 21.8 per cent, which was mainly driven by the increase in the price of cooking oil (29.6 per cent).
- The increase in prices of meats (10.7 per cent), in particular beef & buffalo meat (17.3 per cent) and chicken meat (9.9 per cent).

Meanwhile, the increase in the Non-Food Index was mainly due to the increase in the costs of Miscellaneous Goods and Services as well as Transportation.

- Miscellaneous Goods and Services prices rose by 14.1 per cent mainly due to the increase in the cost of insurance (21.9 per cent).
- The increase in the prices of Transport by 4.8 per cent was mainly due to the rise in air fares (19.1 per cent and motor vehicle prices (5.3 per cent).

Inflation Outlook

According to the International Monetary Fund, global inflation for 2023 is expected to decline on average at 7.0 per cent from 8.7 per cent in 2022¹³. The slowdown is anticipated from the following factors:

- Global supply-chain disruptions from a gradual recovery of the pandemic crisis throughout 2022 and also the moderated geo-political tensions,

¹¹ The determinants of palm oil prices in Malaysia (December 30,2022). *International Journal of Academic Research in Economics & Management Sciences*.

¹² Malaysia's End-Nov palm oil stocks seen down slightly as output falls (December 6, 2022). *Borneo Bulletin*.

¹³ World Economic Outlook Update (April, 2023). *International Monetary Fund*.

which added a sharp reversal in energy and food prices;

- The strong rebounding of China’s economy amidst the recovery of COVID-19 and easing the supply-chain functions, generating downward pressure on raw materials prices; and
- The massive and synchronous tightening of monetary policy by central banks started to bear fruit, with inflation moving back toward its targets.

Additionally, for emerging market and developing economies is set to maintain on average at 3.9 per cent in 2023. The projection is in view of declining international fuel and non-fuel commodity prices due to weaker global demand as well as monetary tightening on economic activity, which primarily targets core inflation.

Selected World Developments

Table 13 : Selected Countries Consumer Price Index, Q4 (October – December) & Annual 2022

% Changes	Q4 2021 / Q4 2022		Annual 2022
	Overall	Core	
Singapore	6.6	5.1	6.1
Indonesia	5.5	3.3	5.5
Malaysia	3.9	4.1	3.3
Philippines	7.9	6.4	5.8
China	1.8	0.6	2.0
United Kingdom	10.8	6.4	7.9
United States	7.1	6.0	8.0

Sources: Countries CPI Data Statistics

In 2022, Indonesia headline inflation rate rose by 5.5 per cent compared to the previous year, driven by heavily imported inflation due to elevated global food and energy prices. The increase was also supported by the significant upwards adjustments in Indonesia’s subsidised fuel prices at the start of September 2022¹⁴. Similarly affected by the global downside risks, Singapore endured a more significant increase by 6.1 per cent in 2022, up from 2.3 per cent in 2021¹⁵.

Meanwhile, inflation for the overall year 2022 in Malaysia registered a rate of 3.3 per cent as

¹⁴ Indonesia inflation hits new seven-year high (October 4, 2022). *Borneo Bulletin*.

¹⁵ Consumer Price Developments (December, 2022). *Monetary Authority of Singapore*.

¹⁶ Consumer Price Index Malaysia (December, 2022). *Department of Statistics Malaysia*.

compared to 2.5 per cent recorded in the previous year. Additionally, for the fourth quarter of 2022 the rate for the country climbed by 3.9 per cent from the same quarter of the preceding year¹⁶.

Amid the fresh shocks to global commodity prices and more persistent-than-expected external and domestic sources of inflation, Philippines’ average inflation rate for 2022 stood at 5.8 per cent. The increase was mainly driven by higher prices of Transport (12.9 per cent) and Food and non-alcoholic beverages (5.9 per cent)¹⁷.

Inflation remained elevated for the United States and the United Kingdom, in which the rates accelerated at 8.0 per cent and 7.9 per cent, respectively. The pressure remained intense fueled by surges in energy prices¹⁸.

In Q4 2022, China’s inflation rate recorded an increase of 1.8 per cent, driven by rising food prices as domestic demand wavered amid restrained economic activity. However, for the whole year 2022, China recorded a mild 2.0 per cent inflation rate¹⁹. The moderate inflation in China highlighted the strong resilience of its economy as well as the effectiveness of the government’s macro regulation ensuring the stability of the consumer prices.

International Merchandise Trade

Overview

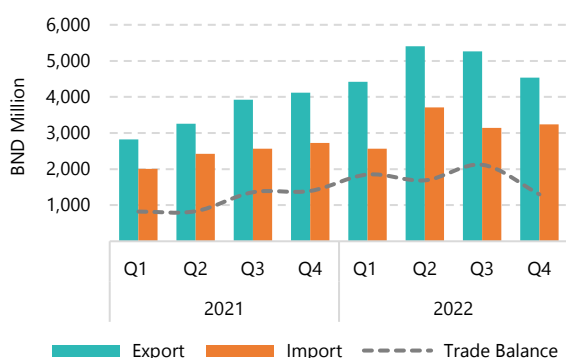
Brunei Darussalam’s total merchandise trade in Q4 2022 increased by 13.5 per cent, to BND7,774.2 million from BND6,850.8 million in the previous year. The rise was attributed to an increase in exports and imports by 10.0 per cent and 18.7 per cent, respectively, following robust performance in the downstream petrochemical industry. Overall, the country’s trade balance remained in surplus, amounting to BND1,299.9 million in Q4 2022 (**Exhibit 5**).

¹⁷ Summary Inflation Report Consumer Price Index (December, 2022). *Philippine Statistics Authority*.

¹⁸ Consumer price inflation, UK (December, 2022). *Office for National Statistics*.

¹⁹ Consumer Prices December 2022 (December, 2022). *National Bureau of Statistics of China*

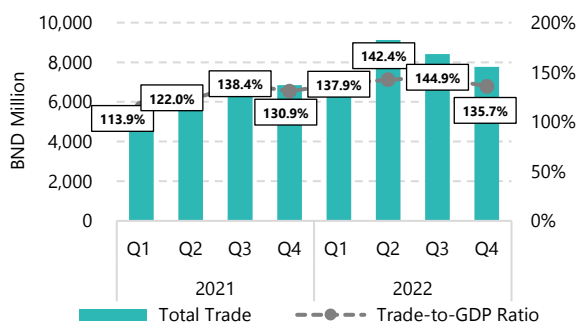
Exhibit 5 : Trade Statistics (Q1 2021 – Q4 2022)



Source: Department of Economic Planning and Statistics

Meanwhile, total trade as a percentage of GDP climbed to 135.7 per cent from 130.9 per cent in the same quarter of 2021²⁰(Exhibit 6). This implies that the international merchandise trade had played a more influential role in driving economic growth in this quarter.

Exhibit 6 : Trade-to-GDP Ratio (Q1 2021 – Q4 2022)



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

Export Development

Brunei Darussalam's total exports in Q4 2022 amounted to BND4,537.1 million, rising from BND4,122.9 million in Q4 2021 (Table 14). This was mainly contributed by a large rise in exports of downstream petrochemical products y-o-y (Table 18).

