

The E-Book on East Asia Investment Practice

-Brunei Darussalam

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Preface

Brunei is famed for its social harmony, unadulterated folk customs, and long-term political stability. As the only sovereignty state in eastern Asian growth area (one of the 3 sub-regional cooperation areas within ASEAN, and consisting of Brunei, East Malaysia, Northeast Indonesia, and south of the Philippines), Brunei enjoys advantaged geographical location and high market potential. Brunei takes a welcoming attitude to foreign investment and has formed the High-level Foreign Investment Committee to fully coordinate and promote utilization of foreign capitals. It has also promulgated a series of incentive policies for investors and planned and built a lot of special economic zones. By now, foreign investors have dominated or taken part in a lot of significant industrial investment and infrastructure projects in Brunei. And they played an active role in promoting pluralistic development of Brunei economy.

Chapter I of this E-book briefs on Brunei's national features like geography, politics, social governance, and cultural environment, etc.; Chapter II introduces Brunei's overall business environment; Chapter III gives an introduction about Brunei's economy and trade policies; Chapter IV outlines Brunei's industry development and foreign investment conditions; Chapter V gives an account of startup procedures and provisions in Brunei; Chapter VI introduces relevant laws and regulations for business operation in Brunei; Chapter VII introduces the ways and approaches for settlement of economic and trade disputes; Chapter VIII introduces multi-lateral and bilateral free trade agreements like the Regional Comprehensive Economic Partnership; Chapter IX introduces Brunei's economic guarantee and support policies amid the COVID-19 pandemic; Chapter X introduces government departments, chambers of commerce & associations, and intermediary organs in relation to enterprise investment, and relevant contact info.

We hope that the basic information of Brunei's economy and trade displayed in this E-book can provide valuable guidance for enterprises and investors, contributing to the investment facilitation and healthy development of economic globalization.

Time constraints and competence deficiency might lead to inaccuracies in this E-book. We sincerely look forward to your valuable comments and suggestions for future improvement.



General Information

1.1 Geography

Geographical Location

Brunei Darussalam (hereinafter referred to as Brunei) is in the northwest of Kalimantan Island, and it is adjacent to South China Sea in the north and neighboring to Sarawak State of Malaysia in the other 3 directions. With a total area of 5,765 km², Brunei has 33 islands and its coastline is about 162km long. In Brunei there are 4 major rivers, namely, Brunei River, Tutong River, Belait River, and Temburong River, of which, Brunei River and Temburong River converge at the Brunei Bay and into the South China Sea.

Natural Resources

Brunei has an abundance of petroleum and natural gas resources but is deficient in other mineral resources. According to the BP Statistical Review of World Energy 2019^①, as of the end of 2018, Brunei has 1.1 billion barrels of proven oil reserves and 300 billion m³ of natural gas reserves, which accounted for 0.1% of the world's total respectively. Brunei is rich in forestry resources, with percentage of forest cover exceeding 70%. In Brunei, 86% of forest reserves

① BP Statistical Review of World Energy 2019, Version 68: https://www.bp.com/content/dam/bp/country-sites/zh_cn/china/home/reports/statistical-review-of-world-energy/2019/2019srbook.pdf

belong to virgin forest, and there are 11 forest reserves with total area of 2,277 km², 39% of Brunei's land area.

Climate^①

Brunei belongs to tropical rain forest climate featuring high temperature and abundant rainfall all year round. In Brunei there are only 2 seasons (namely, dry season and rainy season), and the annual precipitation ranges between 2,500mm and 3,500mm. Brunei's maximum temperature is 33°C, and its minimum temperature is 24°C, with the average temperature of 28°C.

Administrative Division

Brunei is divided into 3 administrative levels, namely, district, township, and village. Brunei falls into 4 districts (called as county by local people), including Brunei-Muara, Tutong, Belait, and Temburong. District chief is set for each district for taking charge of everyday administrative affairs in the district, and the Office of Internal Affairs Department is responsible for the overall management.

Bandar Seri Begawan, capital of Brunei, is in Brunei-Muara, with an area of 100.36 km² and a population of about 140,000.

1.2 Politics

Constitution

In September 1959, Brunei promulgated its first constitution. After the founding of Brunei as an independent country, basic provisions of the Constitution remained in force, and the Constitution was subjected to major amendments respectively in 1971, in 1984, and in 2004. The amendment of 2004 to the Constitution involves justice, religion, and folk customs, etc. and falls

① Brunei Darussalam Meteorological Department: <http://bruneiweather.com.bn/>

into 13 items, for example, Sultan is entitled to independent promulgation of emergency acts without prior approval of the Legislative Council; election act is instituted to make the people run for political office; increase the number of members of legislation court, etc.

Parliament

In 1959, Brunei Constitution approved of establishment of Legislative Council to exercise the right to deliberate the legislation, and stipulated that parliamentary election took place at regular intervals. In 1965, the 28th Sultan of Brunei rescinded the Legislative Council election and nominated the council members on his own. In 1984, Sultan announced to suspend the Legislative Council and promulgated laws in the form of Hadith. In 2004, Sultan announced to restore the Legislative Council, and nominated 21 council members including the speaker and himself. In 2015, Sultan nominated Rahman as new speaker of the Legislative Council. In 2017, Sultan nominated members of current Legislative Council, and Rahman was reelected to the Legislative Council. In the Legislative Council there are 35 members, including cabinet lineup such as Sultan, Crown Prince and Senior Minister of the Prime Minister's Office Billah, deputies to all districts/counties, and community leaders. In 2018, Brunei enlarged its cabinet and nominated 3 more cabinet ministers, and the council members increased to 38 accordingly .

Chief of State^①

In Brunei, Sultan is the chief of state and owns the supreme power in administration and promulgation of laws. Sultan also is the religious leader. The 29th Sultan (currently in office) of Brunei Haji Hassanal Bolkiah Mu'izzaddin Waddaulah succeeded to the throne in 1967, and he concurrently functioned as national defense minister, finance and economy minister, foreign

① Website of the Prime Minister's Office: <http://www.pmo.gov.bn/SitePages/minister-and-senior-officials/Prime-Minister.aspx>

affairs minister, supreme commander of Royal Brunei Armed Forces, and chief inspector of Royal Brunei Police Force.

Government

In December 1988, Sudan formed a government based on the constitution and the concept of the Trinity political system. It is composed of the Cabinet of Ministers and the three committees of religion, privy, and succession. Whose personnel are all appointed by the Sudan. As of January 2018, Sudan has conducted 5 cabinet reshuffles.

Political Parties

National Democratic Party and Brunei National Solidarity Party are the major political parties in Brunei. Herein, Brunei National Solidarity Party currently is the only legal political party in Brunei. Mohammed Hatta now serves as chairman of Brunei National Solidarity Party. Strictly speaking, Brunei has not yet built its political party regime.

1.3 Economy

Macro Economy

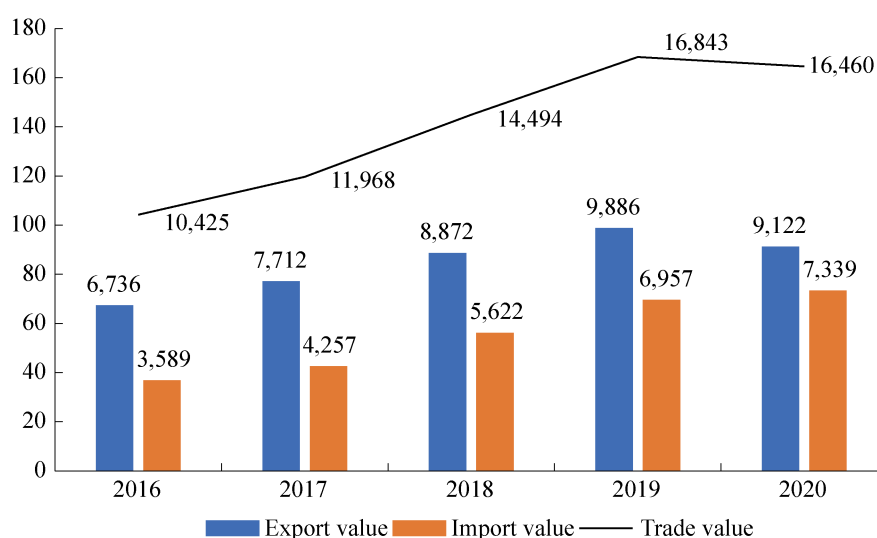
With a simple economic structure, Brunei depends highly on the oil and gas industry. In 2020, nearly half (48%) of Brunei's GDP and more than half (51.4%) of its export came from the oil and gas industry. During 2017–2019, due to the rise of international oil price, Brunei economy posted growth for 3 consecutive years. In 2020, under the influence of the COVID-19 pandemic, Brunei's nominal GDP was BND 16.578 bn (about US\$ 12.298 bn), and growth rate of real GDP fell 9.8%, of which, the industrial output value fell 14.7%, and the service industry value fell 2%.

Table 1-1 Brunei's main macroeconomic data, 2017–2020.^①

| Macroeconomic data | | | | |
|-----------------------------|--------|--------|--------|--------|
| Index (Year) | 2017 | 2018 | 2019 | 2020 |
| Nominal GDP (US\$ billion) | 13.341 | 13.519 | 14.043 | 12.298 |
| Per capita GDP (US\$) | 28,600 | 31,600 | 31,100 | – |
| Growth rate of real GDP (%) | 1.33 | 0.092 | 3.87 | –9.8% |

Trade Scale^②

During 2016 and 2019, Brunei's total value of imports and exports posted a trend of continuous rise. In 2020, affected by the pandemic, Brunei's total trade value was BND 16.46 bn (about US\$ 12.228 bn), representing a year-on-year decline of 2.3%. Herein, the export value was BND 9.122 bn (about US\$ 6.777 bn), representing a year-on-year decline of 7.7%; the import value was BND 7.339 bn (about US\$ 5.452 bn), representing a year-on-year increase of 5.5%.

**Fig.1-1 Brunei's trade volume 2016–2020 (Unit: million BND)^③**

Crude oil and natural gas are Brunei's main commodities for export. However, in 2020, affected by the pandemic, export value of Brunei's crude oil and LNG posted a year-on-year

^① Department of Economic Planning and Statistics of Brunei: <http://www.deps.gov.bn/SitePages/National%20Accounts.aspx>

^② Note: Brunei has not yet issued the service trade data, and trade here refers to merchandise trade.

^③ Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

decline of 44.4% and only accounted for 51.4% of the total export value. Brunei's main imported commodities include fossil fuels, machinery & transportation equipment, industrial products, and food. Of which, Brunei's import value of fossil fuels in 2020 totaled BND 2.68 billion, accounting for 36.5% of Brunei's total import value and representing a year-on-year increase of 14.4%.

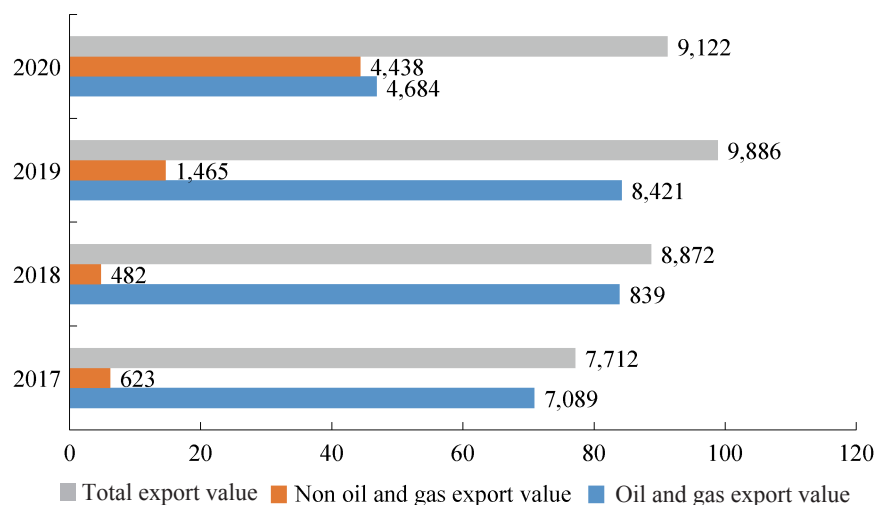


Fig. 1-2 Brunei's trade volume by sectors 2017–2020 (Unit: million BND)^①

In 2019, Brunei's main destinations for export of crude oil were Australia, China, India, Japan, the Philippines, Singapore, and Thailand, and its main destinations for export of LNS included Japan, China, Taiwan, China, and Thailand. Brunei's main import sources were successively Malaysia, Singapore, China, the USA, and Germany.

Local Market

Consumption expenditure. In 2020, Brunei's social consumption expenditure (based on constant price) totaled about BND 2.182 billion, accounting for 44.87% of its GDP. Herein, the government's consumption expenditure was BND 1.241 billion, and the household consumption expenditure was BND 941 million.

Price level. Brunei's market consumption price keeps steady on the whole. In 2020, Brunei's

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

CPI posted a year-on-year rise of 1.9%.

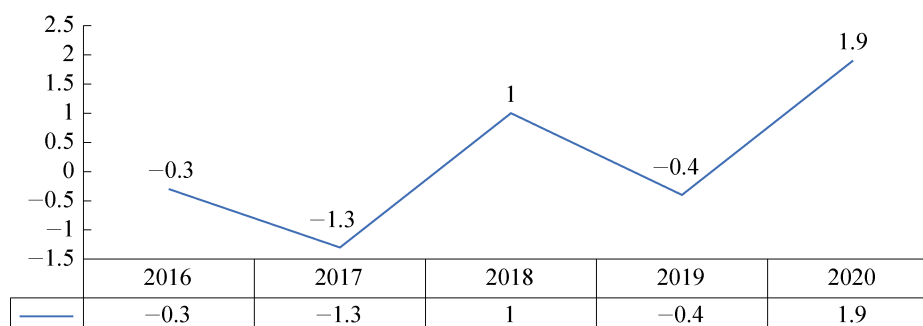


Fig. 1-3 Brunei's CPI, 2016–2020 (Unit: %)^①

1.4 Society and Culture

Population

Updated data from the Department of Economic Planning and Statistics of Brunei shows that in 2019, Brunei's total population was 459,500, with the average annual growth rate of 3.9%. Of which, Malay population was 302,200, accounting for 65.8%; Chinese population, 47,200, accounting for 10.2%, and other aboriginal and foreign people reach to 110,100, accounting for 24%.^②

Language

Brunei's national language is Malay, and English is the common language in use. In addition, Galvin (Malay written in Arabic) is used in some occasions such as personal signature and public buildings).

Religion^③

Islam is Brunei's state religion. Muslims account for 67% of Brunei's total population,

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

^② See ^①

^③ Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

Buddhists account for 10%, and Christians, 9%. Other religions in Brunei include Taoism, etc.

Festivals and Holidays

Brunei implemented 5-day workweek, and Friday and Sunday are the weekends.

Statutory holidays and festivals in Brunei include: the New Year's Day (January 1), Chinese Spring Festival (January in the Chinese lunar calendar), the National Day (February 23), Army Day (May 31), Birthday of His Majesty of Sultan (July 15), Prophet Muhammad's birthday (June 15th in Hijri calendar); Ramadan (September in Hijri calendar); Eid al-Fitr (Early October in Hijri calendar, according to the new moon);, and Christmas, etc.

Public Security

Brunei has a reputation as “the State of Peace”, and its public security is generally good. Major and vicious cases rarely occur. In 2019, the Royal Brunei Police Force disposed of 5,028 cases of various kinds, and other departments such as customs, immigration, anti-drug, anti-corruption, and labor service, handled 1,312 cases.



Business Environment

2.1 Overall Evaluation

World Bank Evaluation^①

The Doing Business Report released by the World Bank examines the regulatory rules in 190 economies that promote or restrict the business life cycle in 11 areas. In accordance with the *Doing Business Report 2020*, Brunei was ranked the 66th. Herein, Brunei performed outstandingly in 4 areas (namely, business startup, transaction of construction permit, power supply, and credit granting), ranking the 16th, the 54th, the 31st, and the 1st respectively.

World Economic Forum Evaluation^②

The World Economic Forum evaluated and released *the Global Competitiveness Report* based on the performance of 141 economies' 98 indicators in 12 areas. In accordance with *the Global Competitiveness Report 2019*, Brunei was ranked the 56th, a rise of 6 places from 2018. Brunei ranked top in 5 areas, of which, it was ranked the 50th place (58.3 points) in institutional system, the 26th (75.4 points) in ICT application, the 37th (60.4 points) in product market, the 30th (67 points) in manpower market, and the 51st (43.8 points) in innovation ability.

① The World Bank, Doing Business 2020

② The World Economic Forum, Global Competitiveness Report 2019.

World Intellectual Property Organization Evaluation^①

The Global Innovation Index, which was issued jointly by the World Intellectual Property Organization, the Cornell University of the USA, and the INSEAD, made evaluations on more than 130 economies by 2 measuring indicators, namely, innovation input and innovation output. According to *the Global Innovation Index 2020*, Brunei was ranked the 71st. Brunei has outstanding strengths in the institutional pillar area, ranking the 25th. It also has relative strengths in other indicators such as human capital, research, and market maturity, respectively ranking the 51st, the 46th, and the 44th.

Heritage Foundation Evaluation^②

The Heritage Foundation issued *the Index of Economic Freedom World Rankings*, which evaluated all countries' indexes of economic freedom with 4 guiding principles and 12 indicators. According to *the 2021 Index of Economic Freedom World Rankings*, Brunei was ranked the 61st in economic freedom, a rise of 2 places from previous year.



Investment Practice

Transnational companies speak highly of Brunei's business environment^③

In recent years, to promote diversified and sustainable development of Bruneian economy, the Bruneian government has actively promoted optimization of the business environment, which received high recognition from transnational companies.

Singapore Polygel Organometallic (the Company for short) pointed out that Brunei was of unique strategic significance in ASEAN market for its thriving national economy, political stability, and strong leadership. In addition, Brunei's long-term development plan National Vision 2035 appeals to middle-sized export-oriented companies. What's more, the Company noted that Brunei was endeavoring to create positive and favorable ecology, so that

① The World Intellectual Property Organization, *Global Innovation Index 2020*.

② The Heritage Foundation, *2021 Index of Economic Freedom World Rankings*

③ Sources: "Invest in Brunei" website (<http://www.invest.gov.bn>).

it can be committed to can be committed to network and product marketing.

According to Guangxi Beibu Gulf Investment Group Co., Ltd. of China, Brunei is in the central-south area of Southeast Asia and regarded as the hub of ASEAN market, and it boasts stable political environment, excellent infrastructure, rich and open economy, and incentive policies for foreign investment. Besides, local manpower in Brunei is generally highly educated, and most people can speak English, so Brunei is suitable for development of the enterprises.

Comment: To attract more foreign capitals, the Bruneian government has promulgated a series of measures. Investors are advised to access the official website of Brunei Economic Development Board for specific incentive policies, which will assist your enterprise in quick registration and development in Brunei.

2.2 Infrastructure

Highway

As of the end of 2018, the total length of highways in Brunei was 3708.41km, and modernized road networks are set between main population centers.^① Herein, the Muara-Tutong-Belait Expressway, which covers two-thirds of Brunei's total land, is 135km long, and links Bandar Seri Begawan (capital of Brunei), Seria (the oil city), and Belait District. There are highways linking Brunei with Negeri Sabah and Negeri Sarawak of Malaysia, but the cross-country expressway has not yet been built.