Table 14 : Exports (Q4 2021 & Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	Change (BND Million)
Domestic Exports	4,034.2	4,465.5	431.3
Re-Exports	88.7	71.6	(17.1)
Total Exports	4,122.9	4,537.1	414.2

Source: Department of Economic Planning and Statistics

Oil and gas commodities accounted for 41.3 per cent of the total exports, while non-oil and gas exports accounted for 58.7 per cent.

In Q4 2022, the volume of exported crude oil and LNG fell compared to the previous year (Table 15), despite an increase in export prices for both commodities (Table 16). However, the higher prices helped to alleviate the impact of the decreased export volume. Overall, the export value of LNG rose y-o-y, while the export value of crude oil fell (Table 17).

Table 15 : Exports Volume of Crude Oil and LNG (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Crude Oil (Thousand barrels per day)	82.03	48.81
LNG (MMBtu per day)	753,202	650,819

Source: Energy Department, Prime Minister's Office

Table 16 : Prices of Crude Oil and LNG (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Crude Oil (USD/barrel)	82.03	94.90
LNG (USD/MMBtu)	11.83	15.58

Source: Energy Department, Prime Minister's Office

Table 17 : Exports Value of Crude Oil and LNG (Q4 2021 & Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	Change (BND Million)
Crude Oil	838.0	587.1	(250.9)
LNG	1,060.6	1,287.4	226.8
Total	1,898.6	1,874.5	(24.1)

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 BND2,555.2 million in Q4 2022, an increase from BND2,106.9 million in Q4 2021 (Exhibit 7 & Table 18). 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 urea fertilizers and p-Xylene.

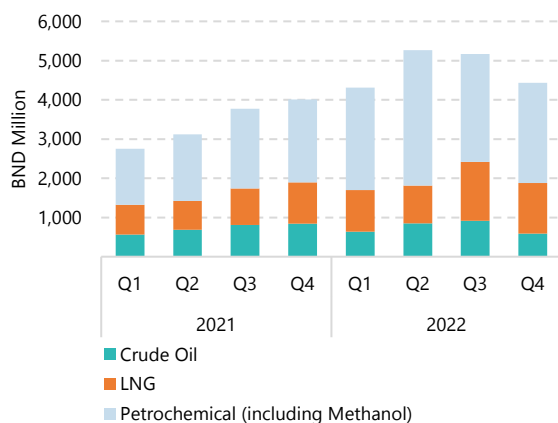
Meanwhile, other domestic exports, including manufactured goods, food and others, also increased to BND35.8 million in Q4 2022 compared to BND28.7 million in Q4 2021. Steel products were the major

²⁰ 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).

contributor to the increase of manufactured goods, entirely to the USA, meanwhile food was contributed mainly by shrimp products, largely to Taiwan and Japan. Notably, Brunei Darussalam successfully commenced eggs exports to Singapore this quarter, meeting their stringent international food standards required for food imports.

Exhibit 7 : Domestic Exports (Q1 2021 – Q4 2022)



Source: Department of Economic Planning and Statistics

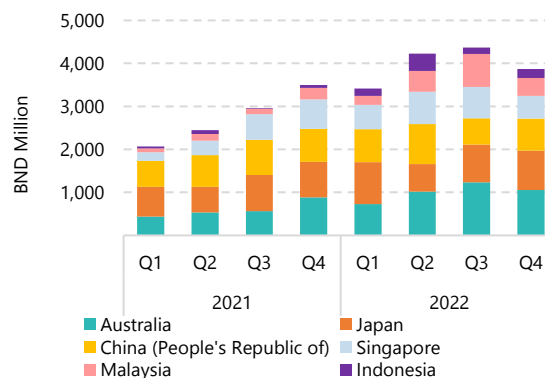
Table 18 : Domestic Exports (Q4 2021 & Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	Change (BND Million)
Crude Oil and LNG	1,898.6	1,874.5	(24.1)
Petrochemical Products	2,106.9	2,555.2	448.3
Others	28.7	35.8	7.1
Total	4,034.2	4,465.5	431.3

Source: Department of Economic Planning and Statistics

During this period, Australia has remained the top export trading partner driven by its high demand for mineral fuels, primarily automotive fuels and crude oil (**Exhibit 8**). This was followed by Japan, where demand for LNG rises during the cold winter months. China came in third, with exports comprising mainly of chemicals and various mineral fuels.

Exhibit 8 : Domestic Exports (Top 6 Destinations), Q1 2021 – Q4 2022



Source: Department of Economic Planning and Statistics

Import Development

Brunei Darussalam's total imports in Q4 2022 increased to BND3,237.2 million from BND2,727.9 million in Q4 2021. The growth was primarily due to mineral fuel, mainly used as feedstock for the petrochemical industry. For this quarter, most import commodities showed an increase except for crude materials inedible as well as animal and vegetable oils and fats, which recorded a decrease (**Table 19**).

Table 19 : Imports by Commodity (Q4 2021 & Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	Change (BND Million)
Food	178.3	202.8	24.5
Mineral Fuels	1,771.8	2,167.1	395.3
Machinery & Transport Equipment	377.5	411.7	34.2
Chemicals	131.6	164.6	33.0
Manufactured Goods	135.2	152.7	17.5
Beverages and Tobacco	13.4	16.2	21.3
Animal Vegetable Oils and Fats	6.0	5.6	(7.6)
Miscellaneous Manufactured Articles	98.1	100.4	2.3
Miscellaneous Transactions	3.2	4.4	37.1
Crude Materials, Inedible	12.6	11.6	(8.3)
Total	2,727.9	3,237.2	509.3

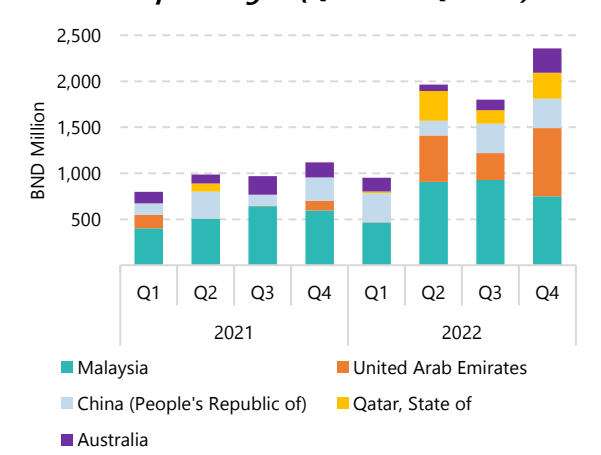
Source: Department of Economic Planning and Statistics

In terms of import origins, Malaysia retained its position as the top import market (**Exhibit 9**) at BND747.8 million. The imports primarily consisted of mineral fuels (65.9 per cent), which are used as petroleum oil by the petrochemical industry; and food items (12.6 per cent), including feedstocks, aquaculture, fruits, and other various food products.