Railway

Presently, Brunei has no railway facilities.

Aviation

Brunei International Airport was built in 1974, and each week there are multiple non-stop

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

flights to 17 cities of other countries and regions such as ASEAN, Australia, the Middle East, Europe, and China. In 2018, Brunei International Airport's passenger throughout totaled 1,864,000 person-times, with freight throughput of 22,900 tons and aircraft operations of 14,535 sorties.^①

Water Transport

Water transport is an important transport means in Brunei. In 2018, Brunei had 371 registered ships of various sorts, mainly including fishing boats, passenger ships, and government official vessels. Brunei's main ports include Muara Deepwater Port, Seri Bagawan Port, Seria Port, and Port of LUMUT, etc. In 2018, Brunei's freight throughput by sea totaled 1.817 million tons, including incoming freight of 1.743 million tons, and outgoing freight of 74,000 tons.

Table 2-1 Brunei's main ports and advantages

| Port name | Port scale | Scope of service |
|---|---|--|
| Muara Deepwater Port ^② | Floor space: 24 hectares, terminal length: 861m, berth(s): 4, and waterline: 12.5m. Herein, the general terminal is 611meters long and has 3 berths; the container terminal is 250 meters long and has one berth. | 90% of Brunei's imported and exported commodities (except oil and gas resources) are transported through the Muara Deepwater Port. |
| Seri Bagawan Port, | In the port there are 93-meter-long commercial terminal, 141-meter-long berth for navy and government vessels, and 40-meter-long passenger terminal. | Main goods exported include crude oil, lumber, rubber, coconut, and camphor, etc.; main goods imported include food, machinery, transportation equipment, industrial products, and drugs, etc. Main trade partners include Japan, the UK, Singapore, South Korea, Thailand, Malaysia, and the USA, etc. |
| The Seria Port and the Port of LUMUT are mainly used for export of petroleum and natural gas. | | |

Information and Communication

Brunei has basically completed reconstruction to the national fixed-line phone network, so it can directly dial to over 160 countries and regions and exchange data with them. In 2018, Brunei had 79,600 sets of fixed-line phones, implying 18 sets per 100 persons, 565,900 sets of mobile

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

^② Beibu Gulf Group Brunei Fishing Port Project greets new opportunities again, <http://www.chinaports.com/portspnews/6838>

phones, implying 127.9 sets per 100 persons, 607,300 Internet subscribers, accounting for 137.27% of Brunei's total population. Herein, Brunei's broadband Internet penetration rate was 11.2%, and its mobile Internet penetration rate was 126.1%. In 2019, Brunei's top 3 communication companies (TelBru, Brunei DST, and Progresif Cellular) and Brunei International Gateway (BIG)'s communication devices were handed over to the Unified National Networks for centralized management. Brunei holds a positive attitude to 5G construction, in hopes of raising the network's bandwidth speed, providing innovative enterprises with development opportunities, in turn promoting the economic growth, pressing ahead with fulfilment of "National Vision 2035", and developing into a "Smart Country".

Electricity

Supply of electricity in Brunei is relatively sufficient, which meets industrial and agricultural production's basic demands currently. As of the end of 2018, Brunei's electricity penetration rate was 99.9%, with electrical installed capacity of 863.7MW. In 2018, Brunei's power generating capacity totaled 429 million KWH, with power consumption totaling 368 million KWH.

2.3 Production Cost

Compared with other ASEAN countries, Brunei has a complete infrastructure and a relatively high level of development, but apart from the cost of oil and gas, the competitive advantages of electricity and water prices are not obvious.

Electricity Price

Brunei introduced tiered electricity price in January 2012, and the electricity price was regulated by the Department of Electrical Services under the Ministry of Energy.

Table 2-2 Brunei's electricity price (Unit: BND)^①

| Billing items | Quantity (per month) | Billing standard |
|---|---|------------------|
| Industrial and commercial electricity consumption | 27 KVA × 10 Units (270 Units) | 0.20/Unit |
| | The next 27 KVA × 100 Units (2,700 Units) | 0.07/Unit |
| | The next 27 KVA × 100 Units (2,700 Units) | 0.06/Unit |
| | Excess part | 0.05/Unit |
| Residential electricity consumption | Within 600 kWh | 0.01/kWh |
| | 601-2,000kWh | 0.08/kWh |
| | 2,001-4,000kWh | 0.1/kWh |
| | Above 4,001 kWh | 0.12/kWh |

**Special Reminder:**

Commercial premises that use traditional kilowatt-hour meters and CT meters need to pay a monthly equipment maintenance fee of 2 BND even if there is no electricity consumption.

Water Price

The Ministry of Water Services of Brunei is responsible for the utilization and planning of water resources. The Ministry of Public Works provides 99.9% of Brunei's drinking water (including 0.2% of rural water supply). The public can pay water bills at the branches or all post offices set up by the Ministry of Water Services, as well as the counters of Bank Islam Brunei Darussalam (BIDB), Baiduri Bank and the Standard Chartered Bank.

Table 2-3 Water price of Brunei (Unit: BND)^②

| Billing items | Quantity | Billing standard | |
|---------------|------------------------|-----------------------|---------------------|
| Water | Residents | ≅ 54.54m ³ | 0.11/m ³ |
| | | >54.54m ³ | 0.44/m ³ |
| | Hotels and restaurants | – | 0.61/m ³ |
| | Industrial sector | – | 0.66/m ³ |

Natural Gas Price

Brunei Shell Petroleum (BSP) and Brunei Liquefied Natural Gas (BLNS) are respectively

① Department of Electrical Services of Brunei: <http://www.des.gov.bn/Theme/Home.aspx>

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

the largest petroleum supplier and the largest natural gas supplier in Brunei^①. See table below for detailed oil and gas price:

Table 2-4 Oil and gas price of Brunei (Unit: BND)^②

| Billing items | Billing standard |
|-----------------------------|------------------|
| Liquefied natural gas (LNG) | 10/standard tank |
| 97# gasoline | 0.53/L |
| Diesel oil | 0.31/L |

Manpower Supply and Wages

There is a shortage of local labor resources in Brunei. Domestic citizens with good education generally prefer to work in government departments, and the skills of ordinary labor are limited. Brunei has a relatively high proportion of foreign workers, especially in the construction industry, catering, housekeeping, sanitation and other service fields. According to the latest data from the Department of Economic Planning and Development of the Prime Minister's Office of Brunei, as of 2019, the total labor force in Brunei reached 237,900, an increase of 7.68% over the previous year, of which the total labor force of residents accounted for 68.7%.

Up until now, Brunei has not yet implemented the minimum wage system.

Table 2-5 Employment rate of Brunei, 2017–2019^③

| Item | 2017 | 2018 | 2019 |
|----------------------------|---------|---------|---------|
| Total labor force | 200,610 | 220,100 | 230,790 |
| Total population employed | 180,690 | 200,170 | 220,170 |
| Unemployment level | 9.3% | 8.7% | 6.8% |
| Resident labor force | 150,760 | 160,430 | 160,350 |
| Employed residents | 130,940 | 140,520 | 140,740 |
| Resident unemployment rate | 11.5% | 11.6% | 9.8% |

① International Trade Administration, <https://www.trade.gov>

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

③ Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

Land and Housing Price

In Brunei, real estate prices are low and remain relatively stable. Currently the price of land in the commercial center of the capital city of Brunei is about 1 million BND per acre, and the price of residential land is about 300,000 per acre.

Table 2-6 Brunei’s housing rental and resale price^①

| Housing type | | Average price |
|--------------|--|----------------------------|
| For rent | 2-storied single-family residential building (250-350 m ²) | BND 1,500-2,500/month |
| | Apartment building (100-200 m ²) | BND 1,200-3,000/month |
| Resale | Terraced house | BND 200,000 /house |
| | Single-detached villa (contingent upon the area) | BND 400,000-800,000 /house |

2.4 Financial Service

Currency and Exchange Rate

Currency of Brunei is Bruneian dollar (“BND” for short). According to currency exchange agreement between the Bruneian government and Singapore, Singapore Dollar and BND are in circulation of equal value. In recent years, exchange rate of BND against US dollar has maintained stable, and 1 BND is equivalent to US\$ 0.73 (according to exchange rate of 2020).

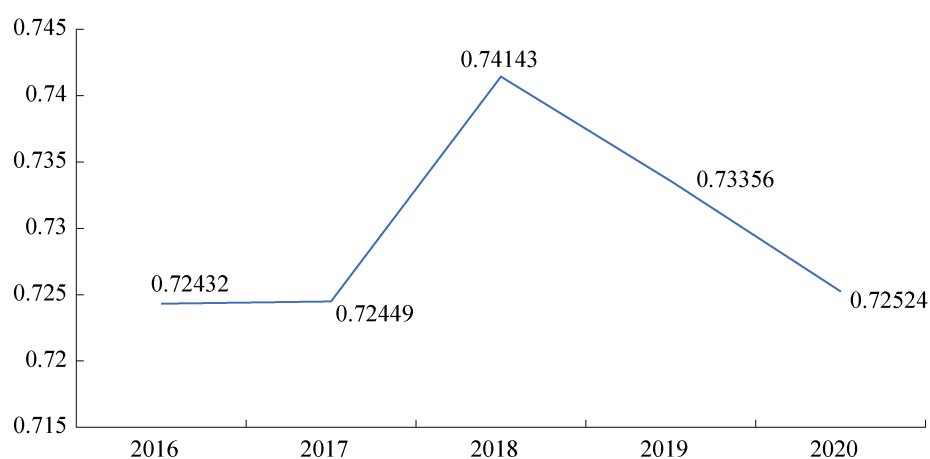


Fig. 2-1 Exchange rate of BND against USD, 2016–2020 (average value in current year)^②

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

② ASEAN Statistics Division: <https://data.aseanstats.org/>

Foreign Exchange Management

Brunei does not exercise foreign exchange control, facilitating the inflow and outflow of funds. Banks in Brunei permit non-resident account opening and loan.