Most of Brunei Darussalam’s food imports continues to be sourced from Malaysia, accounting for 46.4 per cent of the total food imports in Q4 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, 56.6 per cent of food imports from Malaysia were transported by land, while 42.5 per cent are transported by sea, and 1.0 per cent was transport by air.

The United Arab Emirates and the People’s Republic of China are the second and third largest markets for imports, respectively. The majority of imports from China were automotive fuels (Other motor spirits), whereas imports from the United Arab Emirates consist primarily of crude oil.

Exhibit 9 : Import Origins (Q1 2021 – Q4 2022)



Source Department of Economic Planning and Statistics

Overall Trade Performance in 2022

In 2022, the total trade increased by 35.3 per cent compared to the prior year. This was attributed to an increase in total exports by 38.8 per cent paired with an increase in imports by 30.3 per cent. The larger increase in export value contributed to the rise in trade balance, which surged from BND4.41 billion to BND6.96 billion in 2022.

The substantial increase in exports was primarily fuelled by a significant rise of 22.3 percent in oil and gas exports and a remarkable surge of 52.4 percent in non-oil and gas exports, as indicated in **Table 20**.

Table 20 : Exports Value by Oil & Non Oil (2021 & 2022)

	2021 (BND Million)	2022 (BND Million)	Change (BND Million)
Oil	6,379.7	7,804.7	1,425.0
Non-Oil	7,754.1	11,818.9	4,064.8
Total	14,133.8	19,623.6	5,489.8

Source: Department of Economic Planning and Statistics

The upswing in the oil and gas sector was mainly attributed to the favourable prices of crude oil and LNG.

On the other hand, the notable growth in non-oil and gas exports was primarily attributed to the thriving downstream petrochemical industry. In addition, domestic exports of food have shown steady growth at a modest pace of 18.6 percent y-o-y, while domestic exports of manufactured goods experienced a remarkable surge of over 700 per cent y-o-y, driven by the resumption of steel-related production in 2022.

Similar to the previous year 2021, the increase to imports was largely due to more shipments of crude oil as feedstock for the downstream petrochemical industry. In addition, the import value of food reached its highest recorded level, accompanied by a significant increase in the quantity of food across various categories, including fruits.

Global Trade Developments

In the final quarter of 2022, ASEAN countries, including Malaysia and Singapore, experienced a mixed performance in their trade (**Table 21**).

Malaysia’s total trade continued to grow in Q4 from the previous quarter. Despite this, trade surplus decreased by 12.6 per cent as imports outweighed exports.

On the other hand, Singapore recorded a negative total merchandise trade growth in Q4, a stark decline from the previous quarters of double-digit growth. This was attributed to a decrease in both their domestic exports and re-exports.

Table 21 : Total Trade Growth y-o-y in Partner Countries (Q4 2022)

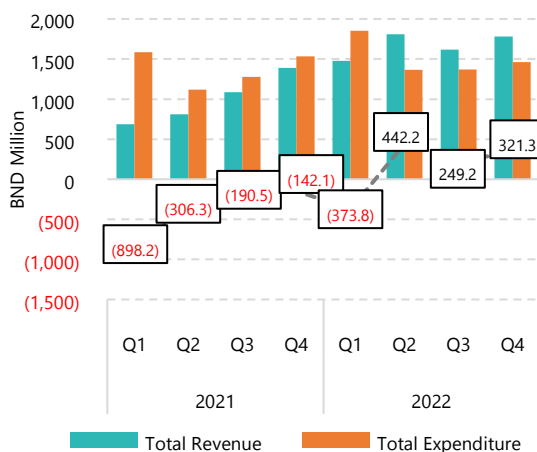
Countries	Q4 2022 (%)
Malaysia	14.8
Singapore	(1.0)

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

Fiscal

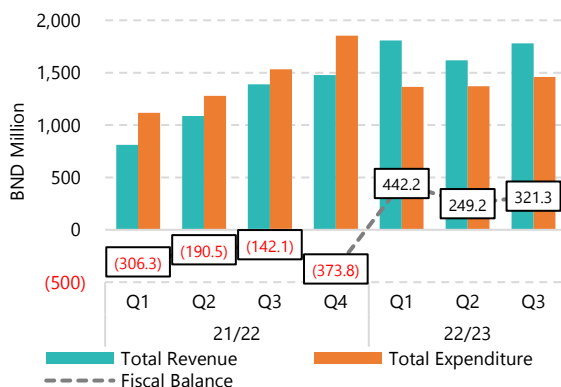
In the fourth quarter of 2022, Brunei Darussalam achieved a surplus of BND321.3 million, which is a significant improvement from the deficit recorded in the Q4 2021 (**Exhibit 10**). This was due to a significant increase in revenue to BND1,781.5 million compared to BND1,390.2 million in Q4 2021, primarily attributable to a surge in oil and gas revenue. On the other hand, government expenditure decreased from BND1,532.3 million in Q4 2021 to BND1,460.2 million in Q4 2022.

Exhibit 10 : Fiscal Balance (Q1 2021 – Q4 2022)



Source: Treasury Department, Ministry of Finance and Economy

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



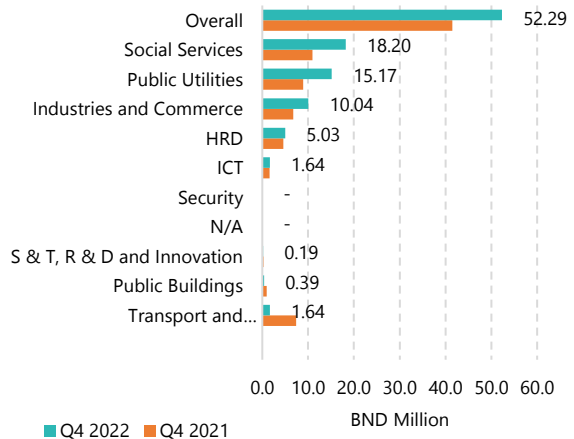
Source: Treasury Department, Ministry of Finance and Economy

With oil and gas accounting for a significant portion of the government's total revenue (85.3% in Q4 2022), the uptick in revenue during this period was primarily attributed to the surge in domestic crude oil exports, driven by higher market prices.

The decrease in government expenditure was mainly due to a drop in ordinary expenditure by 8.7 per cent, from BND1,149.7 million in Q4 2021 to BND1,049.1 million in Q4 2022, which was primarily driven by a decline in Personnel Emoluments (PE) and other charges annual recurrent (OCAR) expenditure by 1.4 per cent and 16.9 per cent respectively. However, the decline was partly offset by a rise in development expenditure by 26.1 per cent from BND41.5 million in Q4 2021 to BND52.3 million in Q4 2022.