To fight money laundry and other criminal activities, the Bruneian government has issued the management measures: those who remit or receive cash/bearer negotiable instrument worth BND5,000 to or from overseas shall make declarations to Financial Intelligence Department of the Monetary Authority of Brunei Darussalam in time.

Financial Institutions

Financial regulator. Brunei has no central bank, and the Monetary Authority of Brunei Darussalam plays the role of the Central Bank and is mainly responsible for instituting the national monetary policies and regulating the financial system.

Bank. In Brunei, main commercial banks include BAIDURI Bank and Bank Islam Brunei Darussalam (BIBD); main foreign-funded banks include HSBC, Standard & Chartered Bank, Overseas Union Bank LTD, and Malayan Banking Berhad, etc.

Insurance. Brunei Islam Insurance, the predominant insurer in Brunei, was founded in 2010 and incorporated from 2 Brunei-based Islam insurance business operators (namely, Takaful IBB and Takaful BIBD).

Securities. Brunei has not yet built its securities market.



Economy and Trade Policies

3.1 Market Access

Administrative Authorities

In October 2015, Bruneian Sultan reshuffled the cabinet, made a significant adjustment to Brunei's investment management department, and newly set up FDI and Downstream Industry Investment Steering Committee and the permanent body FDI Action and Support Center (FAST for short) in charge of foreign-funded projects examination, approval, coordination, and implementation. In addition, a statutory authority Darussalam Enterprise was newly set up to take charge of management and service work after introduction of foreign-funded projects. Functions of the Brunei Economic Development Board (BEDB for short) were simplified, and BEDB is only responsible for foreign investment introduction and promotion.

Restricted / Prohibited Sectors

Prohibited industries: weapons, drugs, and industries adverse to Islamic doctrines, etc.

Restricted industries: forestry

3.2 Foreign Investment Incentives

In 1975, the Bruneian government promulgated the Investment Incentives Order, based on which a new Investment Incentives Order was promulgated in 2001 for extension of the tax

preference period of some investment industries. The law stipulates that the investment industries enjoy tax preference policies mainly include:^①

Pioneer Industries

Application requirements: 1) It is in the public interest; 2) It has not yet saturated in Bruneian market; 3) It has good development prospect, and leading products in the market. The products mainly include: flight food, mixing concrete, pharmaceuticals, aluminum sheet, steel rolling equipment, chemicals, shipbuilding, facial tissues & napkins, textiles, canned/bottled and other packaged food, furniture, glass, ceramics, plywood, plastics and synthetic materials, fertilizers and insecticides, toys, gases for industrial purposes, metal sheets, industrial electrical equipment, water supply equipment, slaughtered and processed halal food, waste processing industry, non-metallic mineral products manufacturing, production of radio, TV, and communication equipment & devices, and production of other papers and paper boards.

Table 3-1 Tax relief and incentive policies for pioneer industries (as of the production date)^②

| Decisive factors for tax relief period | Tax incentives | Tax relief period |
|---|--|-------------------|
| Registered capital of BND 500,000 to BND 2.50 million | Exemption from 30% of corporate income tax; Exempted from import tax of machine, equipment, parts, components & architectural members, and raw materials; Certain dividends are exempted from the corporate income tax; Carryforward of loss and allowance. | 5 years |
| Registered capital of more than BND 2.50 million | | 8 years |
| Located in the high-tech park | | 11 years |

Extension of tax relief period: pioneer industries in non-high-tech park may apply for extension of the tax relief period to up to 11 years all told; pioneer industries in high-tech park may apply for extension of the tax relief period to up to 5 years at a time, with total extension of no more than 20 years.

^① Investment Incentives Order of Brunei, 2001: <https://www.mofe.gov.bn/Shared%20Documents/revenue/relevant-acts/IIO2001.pdf>

^② See ^①

Pioneer service industry

Business activities: 1) Engineering and technical services for laboratory, counseling, and R&D; 2) Computer information services and other related services; 3) Development and production of industrial designs; 4) Leisure and entertainment services; 5) Publishing; 6) Education; 7) Medical services; 8) Services in relation to agricultural technology; 9) Services in relation to warehousing equipment; 10) Services for organization of exhibitions and conferences; 11) Financial services; 12) Business counselling, management, and vocational services; 13) Venture capital fund business; 14) Logistics operation and management; 15) Private museum running and management; 16) Other services and businesses prescribed by the minister.

Tax incentives: income tax exemption and carryforward of loss and allowance. Tax relief period is 8 years and may be extended to up to 11 years.

Export-oriented Production Enterprises

Enterprises engaged in agriculture, forestry or fishery whose product exports are not less than 20% of their total sales and whose annual export value is not less than 20,000 BND can be classified as export-oriented production enterprises.

Table 3-2 Tax relief and incentive policies for export-oriented production enterprises^①

| Enterprise classification | Tax relief scope | Tax relief period |
|---------------------------|--|---|
| Non-pioneer enterprises | Income tax; Income tax of mechanical equipment, parts, components or architectural structure, and raw materials | 8 years |
| Pioneer enterprises | | 6 years, renewable period of up to 11 years in total |

Export-oriented production enterprises can get a 15-year tax exemption if they meet one of the following conditions: fixed asset expenditures that have been or will be incurred are not less than 50 million BND; fixed asset expenditures are between 500,000 and 50,000,000 BND; local citizens or holders of residence permits account for more than 40% of the shareholders, and the

^① Investment Incentives Order of Brunei, 2001: <https://www.mofe.gov.bn/Shared%20Documents/revenue/relevant-acts/IIO2001.pdf>

company has or will promote Brunei's economic or technological development.

Service Export Enterprises

Enterprises that export the following services: construction, distribution, design, and engineering services; counseling, management supervision, and counseling services; mechanical equipment assembling and purchase of raw materials, parts & components, and equipment; data processing, programming, computer software development, telecommunication and other information communication technology services; professional services such as accounting, law, medical treatment, and construction; education and training; other service accredited by Ministry of Industry and Primary Resources of Brunei.

Tax incentives: up to 20 years of income tax relief period and the deduction in subsidies and loss as of the service's effective day.

International Trade Enterprises

Enterprise that deals in international trade and meets one of the following requirements: operation of eligible finished products, or annual export value from international trading of Brunei's local products has exceeded or is expected to exceed 3,000,000 BND; annual export value from entrepot trade of eligible commodities has exceeded or is expected to exceed 5,000,000 BND.

Tax incentives: Tax relief period of 8 years as of the day when import and export business commences.

3.3 Special Economic Zones

the Bruneian government has set up 8 industrial zones to attract foreign investment, among which, the Sungai Liang Industrial Site is the most important one that is used for development of downstream oil & gas industries and high-tech industry. In addition, Brunei founded Terunjing

Free Trade Zone in 2017, and DARE is responsible for the operation and management of this free trade zone.

Table 3-3 Brief introduction of 8 industrial zones in Brunei^①

| Name | Planned area (hectares) | Industrial planning | Incentive policies |
|-----------------------------|-------------------------|---|---|
| Bukit Panggal | 50 | High-energy-consuming industries, focusing on development of energy-intensive manufacturing industries such as aluminum billet die-casting. | Tax Relief Policies If the project has been qualified for Pioneer Industries, up to 11 years of tax relief will be granted to the project. If the data center and operation center projects are mainly provided to clients in surrounding countries, the project is entitled to apply for qualification of export-oriented service industry, and up to 20 years of tax relief will be granted. Financing platform Equity investment institutions under the Ministry of Finance of Brunei can provide the project with reliable financing and JV platform. Government subsidies If new products will be developed in Brunei after the project investment is paid up, the project can apply for up to BND 5 million of R& D grant. In case of technical trainings for local employees, application for training grant is recommended. Employment policies foreign investors are permitted to employ foreign labor force if there are justified reasons. |
| Sungai Liang | 271 | Petrochemical industry center | |
| Telisai | 3,000 | Crop farming and breeding industries, focusing on hybrid industries | |
| Rimba | 15 | High-tech electronic industry, mainly used in development of data, construction of disaster prevention center, and construction of ancillary regional outsourcing corporate back-office operation center. | |
| Anggerek Desa | 50 | Science and technology park, focusing on computer industry, and used for high-tech industries such as computer technology innovation and industry incubation. | |
| Salambigar | 137.2 | Mainly used for cultivation of light processing industries such as food, drug, and cosmetics, and for aquatic products breeding and processing. | |
| PMB Island | 955 | Chemical industrial park, large ship building & repair plant, and comprehensive marine supply base | |
| Bio-Innovation Corridor BIC | 500 | Halal food and drug processing | |

^① Darussalam Enterprise (DARE): <https://www.dare.gov.bn/land-1>

4

Industrial Development

4.1 Development Planning

National Vision 2035^①

In 2008, the Prime Minister’s Office of Brunei issued a 30-year-long development plan, namely, *the National Vision 2035*. In 2014, Brunei set up the “National Vision 2035” council, and Crown Prince and Senior Minister of the Prime Minister’s Office Billah served as Chairman of the Council, with a view to coordinating all governmental departments, making strategic and top-level policy design, and achieving the long-term goal. *National Vision 2035* falls into 3 stages, including short-term “National Development Plan, 2007–2012”, medium-term “Development Strategy and Policy Outline, 2007–2017”, and the future vision of Brunei Vision 2035 with 3 development objectives:



Fig. 4-1 Brunei National Vision 2035^②

① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

② Brunei Economic Development Board: <http://www.invest.gov.bn/SitePages/Home.aspx>

To achieve the aforesaid objectives, Brunei fully implements 8 development strategies, including education strategy, economy strategy, national security strategy, institutional development strategy, local business development strategy, infrastructure development strategy, social security strategy, and environmental protection strategy.

4.2 Key Industries^①

Petroleum and natural gas are regarded as economic pillars of Brunei, and other key industries include service industries (e.g., government service, finance, wholesale & retail, real estate, and education) and construction industry. The manufacturing industry of Brunei is almost blank.

Oil & Gas Industry

Brunei boasts an abundance of oil and gas resources. Aside from onshore oilfields, Brunei now has 7 offshore oilfields such as Champion, Southwest Amba, Fairly, Fairly-Baram (shared with Malaysia), Magpei, Gannet, and Iron Duke, which are equipped with 46 drilling platforms, 490-plus oil wells, and 1,300 km submarine oil/gas transmission pipelines. 90% of Brunei's petroleum and commercial natural gas come from the aforesaid 7 offshore oilfields.

In recent years, the Bruneian government has been actively exploring new oil & gas zones; Meanwhile, it has pursued and implemented conservative policies on exploitation of oil and gas and actively developed renewable energies. In August 2014, the Brunei Energy Department of the Prime Minister's Office declared that the Bruneian Government would resolutely develop renewable energies. By 2035, ratio of Brunei's renewable energies will rise to 10%, and energy density will fall 45% from 2005.

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries fo Investors-Brunei (2020).

Table 4-1 Brunei's crude oil and natural gas output, export volume, and price, 2017–2019^①

| | Year | 2017 | 2018 | 2019 |
|-------------|--------------------|---------|---------|---------|
| Crude oil | 1,000 barrels /day | 113 | 112 | 121 |
| Natural gas | MBOE/day | 244 | 234 | 240 |
| Export | | | | |
| Crude oil | 1,000 barrels /day | 109 | 101 | 116 |
| Natural gas | MMBTU/day | 942,480 | 900,432 | 915,944 |
| Price | | | | |
| Crude oil | US\$ /barrel | 55.93 | 73.17 | 68.57 |
| Natural gas | US\$ /MMBTU | 8.18 | 10.45 | 9.14 |



Investment Practice

Chinese private enterprise successfully invests in Brunei petrochemical industry^②

Hengyi Industries (Brunei) Co., Ltd. (hereinafter referred to as “Hengyi Industries”) is a petrochemical company jointly established by Chinese private enterprise Hengyi Group and the Bruneian government. Among them, Hengyi Group holds 70% of the shares and the Brunei government holds 30%. Approved by the Sultan of Brunei and launched in 2011, Hengyi Petrochemical Project is one of Brunei’s largest foreign direct investment projects, and it is a major global manufacturer of polyester resins and petrochemical products.

In 2017, Hengyi Industries and Brunei Economic Development Board signed the MoU on Supporting and Promoting Development of Hengyi Brunei PMB Island Integrated Petrochemical Project Phase II. The project plans to build an annual process capacity of 14 million tons of crude oil, 1.50 million tons of ethylene, and 2 million tons of PX. In 2021, Hengyi Industries applied UOP continuous reforming and aromatic hydrocarbon technology in the PMB Island Integrated Petrochemical Project. When completed, Hengyi Industries can realize the capacity of producing 3.80 million tons of p-xylene per year.

In addition, Hengyi Petrochemical Project is equipped with the world’s 8th set of flexible

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

^② Sources: PR Newswire and official website of Hengyi Group.

coking unit, which are more environmentally friendly than traditional coking unit and will produce less amount of coke. The project uses clean coal technology, and self-built coal power plant and desalinization plant in the PMB Island, which provide the energy supply in a clean and high-efficiency manner.

Comment: Although the Dutch Shell Group has established four joint ventures with the Brunei government and Japanese companies since 1969, which occupy most of Brunei's oil industry resources and markets, Brunei still has huge investment potential for its rich oil & gas resources and superior geographical location.

Agriculture

Many Bruneian gave up agriculture and switched to business or industry in 1970s with exploitation to oil and gas and development of public service industry, which exerted great impact on traditional agriculture so that self-sufficiency ratio of some foods (e.g., meat, rice, and fresh milk) in Brunei is low. To ensure national food security and increase food self-sufficiency, the Bruneian government formulated a medium and long-term agricultural development plan in early 2009 to encourage and promote international cooperation. At the same time, it focuses on the development of agricultural science and technology parks, “Biological Innovation Corridors”, the development of halal food, and the expansion of food and vegetable cultivation area, and increases the output of cattle, sheep, chickens, fish and shrimps and the production of eggs and milk to reduce imports.

At present, the Bruneian government has raised its self-sufficiency ratio of chicken to 96% and realized completely independent supply of eggs by strongly supporting the poultry industry (centering on chicken farming). However, Brunei has not yet made remarkable breakthroughs in the rice yield. Under the supervision of Sultan in person, the Bruneian government has been committed to development of rice planting in recent years, and it ever brought forth the goal that Brunei endeavors to raise the rice yield and the self-sufficiency ratio of rice to 18,000 tons and 60% respectively by 2015. However, Brunei's rice yield in 2015 was only 1983 tons, which is far away from the set goal. China, South Korea, the Philippines, Singapore, and Vietnam also took

part in Brunei Rice Experiment and Development Program through diverse means, but no substantial results were made. The Ministry of Primary Resources and Tourism of Brunei plans to adopt multiple measures, such as increasing rice yield per unit area with the help of high-yield hybrid rice planting technology, to raise the rice yield to 3,900-5,200 tons by 2025, with self-sufficiency ratio touching 11-15%.

In addition, as one of the critical measures for promoting economic diversity, the Bruneian government actively builds the “Brunei Halal” brand and promotes it in the global market as the first national halal brand. Brunei has established the “Global Halal Industry Division” (GHID), which is placed under the management of the Ministry of Energy and Industry to promote the development of Brunei’s halal industry as a whole. At present, Brunei’s halal industrial parks, including the Agro-Technology Park and the Bio-Innovation Corridor, are vigorously attracting investment.

Fisheries

Brunei has a coastline of 162 km and abundant fishery resources. The waters are free of pollution and typhoon influences, ideal for fish and shrimp breeding. There are currently 50 fish and shrimp farms nationwide in Brunei.

The Bruneian government pushes ahead with economic diversification strategy and identifies fishery as one of its priority fields for development. Data from Fishery Department of Brunei shows that Brunei plans to raise the average output value of its fishery industry to around 400 million BND by 2023, including fishing, 112 million BND, breeding, 200 million BND, processing, 61 million BND, and marine ecotourism, 27 million BND. To promote the fishery product processing industry, the Bruneian government encourages cooperation between foreign investors and local companies in fishery. It also plans to set up storage and distribution center and import & export center to provide the processing industry with a variety of services.



Special Reminder:

When investing in fisheries, investors should pay attention to the relevant regulations on the

division of operating sea areas in Brunei’s fishery cooperation sea areas.

Table 4-2 Relevant regulations on the division of operating sea areas in Brunei fishery cooperation sea areas^①

| Division of sea areas | Scope of waters (distance from the coast) | Operation limits |
|-----------------------|---|---|
| The First Sea Area | 0~3 miles | Prohibit foreign fishing boat operation; prohibit fishing |
| The Second Sea Area | 3~20 miles | Prohibit foreign fishing boat operation |
| The Third Sea Area | 20~45 miles | Permit operation of foreign fishing boat |
| The Fourth Sea Area | 45~200 miles | |

Financial Industry

Presently, Brunei is endeavoring to develop itself into a regional financial center. In 2019, FDI in Brunei’s financial and insurance industries totaled 958.3 million BND, accounting for 9.96% of the total FDI in Brunei.

In 2000, Brunei set up the Brunei International Financial Center to attract foreign investors. It also successively promulgated 10 acts in relation to the financial center to provide tax relief incentives for foreign enterprises registered in the center. In 2006, the Bruneian government ramped up its efforts in implementation of Islamic Finance. It set up the Islamic Finance Supervision Board, issued short-term Islamic financial bonds, and incorporated Islamic Bank of Brunei (IBB) and Islamic Development Bank of Brunei (IDBB) into Bank Islam Brunei Darussalam (BIBD). And the only 2 Islamic insurance business operators in Brunei were incorporated into Takaful Brunei Darussalam Sdn Bhd.

4.3 Foreign Investment

According to *the World Investment Report 2020* issued by the United Nations Conference on Trade and Development, in 2019, Brunei attracted US\$ 275 million of foreign investment. By the end of 2019, Brunei attracted US\$ 7.127 billion (BND9.62 billion) of foreign investment in total.

^① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

The world-famous transnational companies that invested in Brunei include Shell, France Total, Japan Mitsubishi Gas, and Japan ITOCHU, etc.

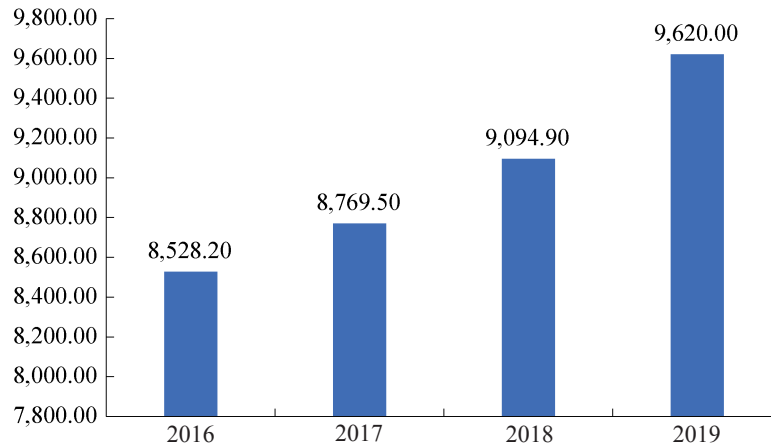


Fig. 4-2 FDI in Brunei, 2016–2019 (Unit: BND 1 mil.)^①

Foreign capital sources

As of 2019, UK accounts for 43% of the total FDI in Brunei, reaching to 4.137 billion BND, followed by Hong Kong, China (2.741 billion BND), Netherlands (1.437 billion BND), Singapore (344 million BND), Japan (214 million BND), Germany (15.30 million BND), and the USA (3.20 million BND).