In Q4 2022, the increase in development expenditure was attributed to a significant increase in project expenditure in the Social Services Sector, from BND11.0 million in Q4 2021 to BND18.2 million in Q4 2022. This was followed by an increase in the expenditure in the Public Utilities Sector, and Industries and Commerce Sector (**Exhibit 12**). This was aligned with the progress of the National Development Plan (RKN) projects such as the continued construction of national housing especially Kampong Lugu National Housing Phase 2, continuous efforts by the Government in providing a reliable water supply to the country through the construction of Bukit Barun Water Treatment Plant Stage 8 as well as the Opening of 500 Hectare Commercial Paddy Planting, Kandol Area, Belait District, 2nd Phase and projects on the Development Plan for Livestock Industry. The provisions of the basic needs, such as national housing and water supply, further signify the country's effort to enhance the living standard for its citizens, in line with the objectives of Wawasan 2035.

Exhibit 12 : Main National Development Plan Sectors Expenditure, Q4 2021 & Q4 2022

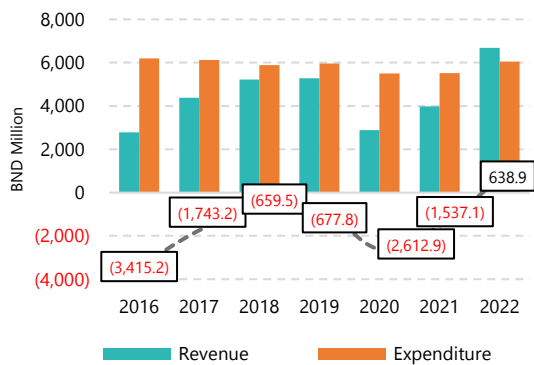


Source: Treasury Department, Ministry of Finance and Economy

Annual Government Fiscal

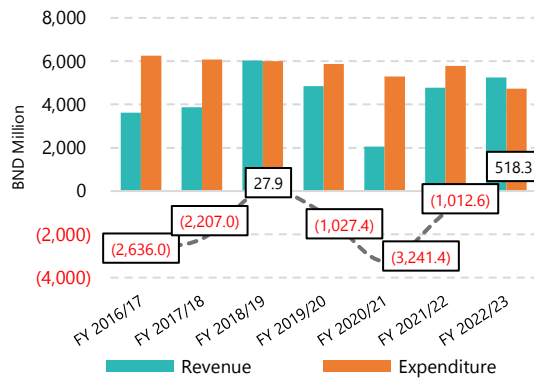
In 2022, the country experienced an improvement in its fiscal balance, with a surplus of BND638.9 million compared to the previous year's deficit of BND1,537.1 million. This surplus was primarily due to higher increase in government revenue, from BND3,975.3 million in 2021 to BND6,687.1 million in 2022, despite an increase in government expenditure from BND5,512.4 million in 2021 to BND6,048.2 million in 2022.

Exhibit 13 : Fiscal Balance (2016-2022)



Source: Treasury Department, Ministry of Finance and Economy

Exhibit 14 : Fiscal Balance (FY2016/2017 – FY2021/2022)



Source: Treasury Department, Ministry of Finance and Economy

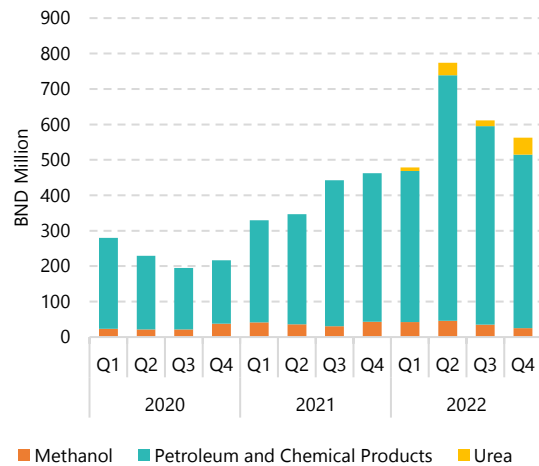
Priority Sectors Developments

Downstream Oil and Gas

In contrast to the fourth quarter of 2021, the Downstream Oil and Gas Sector's contribution to Gross Value Added (GVA) at current prices increased considerably from BND462.5 million to BND562.7 million this quarter (**Exhibit 15**).

On an annual basis, significant gains were also seen, with the sector's GVA in 2022 rising to BND2,427.7 million compared to BND1,581.9 million in the prior year.

Exhibit 15 : Downstream Oil and Gas Sector GVA at Current Prices (Q1 2021 – Q4 2022)



Source: Department of Economic Planning and Statistics

PETROLEUM AND CHEMICAL PRODUCTS

The Petroleum and Chemical Products activity amounted to BND489.2 million at GVA current prices in Q4 2022, advancing from the BND419.5 million recorded in Q4 2021. The increase was supported by increased production and prices of petroleum and chemical products.

In particular, the higher production was mainly driven by a substantial increase in the output of RON90, RON97 and Diesel (**Table 22**).

Table 22 : Selected Petroleum and Chemical Products: Production of Gasoline and Diesel (Q4 2021 & Q4 2022)

		Q4 2021	Q4 2022
Gasoline (Tonnes)			
Production	RON90	0	365,596
	RON97	0	54,167
Diesel (Tonnes)			
Production		640,390	779,457

Source: Energy Department, Prime Minister's Office

METHANOL

However, methanol production contracted in Q4 2022 compared to Q4 2021. The decrease was mainly due to production disruptions from major overhauls of the plant's equipment and was further escalated by recurring plant shutdowns (**Table 23**).

Table 23 : Production of Methanol (Q4 2021 & Q4 2022)

	Q4 2021	Q4 2022
Methanol (Metric Tonnes)		
Production	141,835	86,887

Source: Energy Department, Prime Minister's Office

UREA

On a positive note, the value weighed in by urea to GVA was recorded as the highest in this quarter at BND48.3 million.

This was in line with the increase in urea production from Brunei Fertilizer Industries, peaking at 234,249 tonnes compared to the previous three quarters of 2022. (Table 24).

Table 24 : Production of Urea (Q1 to Q4 2022)

	2022	Q1	Q2	Q3	Q4
Urea (Tonnes)					
Production	58,649	137,004	80,035	234,249	

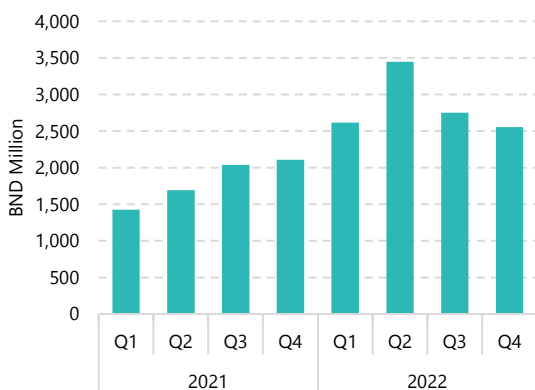
Source: Energy Department, Prime Minister's Office

EXPORTS FROM DOWNSTREAM OIL AND GAS

Meanwhile, exports from the Downstream Oil and Gas Sector were valued at BND2,555.4 million in Q4 2022, an increase from the BND2,107.1 million recorded in the same period last year (Exhibit 16).