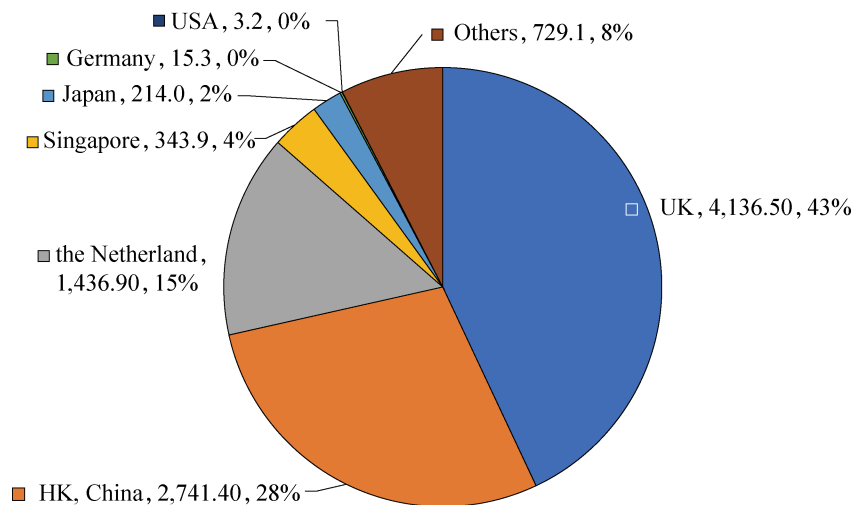


Fig. 4-3 Origin of Brunei's FDI 2019 (Unit: BND 1 million)^②

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

^② See ^①

Industry Distribution of Foreign Investment

As of 2019, oil and gas exploitation industry ranked the first place (4.816 billion BND, a ratio of 50%) of attracted foreign investment of Brunei, followed by manufacturing (3.3 billion BND, a ratio of 34%), finance and insurance (958 million BND), and wholesale and retail (134 million BND).

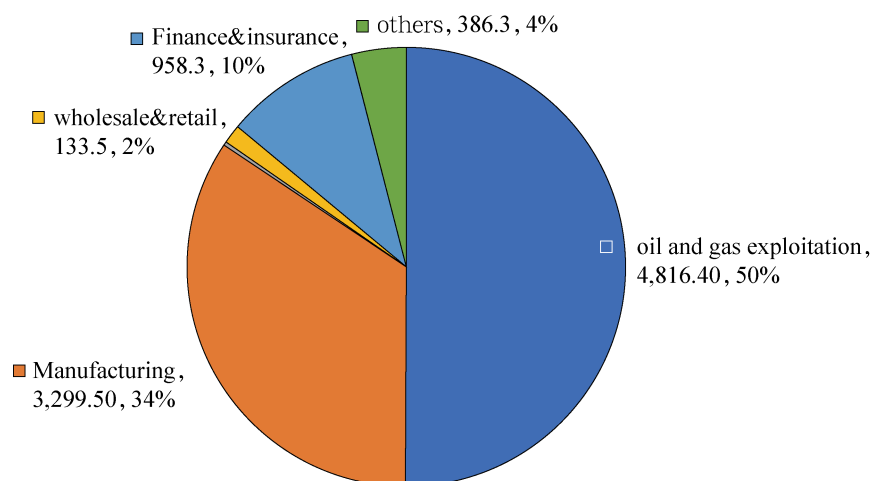


Fig. 4-4 Industry Distribution of Brunei's foreign investment 2019 (Unit: BND 1 million)^①

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019



Starting a Business

5.1 Registering a Business

Competent Authorities^①

In 1959, Attorney General's Chamber of Brunei found the Registry of Companies and Business Names Division (ROCBN for short) to take charge of affairs in relation to enterprise registration. As of April 2012, this department was affiliated to the Ministry of Finance and Economy of Brunei. Enterprises can transact business names, registration procedures and pay relevant fees online via the one-stop platform (www.ocp.mofe.gov.bn/). The business registration duration was shortened from previous 4-10 days to one day.

^① Ministry of Finance and Economy of Brunei: <https://www.ocp.mofe.gov.bn/about> (one-stop platform for enterprise registration)

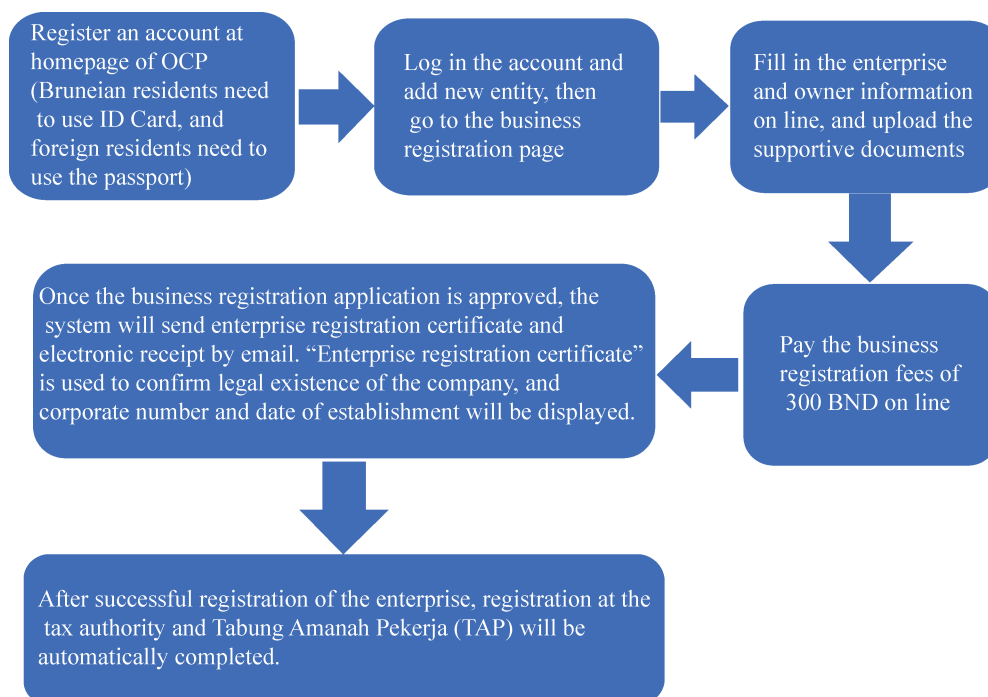


Fig. 5-1 Main procedures for business registration^①

Entity Types

Enterprises of the following types can be registered in Brunei: individual proprietorship enterprise, JV or partnership enterprise, company (private or public), and subsidiary of foreign company.



Special Reminder^②:

1) Registration fee will be charged when registering a private limited company, based on proportion of the company's capital. For enterprise with capital of 25,000 BND (the minimum statutory registered capital), the registration fee is 300 BND. If the capital fund reaches 150 million BND (the maximum statutory registered capital), the registration fee is 35,000 BND.

2) Once the registration is done, the following work must be completed: appoint a locally registered accountant; prepare annual financial statements, balance sheets and board reports;

^① Ministry of Finance and Economy of Brunei: <https://www.ocp.mofe.gov.bn/resources/BusinessNames/> (for business registration)

^② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

prepare branch accounts; submit account statements every year; submit annual returns to ROCBN.

3) All enterprises must register the business name to be confirmed by a registrar. Tax of 5 BND is levied on each business name.

4) According to the Amendment of the Company Act that took effect on December 31, 2010, if there are only 2 directors at the BOD of the company registered in Brunei, at least 1 director must be Brunei resident. If there are more than 2 directors, at least 2 directors must be Brunei residents. Prior to the amendment, the Company Act required over 50% of local residents in the BOD, and the reduce on local residents required serves to facilitate foreign investment.

5.2 Project Contracting

Acquiring Information

According to relevant regulations, all projects invested by the Brunei government have to go through tender and bidding, and relevant departments will publish bidding announcements on their bulletin boards and weekly government bulletins. In addition, major newspapers and periodicals also regularly publish bidding information.

Tendering and Bidding

Generally, bidding for large-scale projects shall be subjected to strict legal procedures. Bidding projects with a target value of less than 5 million BND will generally be issued to the first tender, which is the tender with the lowest bidding price; projects with a target value of more than 5 million BND will not necessarily be issued to the first tender; self-funded projects can be carried out through bid negotiation.



Special Reminder:

For projects tendered by the Brunei government, the payment is usually carried out

according to the progress of the project, so the contractor must advance the contract, but there is generally no default or delay in the payment from the government.

License and Permits

To undertake projects in Brunei, the contractor need to apply for construction engineering permit to Brunei Department of Economic Planning and Development, which will in turn conduct audit and supervision to the project.



Investment Practice

Brunei Ulu Tutong Dam Project Achieved Success^①

On January 25, 2010, SINOHYDRO-Bekedi Consortium and Brunei Department of Economic Planning and Development signed the contract of Brunei Ulu Tutong Dam Project with a contract value of nearly 8.55 million BND. Located in primitive tropical rainforest in Sg Tutong District of Brunei, the Project is a start-up project of Brunei Water Resources Development Program. It was tendered in November 2007 and received the bid-winning notice from the owner on July 4, 2009, after more than 6 months of contract negotiation. Jointly built by POWERCHINA and Brunei Bekedi Company, the construction started in February 2010, and completed in June 2017. On November 17, 2018, the Project was officially delivered to the Bruneian side. Local media reported that, under the framework of Vision 2035 of Brunei, th Project not only greatly relieves local floods, but also provides Tutong County and Muara County with long-term and reliable water sources. Also, this project will meet Seri Begawan City’s future demands for drinking water and industrial water and will benefit 250,000 Bruneian people.