For the overall year of 2022, exports from this sector also improved, valued at BND11,370.0 million compared to BND7,263.8 million in the previous year. In particular, the rise in exports was spurred by the newly produced and exported Gasoline RON90 to Malaysia and Singapore.

Exhibit 16 : Downstream Oil & Gas Exports, (Q1 2021 – Q4 2022)

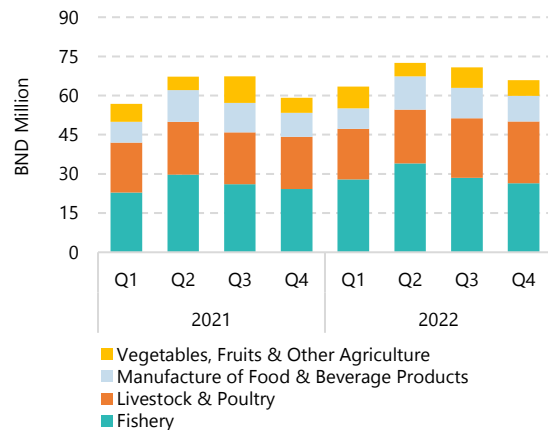


Source: Department of Economic Planning and Statistics

Food

In the fourth quarter of 2022, 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 BND65.8 million to GVA at current prices, increasing from the BND59.1 million recorded in the same quarter of 2021 (Exhibit 19).

Exhibit 17 : Food Sector GVA at Current Prices (Q1 2021 – Q4 2022)



Source: Department of Economic Planning & Statistics

As for the whole year of 2022, the Food Sector contributed approximately BND272.7 million, ascending from the BND250.6 million recorded in the preceding year.

The Vegetables, Fruits, and Other Agriculture Subsector was valued at BND6.0 million at GVA current prices in Q4 2022, compared to BND5.8 million in Q4 2021. The following commodities supported the improvement in this subsector:

- Fruits, which increased from 1,358.1 MT in Q4 2021 to 1,755.9 MT in the same quarter of 2022.
- Miscellaneous Crops, which increased from 421.6 MT in Q4 2021 to 426.6 MT in Q4 2022.

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

- Vegetables fell from 1,787.4 MT in Q4 2021 to 1,742.7 MT in Q4 2022. The decrease in production was due to the country having experienced heavy rainfall and thunderstorms in view of the monsoon weather, where farmers were affected by flood.
- Paddy fell from 600.8 MT in Q4 2021 to 447.4 MT in Q4 2022. This was mainly due to labour

shortage, increased cost of fertilisers as well as pest and diseases issues.

In Q4 2022, the Livestock & Poultry Subsector was valued at BND23.6 million at GVA current prices, rising marginally from BND20.0 million in Q4 2021. The improved performance of this subsector emerged from higher production in the following commodities:

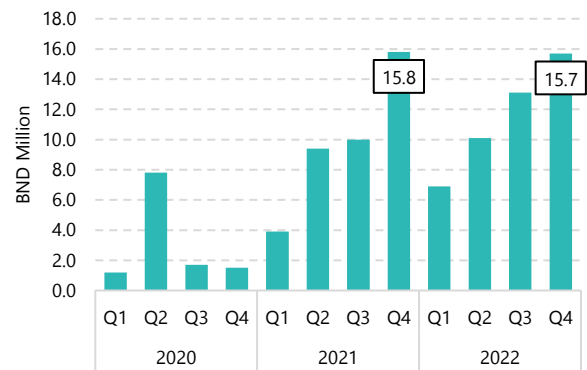
- Goat and lamb meat, which rose from 6.7 MT in Q4 2021 to 8.3 MT in Q4 2022.
- Chicken eggs, which rose from 43.3 million eggs in Q4 2021 to 44.1 million eggs in Q4 2022.
- Broilers, which rose from 7,243.5 MT in Q4 2021 to 8,138.5 MT in Q4 2022.

Turning to the Fishery Subsector, it was valued at BND26.4 million at GVA current prices in Q4 2022, up from BND24.2 million in Q4 2021. This improvement stemmed from higher production in the aquaculture industry, which increased by 10.5 per cent, supported by an increase in the number of sites as well as increase in fingerlings. The increased production of marine shrimp from 1,307.4 MT in Q4 2021 to 1,454.5 MT in Q4 2022 also primarily contributed to the improvement in the aquaculture industry. However, the capture industry saw declining production by 7.2 per cent from 4,052.3 MT in Q4 2021 to 3,760.1 MT in Q4 2022. This was due to unfavorable weather conditions and shortage of crew with technical capability handling fish vessels.

Meanwhile, the Manufacture of Food & Beverage Subsector was valued at BND9.8 million at GVA current prices in Q4 2022, up from the BND9.2 million in Q4 2021. This was driven by the increase in production of agri-food products by 8.0 per cent in line with increased inputs from 10,400.6 MT in Q4 2021 to 11,230.9 MT in the same quarter of 2022.

In terms of food sector exports, it amounted to BND15.7 million in Q4 2022, down from BND15.8 million in the same quarter of 2021. In terms of product type, majority of the exports comprised of shrimp products, exported primarily to Japan and Taiwan (**Exhibit 18**).

Exhibit 18 : Food Exports (Q1 2020 – Q4 2022)



Source: Department of Economic Planning & Statistics

As for the whole year of 2022, exports from the Food Sector amounted to BND 45.8 million, increasing from the BND 39.1 million recorded in 2021. The increase was mainly contributed by export of shrimps.

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

- Food security, and how to ensure Brunei and Singapore can complement each other, was one of the main topics discussed between Minister of Primary Resources and Tourism and Singapore's Minister for Sustainability and the Environment. Singapore can bring in the know-how in areas such as sea space to human resources in Brunei and Singapore to work towards sustainable and a secured food supply in the Sultanate that could benefit both the Bruneian food industry and the Singapore population. The export of eggs and fish to Singapore can bring new business to local farmers as well as investors, giving better economic returns for investments, and at the same time, giving Singapore a new source of food²¹.
- The Ministry of Primary Resources and Tourism (MPRT) aims to increase the contribution of the fisheries, agriculture and agrifood industry to at least BND1 billion by 2035. The focus is to encourage more value-added activities to increase production. Strategies will include not only having more farms but also increase production of current farms. To achieve this, the ministry is encouraging the use of technology and set ambitious targets which will have a big impact on the nation's economy²².

²¹ Food security boost with Brunei-Singapore cooperation (December 15, 2022). *Borneo Bulletin*.

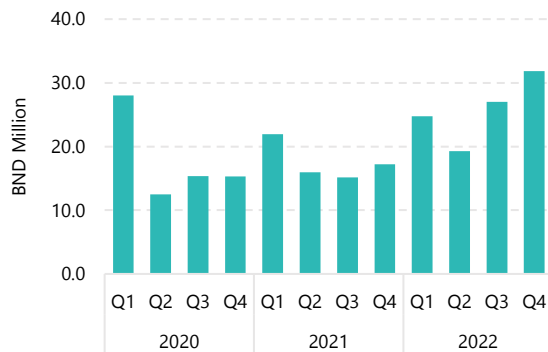
²² Ministry sets BND1 billion production target (November 04, 2022). *Borneo Bulletin*.