However, not everything went smoothly in the project tendering and bidding process, and POWERCHINA met the following challenges during the project construction period:

Cost Control. To safeguard domestic suppliers’ interest, the Bruneian government controls

① Sources: official websites of the State-owned Assets Supervision and Administration Commission of the State Council and SINOHYDRO Corporation: <http://www.sasac.gov.cn/n2588025/n2588124/c4216183/content.html>.

import of some building materials such as cement, resulting in sharp price fluctuation of imported raw materials including brick, sand & stone, and reinforcing bar. It is understood that Brunei contracts usually do not include “automatic price adjustment clauses”, and there is a risk of increased costs when foreign companies undertake large-scale construction projects with longer construction periods.

Human resources. Brunei Department of Labor’s management to quota of foreign labor force is increasingly rigorous. It’s difficult to introduce foreign labor force except for necessary management and technical staff, but local management and technical personnel are in short supply.

Price competition. Competition in Brunei contracting market is fierce, and project bidding usually takes the form of winning the bid at the lowest price. It is difficult for foreign companies to obtain a clear advantage in ordinary construction projects (such as housing projects).

In addition, there are detailed issues such as climate, letter of guarantee, project fund management, and equipment entry and exit that need investors’ attention.

Comment: Business opportunities and obstacles coexist in Brunei’s construction contracting project market. Investors should explore their own advantages, strengthen market research, establish close contact with Brunei’s contracting project authorities, track large-scale key projects in a targeted manner, and keep abreast of project trends. Choose local partners carefully, clarify in advance the responsibilities and division of labor between the two parties, as well as the agreement on the issuance of the letter of guarantee and the management of project funds. Familiar with local regulations on bidding and project construction management (including quality, safety, etc.). Fully consider the impact of the rainy season on the construction period of the project, as well as possible encounters in employment management, labor permits, company registration, equipment import, etc.

5.3 House Leasing

Investors can go to local real estate agency outlets in Brunei for on-site exchanges, or they

can select office locations in advance through real estate rental and sales websites.

Table 5-1 Some of Brunei’s real estate agent platforms

| Name | Contact info |
|-----------------|--|
| Brunei Property | Website: https://www.bruneiproperty.com.bn Emails: sales@bruneiproperty.com.bn |
| Match Office | Website: https://www.matchoffice.com/bn Emails: info@matchoffice.com |
| Bruneida | Website: https://www.bruneida.com/ |

5.4 Opening a Bank Account^①

Requirements. The company is a start-up company or has been registered in Brunei for less than 10 years, has obtained a business license, and has no company account in other financial institutions or banks in Brunei, or the company account has been closed for more than 3 years.

Prepared Documents. Application form for opening the corporate account, business license, identity certificates of shareholders, agents, and chairman (Bruneian nationals provide IC copy, foreign nationals provide passport copy), articles of association. Some companies need to provide letter of opinions from the BOD or the Shareholders’ Meeting and authorization letter from parent company, etc.

Fees. Brunei company account charges vary slightly depending on the account opening bank and company size. Take the Brunei Islamic Bank (BIDB) small and micro enterprise company account as an example, the company needs to keep at least 50 BND in the account as the minimum account opening deposit, if the monthly average balance is less than 50 BND and is in an inactive/dormant state, a monthly maintenance fee of 2 BND will be charged. If the account balance is 0 for 6 consecutive months, the account will be automatically closed.

5.5 Employee Recruitment

In Brunei, employees can be recruited through channels like government-sponsored

^① Bank Islam Brunei Darussalam (BIDB), <http://www.bibd.com.bn>

recruitment platform, intermediary organs, and direct recruitment by the company, etc. Human resources service suppliers shall register at Brunei Department of Labor and obtain relevant licenses. Enterprises are advised to visit the website of Brunei Department of Labor (<http://labour.gov.bn/>) for enquiring about or verifying the intermediary organs.

Table 5-2 Brunei's employee recruitment channels

| Channel | Name | Website | Remarks |
|---|--|--|---|
| Government-sponsored recruitment platform | Job Centre Brunei | www.jobcentrebrunei.gov.bn | Register with the company name, and recruit Bruneian employees first |
| Intermediary platform | JobsBrunei | www.jobsbrunei.com | Brunei's largest recruitment website |
| | Bruneida | www.bruneida.com/brunei/jobs/ | Brunei's free advertising website |
| | Brunel | www.brunel.net | Brunei's headhunting company, providing total human resources solutions |
| Direct recruitment by the company | Applicable to large-scale petrochemical enterprises, and recruitment information may be directly posted at the company's official website. | | |

5.6 Financing^①

Bank Loans

In April 2021, Brunei's average loan interest rate is 5.5%, and foreign-funded enterprises that meet the loan conditions can obtain loans from banks.

Loan types. 1) Traditional short-term loan on mortgage; 2) Financing by short-term accounts receivable (up to 12 months); 3) Circular financing by short-term accounts receivable (up to 12 months in each term, direct renewal contingent upon collection of accounts receivable); 4) Long-term financing at regular intervals (12months-84 months); 5) other loans.

Application documents. Individual proprietorship enterprises, partnership enterprises, and limited companies: 1) documentary evidences for normal operation of the company (audited financial statements, etc.); 2) ID cards or passports of the owner/copartners/directors/

^① Bank Islam Brunei Darussalam (BIDB), <http://www.bibd.com.bn>

shareholders/guarantors; 3) The company/individual's bank statements in the last 12 months; 4) Detailed list of bank account in the last 2 years (optional); 5) Company registration form (Sections 16 & 17, only applicable to sole proprietor and partnership enterprise); 6) business license; 7) other documentary evidences required by the bank.

Private limited companies: 1) Company registration form X (Form X); 2) Business license; 3) Resolutions by the BOD; 4) Outline and provisions of the articles of association; 5) Audited financial statements in the last 2 years; 6) Share distribution form (if have); 7) Other documentary evidence required by the bank.

Bond Issuance

With approval of the Monetary Authority of Brunei Darussalam (AMBD), the enterprises are entitled to IPO of bonds. If the enterprises promise to observe provisions of the Islamic Finance, they are entitled to IPO of Islamic bonds with approval of both the Monetary Authority of Brunei Darussalam and the Islamic Finance Supervision Board (SFSB).

Application documents 1) Covering Letter; 2) Registration form for claims; 3) Prospectus (including the corporate balance form, financial standing, owner's equity, development vision, and other additional rights); 4) Application fee of BND 50; 5) Terms of the Offer; 6) Information on the issuer's business and operation; 7) Identity certificates of directors, senior managers, sponsors, and auditors; 8) Risk factors; 9) Securities market data concerning the issuer's stock trading history (If any), etc.

5.7 Applying for Patents and Registering Trademark

Brunei Intellectual Property Office ^①(BruIPO), founded on June 1, 2013, is responsible for all matters in relation to the intellectual property rights, such as patents, industrial designs, trademarks, plant varieties protection, and copyrights.

^① Website of BruIPO: <http://www.bruipo.gov.bn/SitePages/Home.aspx>

Application for Patents^①

(1) Prepare patent applications in the prescribed language format. Application for patents covers: request for granting of patent rights; technical specification for the invention, scope of patent, and drawings in relation to the description. Herein, the invention disclosed in the technical specification shall be clear and complete and can be implemented by relevant technicians. Scope of patent shall define the subject matter the applicant seeks to protect; the expression should be clear and simple, and accompanied by descriptive statements; multiple inventions that constitute a single invention concept may be filed as one application; abstract aims to state that the technical information shall not be used for other purposes, particularly for interpretation on scope of the protection.

(2) Submitted to the Intellectual Property Office for archiving according to prescribed means, with fees (Basic registration fee: 160 BND) being paid according to laws.

3) If patent application is dated on filing according to laws, unless this application is revoked, abandoned, or rejected to be disclosed prior to the date when the Intellectual Property Office completes the preparatory work for its disclosure, the register officer shall make public the scope of patent according to the filing requirements after the prescribed deadline expires.



Special Reminder:

Patents that have been registered in the UK, Malaysia, and Singapore are valid for 3 years after registration in Brunei. Patents registered in Brunei are valid for 7 years, and the period of validity may be extended to 14 years.

Registration for Trademark^②

The first person using the trademark in Brunei may submit trademark registration

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

application to the Intellectual Property Office. Trademarks in Brunei are subject to international classification, and Brunei also permits registration of service trademark. In addition, Brunei permits application for multiple classification, individual classification, and comprehensive classification. Application procedures are as follows:

(1) Inquire. Refers to the trademark information inquiry conducted by the trademark registration applicant to find out whether there are prior trademark rights that may conflict with the trademark application for registration before applying for the registration of the trademark.

(2) Review. After confirming that the fees have been paid (the registration fee for each category is 150 BND), the Intellectual Property Office will check the trademark records to determine whether other merchants have registered or applied for registration of the same or similar trademarks; at the same time, check the relevant trademarks whether it complies with the registration requirements of trademark laws and regulations.

(3) Gazette announcement. Once the application is approved, the Brunei Intellectual Property Office will issue a TM27 gazette notice to the applicant. Once a fee of 125 BND is paid in accordance with the law, the applicant can publish it in the Trademark Weekly for a period of 3 months. If no objection is filed, the trademark will be successfully registered.