Tourism

The Tourism Sector continued its recovery momentum in Q4 2022 with its GVA at current prices valued at BND31.8 million, rallying from the BND17.2 million recorded in the same period last year. Notably, the figure also marked the first time the Tourism Sector had surpassed the pre-pandemic levels (i.e. GVA of BND28.0 million in Q1 2020 (**Exhibit 19**)²³.

As for the whole year of 2022, the Tourism Sector amounted to BND102.8 million in GVA, advancing from the BND70.3 million recorded in the previous year.

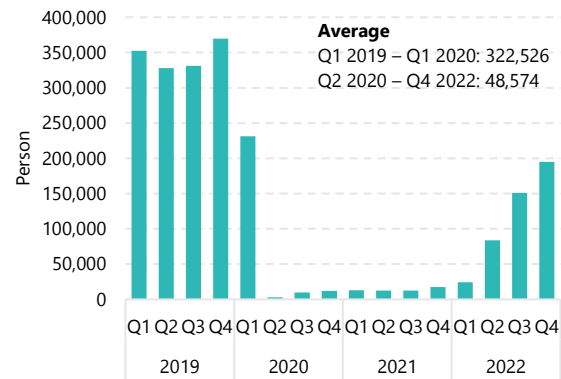
Exhibit 19 : Tourism GVA at Current Prices (Q1 2020 – Q4 2022)



Source: Department of Economic Planning and Statistics

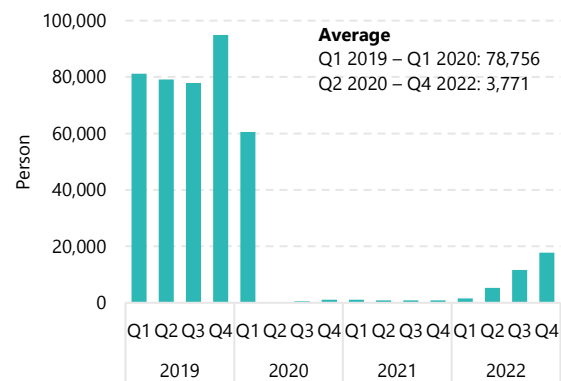
The improvement in Q4 2022 was supported primarily by the aviation sector in view of an increase in the number of arrival and departure by air from 17,510 persons to 194,800 persons (**Exhibit 20**). Likewise, the number of international visitors arriving by air also rose to 17,725 visitors compared to 846 visitors in Q4 2021 (**Exhibit 21**). As such, this encouraging development was partly attributed to an increase in flight frequency, among others including Royal Brunei Airlines' resumption of flights to Tokyo and Seoul²⁴.

Exhibit 20 : Total Air Arrivals and Departure (Q1 2019 – Q4 2022)



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

Exhibit 21 : International Air Arrivals (Q1 2019 – Q4 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 39.1 per cent y-o-y in Q4 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 have been allowed to operate at full capacity, compared to dine-in being prohibited due to the reinstatement of control measures in Q4 2021.

²³ 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.

²⁴ RB reintroduces Tokyo and Seoul Flights (October 07, 2022). *RB News*.

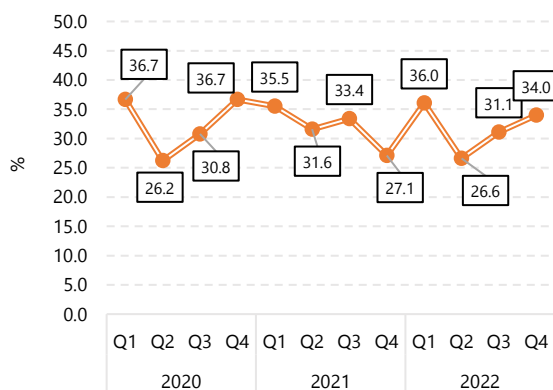
Table 25 : Quarterly Food & Beverages Sales and Growth Rate by Activity (Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Restaurants	47.9	69.9	45.8
Fast-Food Outlets	15.2	21.0	37.9
Catering Service Activities	3.0	5.2	71.6
Other Food Service Activities	9.7	10.3	6.6
Beverage Serving Activities	2.4	2.4	1.4
Total	78.2	108.8	39.1

Source: Department of Economic Planning and Statistics

Benefitting from the increase in international visitors arrival is the accommodation and hospitality activity with average occupancy rate recorded at 34.0 per cent in Q4 2022, an improvement from the 27.1 per cent recorded in the same period last year (Exhibit 22).

Exhibit 22 : Occupancy Rate of Hotels, Resorts, Apartments and Guest Houses (Q1 2020 – Q4 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 the ASEAN-Korea Tourism Capacity-Building Development Workshop 2022, which was recently organised by the Ministry of Primary Resources and Tourism through the Tourism Development Department in collaboration with the ASEAN-Korea Centre (AKC) with the theme, 'Rethinking Tourism: How Businesses can adopt Digital Strategies to transform the tourism industry'. The workshop was conducted with the aim of enhancing the country's tourism stakeholders' understanding of current

²⁵ ASEAN-Korea Centre Capacity Development Workshop (November 29, 2022). *Brunei News Gazette*.

behaviour trends among Korean tourists, explore customised tourism services that are based on digital technology and creative marketing strategies, as well as examine ways to strategically utilise digital technology to develop attractive tourism contents in the post-COVID era²⁵.

Info-Communication & Technology (ICT)

In Q4 2022, the ICT Sector was valued at BND72.1 million at GVA, decreasing from the BND75.5 million recorded in the same quarter of the 2021 (Exhibit 23)²⁶. The decline came in view of the country having gradually eased its COVID-19 restrictions towards the end of 2022 while online learning practices also slowly receded particularly in education-related sectors.

For the whole year of 2022, the ICT Sector contributed approximately BND465.6 million, an increase from the BND 450.7 million recorded in 2021.

Exhibit 23 : ICT Sector GVA at Current Prices (Q4 2021 & Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)
Publishing, Motion Picture, Video, TV and Radio	9.7	9.2
Telecommunication	57.5	56.1
Computer Programming, Consultancy and Information Service Activities	8.4	6.9
ICT	75.5	72.1

Source: Department of Economic Planning and Statistics

The subdued performance of the ICT Sector in Q4 2022 was due to the following activities:

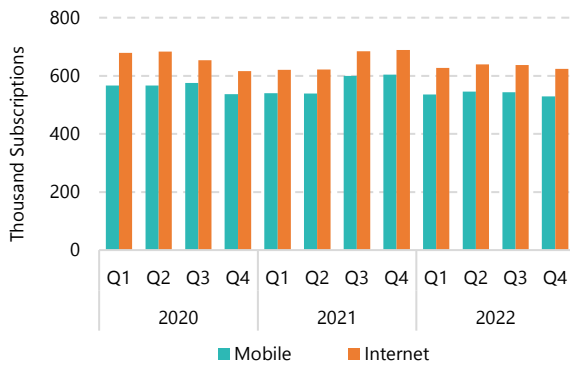
- Publishing, Motion Picture, Video, TV and Radio's GVA fell from BND9.7 million in Q4 2021 to BND9.2 million.
- Telecommunication's GVA declined from BND57.5 million in Q4 2021 to BND56.1 million.
- Computer Programming, Consultancy and Information Service Activities' GVA dropped from BND8.4 million in Q4 2021 to BND6.9 million.

²⁶ The ICT Sector's GVA comprises the following subsectors: Telecommunication, Computer Programming, Consultancy & Information Services and Publishing, Motion Pictures, Television and Radio.

MOBILE AND INTERNET PERFORMANCE

Mobile subscriptions declined by 12.4 per cent from 553,486 in Q4 2021 to 528,723 in Q4 2022, while internet subscriptions decreased by 9.4 per cent from 688,701 in Q4 2021 to 623,710 in Q4 2022 (Exhibit 24).

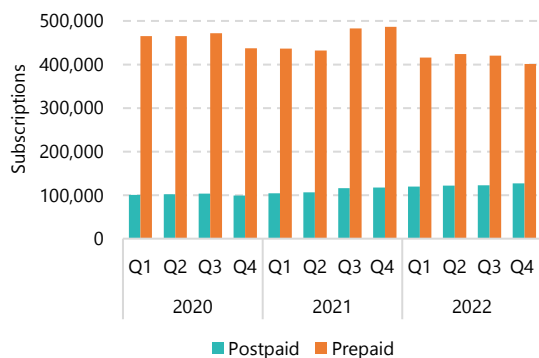
Exhibit 24 : Mobile and Internet Subscriptions (Q1 2020 – Q4 2022)



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

In particular, the fall in mobile subscriptions was mainly due to the reduction in active users of mobile prepaid, which decreased by 17.4 per cent from 486,151 in Q4 2021 to 401,422 in Q4 2022 (Exhibit 25).

Exhibit 25 : Mobile Subscriptions (Q1 2020 – Q4 2022)



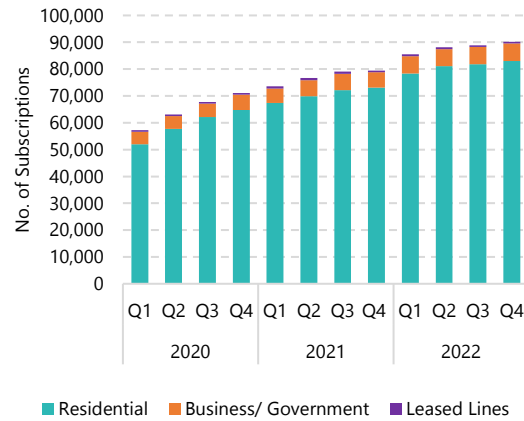
Source: Authority for Info-Communications Technology Industry (AITI)

As for internet subscriptions, mobile broadband subscriptions decreased by 12.4 per cent (Exhibit 26). On the other hand, fixed broadband subscriptions increased by 13.6 per cent in view of cheaper tariffs that led to:

- An increase in residential users from 73,064 in Q4 2021 to 82,966 in Q4 2022; and

- Business/ Government users increased from 5,729 in Q4 2021 to 6,597 in Q4 2022.

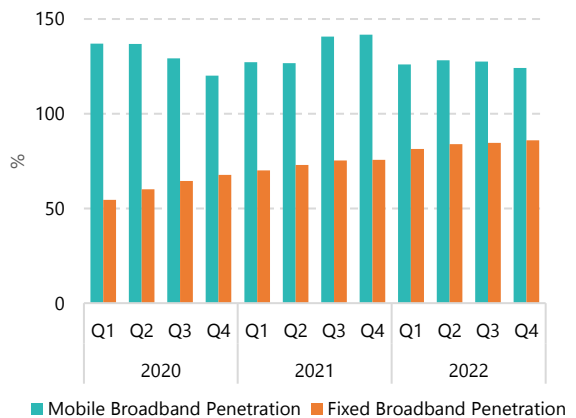
Exhibit 26 : Fixed Broadband Subscribers (Q1 2020 – Q4 2022)



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

The shift in consumer preferences for fixed broadband from mobile broadband is in line with the broadband penetration whereby fixed broadband penetration climbed from 75.6 per cent in Q4 2021 to 85.9 per cent in Q4 2022 (Exhibit 27). Meanwhile, mobile broadband penetration fell from 141.7 per cent in Q4 2021 to 124.1 per cent in Q4 2022.

Exhibit 27 : Mobile and Fixed Broadband Penetration (Q1 2020 – Q4 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. Throughout 2022, an increase in the use of technology in government services can be seen with the upgrade of Ministry of Transport and Infocommunications (MTIC) TransportBN app which enables user to access

driving and vehicle licences in digital form as well as the general increase in the use of QueUp app by the Immigration and National Registration Department along with Brunei Postal Services Department. Among other initiatives also include:

- Brunei Telecommunications Industry continues to improve the infrastructure and network by continuously providing accessible and high-quality broadband services for the nation. Last December, a 1Gbps Fixed Broadband Proof of Concept was launched in a joint effort by the telecommunication industry to transform Brunei into a smart nation, aligning with Brunei’s Wawasan 2035 and Digital Economy Masterplan 2025, and readying Brunei to be a Gigabit society. Gigabit Fixed Broadband service is a springboard to bring innovation, experience transformation, consumer, and industry use cases around high-speed broadband connectivity. The objective of this trial is to ensure industry’s readiness in launching Gigabit Fibre Broadband propositions to the market. It also allows the three service providers (DST, Imagine and Progresif) to explore Wi-Fi propositions to enhance customers experience on the 1Gbps Fibre Broadband²⁷.
- On 7th November 2022, a consortium of telecommunication companies from China Philippines, Singapore and Brunei (Unified National Networks Sdn Bhd) signed agreements to invest in submarine cable system in Southeast Asia with the aim to boost data capacity in the region and to upgrade local capacities in order to accommodate the growing traffic in Brunei Darussalam as well as to increase the reliability of international connectivity of the country²⁸.
- The development of Progresif CARE+ app establishes Progresif’s progress towards Brunei’s digital transformation and reinforces the company’s commitment to providing a customer service experience revolutionised through technology. The all-new Progresif CARE+ aims to enhance customers’ experience through improved access, allowing control, and management of customer’s accounts easily²⁹.
- Datastream Digital Sdn Bhd widened their fibre broadband coverage to Temburong covering the area of Selapon, Lepong Baru, Rataie, Labu, Bangar and Sumbiling Baru, thus enhancing

their products and services in digital connectivity and online experience. This is in line with the national objective of improving connectivity across the nation³⁰.

- Last November, Progresif Sdn Bhd announced its partnership with Folec Communication Sdn Bhd to provide Push-To-Talk (PTT) services to Progresif users. The goal of the partnership is to introduce a new Progresif Push-To-Talk solution with high-level features of PTT devices and offering affordable options for Progresif customers. PTT solutions offers a high-tech radio device that will replace ageing walkie talkies by utilising Progresif’s state-of-the-art machine-to-machine (M2M) network and Inrico handheld radios supplied by Folec Communications. These devices are configurable to communicate and monitor operations between individuals or groups with geo-tracking properties, crystal clear audio, seamless connectivity, and longer battery life³¹.

Services

The Services Sector comprising activities of Wholesale & Retail Trade, Business Services, and Transport & Logistics, contributed about BND426.5 million to GVA in Q4 2022, compared to BND382.7 million in Q4 2021 (**Exhibit 28**).

For the whole year of 2022, the Services Sector contributed approximately BND1,776.0 million, an increase from the BND 1,657.5 million recorded in 2021.

Exhibit 28 : Services Sector GVA at Current Prices (Q1 2019 – Q3 2022)



Source: Department of Economic Planning and Statistics

²⁷ Launching of 1Gbps PoC (December 15, 2022), *UNN News*.

²⁸ UNN together with CTG, Globe, DITO and Singtel invest USD300mil for a submarine cable system in Southeast Asia (November 07, 2022) *UNN News*.

²⁹ Progresif Puts Brunei On Map For Winning Best Payment Initiative For CARE+ App (December 16, 2022), *Progresif News*.

³⁰ Temburong is Fibre Ready (October 19, 2022), *DST News*.

³¹ Progresif Offers Exclusive Push-to-Talk Solutions for Business Events and Operations (November 30, 2022), *Progresif News*.

By subsector, the contribution of Wholesale and Retail Trade increased to BND426.5 million in Q4 2022 compared to BND382.7 million in Q4 2021. This was aligned with the rise in retail sales activities (**Table 26**) which was primarily driven by an increase in value of sales from Textiles, Wearing Apparels, and Footwear (39.8 per cent), followed by an increase in Petrol Stations (33.9 per cent), and Department Store (3.5 per cent). Contrary to the fourth quarter (Q4) of the previous year, the increase was mainly due to an increase in domestic demand in line with the reduction in control measures following the cessation of the COVID-19 Early Endemic Phase³².

Table 26 : Quarterly Retail Estimated Value of Sales and Growth Rate by Activity (Q4 2022)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Department Store	114.6	118.7	3.5
Supermarket	74.6	77.2	3.6
Mini Mart	12.5	14.5	16.5
Food and Beverages in Specialised Stores	6.9	7.1	2.9
Petrol Station	31.1	41.5	33.9
Computer & Telecommunications Equipment	33.1	27.6	(16.6)
Textiles, Wearing Apparel & Footwear	10.7	15.0	39.8
Hardware, Paints and Glass in Specialised Stores	25.9	26.3	1.7
Furniture & Household Equipment	12.6	11.6	(7.9)
Electrical Household Appliances and Lighting Equipment in Specialised Stores	29.6	25.1	(15.4)
Books, Newspapers and Stationery in Specialised Stores	4.9	7.2	46.2
Recreational Goods	9.9	9.8	(0.9)
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	12.4	11.5	(7.2)
Watches & Jewellery	17.5	16.3	(6.8)
Others	33.2	31.5	(5.3)
Total	429.4	440.9	2.7

Source: Department of Economic Planning and Statistics

The Transport and Logistics Subsector's contribution also showed an increase from BND88.3 million in Q4 2021 to BND91.1 million in Q4 2022. This is

consistent with the growth of trade activities as follows:

- Total trade via sea increased by 32.3 per cent from BND278.1 million in Q4 2021 to BND368.0 million in Q4 2022 (**Table 27**). This was in line with the increase in seaborne cargo volume at the country's national port (**Table 28**).

Table 27 : Trade via Sea

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Export	4,068.7	4,502.6	10.7
Import	2,418.4	2,838.7	17.4
Total	6,487.1	7,341.3	32.3

Source: Department of Economic Planning and Statistics

Table 28 : Seaborne Cargo (in Tons)

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Discharged	212,317	223,302	5.2
Loaded	14,962	166,584	1,013.4
Total	227,279	389,886	71.5

Source: Ministry of Transport and Infocommunications

For trade via air and land, the value of total trade increased by 32.3 and 9.3 per cent respectively (**Table 29 & 30**).

Table 29 : Trade Via Air

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Export	42.0	49.1	17.1
Import	236.2	318.9	35.0
Total	278.1	368.0	32.3

Source: Department of Economic Planning and Statistics

Table 30 : Trade Via Land

	Q4 2021 (BND Million)	Q4 2022 (BND Million)	% Growth
Export	12.2	4.8	(61.1)
Import	73.3	88.7	21.0
Total	85.5	93.5	9.3

Source: Department of Economic Planning and Statistics

In terms of freight by transport medium in Q4 2022, both the main type of goods exported and imported via air were various machinery and transport equipment, such as aircraft parts. Imports of

³² Early Endemic Phase ends May 31 (May 24, 2022). Borneo Bulletin.

medicaments however, is the largest in terms of a single commodity type (**Table 31**).

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, various manufactured goods particularly metallic nature and food such as frozen beef and rice.

Meanwhile for land freight, majority were re-exported goods including animal complete feeds, various manufactured goods such as metal pipes. On the other hand, imports via land largely comprised of food products, particularly fisheries, complete feeds and fruits and vegetables.

enhance their harbor in order to forge a unified strength that will lead to becoming a worldwide logistics power. In order to forge a reciprocal relationship that will benefit both parties, he also encouraged cooperation between these harbors and other international harbors³⁴.

Table 31 : Main Exports and Imports in weight/volume by Transport Medium (Q4 2022)

	<i>Main Exports</i>	<i>Main Imports</i>
Air	Various Machinery Parts	Machinery parts (in particular aircraft parts); Medicaments
Sea	Mineral Fuels	Mineral Fuels; Various Manufactured Goods; Various Foods
Land	Various Manufactured Goods; Animal Feed	Animal Feed; Various Foods

Source: Department of Economic Planning and Statistics

The following initiatives and future plans are expected to contribute to the development of the Services Sector.

- Pilot Project Bus Passenger Information System: Through the ASEAN Smart Cities Network (ASCN) Smart's City supported by the Japan ASEAN Mutual Partnership (Smart JAMP) program, a partnership between Brunei Darussalam's Ministry of Transport and Infocommunications (MTIC) and Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) aims to improve the quality of the public bus transportation system³³.
- During the BIMP-EAGA Maritime 2023 event, the Indonesian Transportation Minister urged the four countries—Brunei Darussalam, Indonesia, Malaysia, and the Philippines—to cooperate to

³³ En route to improved bus services (December 4, 2022). *Borneo Bulletin*.

³⁴ BIMP-EAGA Maritime 2023 effort to become global logistics power: govt (February 22, 2023). *Antara News*.