Special Reminder:

In Brunei, a registered trademark may be revoked in one of the following circumstances: the trademark has not been used for 5 consecutive years (from the date of completion of the registration) without justifiable reasons; the result of the use of the trademark has become a common name of goods or services; The result of use is easy to cause confusion and misunderstanding among the public.

5.8 Tax Payment

Tax Declaration^①

Brunei's tax year is a public year (that is, from January 1 to December 31 in the Gregorian calendar). According to the *Income Tax Act*, companies should declare their taxable income (Estimated Chargeable Income, ECI) within 3 months after the end of the company's financial year. ECI-based taxes and fees must be paid before the ECI submission date.

For additional tax assessment notified by the Taxation Department, payment must be made within 30 days after the arrival of the additional tax assessment notice.

Tax Declaration Channels

Tax should be declared to the revenue division via the accounting firm. As of 2012, Brunei Ministry of Finance and Economy launched Online Tax Declaration^②. Please log on to the website to learn about detailed information on tax payment.



^① International Taxation Department of the State Taxation Administration, Guide on Taxation of Brunei for Chinese Investors (2019).

^② Website for online tax declaration: www.stars.gov.bn



Tax Payment^①

(1) Cash or cheque. Brunei’s income tax may be paid in the form of cash or cheque. In case of payment in the form of cheque, the cheque shall be crossed, and marked clearly with “Paid to the Bruneian government”.

(2) Payment via online banks. HSBC, Standard Chartered Bank, BAIDURI Bank, and Bank Islam Brunei Darussalam’s online banks provide Brunei tax payment services.

In case of tax payment via online banks, taxpayers shall fill in the following information: write the revenue division in the payee column; write the tax declaration number (exclusive of additional characters and digits) in the “Online bank reference number registration” column; (Numbering example: income tax: 100004321, withholding income tax: 600004321.) Amount of tax payable; if the System for Tax Administration and Revenue Services has not yet generated tax declaration number, the taxpayer needs to keep or print out online bank transaction number, to facilitate the future electronic archiving. Transaction number after the payment via online bank shall be registered and inputted into the System for Tax Administration and Revenue Services, to facilitate the reconciliation and accounting.

(3) Telegraphic transfer. Directly consult to the Revenue Division for “Tax payment via telegraphic transfer”.

(4) Payment via counter.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

Provisions on Penalty against Delayed Declaration^①

In case of failure to pay ECI-based tax in time (i.e., failure to make payment within 3 months after expiration of the corporate accounting year), Brunei Revenue Division, according to the taxable year, will impose cash fine on the enterprise, and the fine is equivalent to 5% of the taxable amount.

Likewise, in case that payment of the income tax is not made as of June 30 in current year, a fine, equivalent to 5% of the taxable amount, will be imposed on the enterprise.

In case that payment of the aforesaid taxes is made more than one month after the deadline, additional fine for delaying payment, equivalent to 1% of taxable amount, will be imposed, but the total fine for delaying payment shall not exceed 12% of the taxable amount.

Tax refund

Tax refund application shall be submitted to Revenue Division, together with original tax payment receipt.

Tax refund application may be submitted via the System for Tax Administration and Revenue Services (STARS), but original tax payment receipt shall be still submitted to the Revenue Division.

^① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.



Legal Provisions

6.1 Land

Competent Authorities and Relevant Laws

Brunei Land Administration is the competent department in charge of land planning and management. According to the *Land Act* of Brunei, the land is composed of diverse forms of spaces, and it is located above/under the land surface, or is any building, or is certain structure that occupies the subsoil, or is a certain part of the land or a portion of a given part. To sum up, the land is the basic content for land planning and adjustment.



Special Reminder:

Land planning is subject to time limitation. If the term expires, the law court will make a verdict to determine whether the user can continue using this land. Since then, before renting the land in Brunei, investors need to refer to land planning documents and other relevant documents, and pay attention to the durable years of objective land, the restrictions on the objective land, and the scope of use of the objective land, etc.

Land Classification^①

According to the *Land Act* of Brunei, the land, based on its nature (exclusive use or not), is

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

divided into 2 major categories, namely, main land unit and affiliated land unit. Herein, main land unit refers to the land that is designed for exclusive use in housing, business, or other purposes; affiliated land unit refers to the portion (such as garden, parking lot, storage site, swimming pool, laundry room, staircase, passage,) that is designed for use together with any main unit. Unless being transferred to the owner of main land unit that belongs to identical land planning, any affiliated land unit or resultant income shall not be sold, leased, charged, or handled in other means, except partial sales, lease, guarantee, and disposal, and the transactions involving main land unit or resultant income from main land unit. Any sales, lease, guarantee, and disposal in breach of the *Land Act*, or transaction behaviors in breach of provisions on disposal of affiliated land unit will be deemed to be invalid and of no legal force.

Provisions on the Acquisition of Land by Foreign-funded Enterprises

The land in Brunei belongs to the king, and the Bruneian citizens may purchase the land, but foreigners are prohibited from obtaining the land ownership and the right for land transaction in Brunei. In other words, foreigners shall not purchase land in Brunei for investment purposes, but they can purchase real estate with tiered property rights or rent the land and real estate.



Special Reminder:

In early 2016, Brunei Land Administration and E-government Center worked together to launch online land transaction system, by which online procedures can be transacted, such as land ownership transfer, land lease, extension of land lease term, change of land use conditions, and payment of land fees. Website: www.laris.gov.bn.

6.2 Tax

Competent Authorities and Relevant Laws

Brunei Revenue Division affiliated to the Brunei Ministry of Finance and Economy is the

competent authorities in charge of taxation, and it is mainly responsible for instituting tax policies, and managing and collecting taxes. Brunei Revenue Division consists of 6 departments^①, including Audit and Assessment Department, Company and Policy Department, Financial Department, Law Enforcement Department, International Department, and Accounting Department. Herein, the Audit and Assessment Department is responsible for assessment of income tax, stamp tax, and withholding tax; the Company and Policy Department is responsible for instituting tax policies, serving company registration, managing human resources and training, collecting statistical data, and maintaining the website; the Financial Department is responsible for income tax, stamp tax, and withholding tax collection and the tax refund; the Law Enforcement Department is responsible for ramping up enforcement of tax collection, and urging taxpayers to observe provisions on submission and payment of taxes; the International Department is responsible for examining Double Taxation Avoidance Agreement (DTA), Bilateral Investment Treaty (BIT) and Tax Information Exchange Agreement (TIEA), organizing relevant negotiations, establishing international relationships (such as ASEAN, APEC, OECD, ATAIC, IMF, and CATA), handling and issuing resident permit, and disposing of tax relief application and tax information exchange request; the Accounting Department is responsible for handling applications for Brunei Public Accountant License.

Relevant laws and regulations mainly include: *Income Tax Act (Chapter 35)*, *Income Tax (Petroleum) Act (Chapter 119)*, and *Stamp Tax Act (Chapter 34)*.^②

Tax System

Presently, enterprises in Brunei are exempted from taxes of multiple types, such as turnover tax, individual income tax, export tax, sales tax, payroll tax, and VAT and production tax. Brunei's main taxes currently in effect include corporate income tax, petroleum profit tax, stamp

① Brunei Revenue Division: <https://www.mofe.gov.bn/divisions/revenue-organisation-structure.aspx>, organizational structure.

② Brunei Revenue Division: <https://www.mofe.gov.bn/divisions/revenue-relevant-acts.aspx>, relevant acts.

tax, and import tax.^①

Corporate Income Tax Taxpayers fall into resident enterprises and non-resident enterprises. Resident enterprises refer to those companies that are locally managed and controlled, and they shall pay taxes for the income from their domestic and overseas business activities, the interests, the property operation income, and the dividends from domestic enterprises of Brunei. Non-resident enterprises refer to those enterprises that are founded or controlled and managed beyond the territory of Brunei. They shall pay taxes for income they achieve within the territory of Brunei.

Corporate income tax rate is 18.5% (inapplicable to enterprises specializing in petroleum operation), which is relatively low in ASEAN. As for the first taxable income of BND 100,000, enterprises can enjoy “one-quarter of the tax rate”, and then “half of tax rate” in the subsequent taxable income of BND 150,000. After that, they shall pay tax at normal tax rate for the following taxable incomes. As for the start-up enterprises that have less than 2 years of founding history as of the establishment, the first taxable income of BND 100,000 is exempted from tax. In addition, the Bruneian government implements tax exemption policies for some enterprises and industries that are of much significance to Brunei’s national development.^②

According to Brunei’s *Income Tax Act*, withholding taxes of various sorts will be levied on non-resident entities (non-resident enterprises) that are controlled and managed beyond the territory of Brunei. And the tax-levying scope covers interests, commissions, or other financial expenses, movable property uses fees, intellectual property fees, and management fees, etc. Withholding income tax rate ranges between 10% and 20%. See table below for specific tax rate: Brunei does not levy dividend withholding tax.

① International Taxation Department of the State Taxation Administration, *Guide on Taxation of Brunei for Chinese Investors* (2019).

② Legal Affairs Department of CCPIT, *Studies on Laws of the “Belt & Road” Countries-Brunei*.

Table 6-1 Brunei’s withholding tax rate^①

| Withholding tax type | Tax rate |
|--|----------|
| Interests, commissions, and other financial expenses | 15% |
| Movable property expenses | 10% |
| Intellectual property expenses | 10% |
| Technical assistance and service expenses | 20% |
| Management expenses | 20% |
| Rent expenses | 15% |
| Wage for non-resident directors | 20% |

**Special Reminder:**

1) Brunei does not levy dividend withholding tax.

2) Brunei has signed Double Taxation Avoidance Agreement (Arrangement) with Bahrain, China, Hong Kong, China, Indonesia, Japan, Kuwait, Laos, Malaysia, Oman, Pakistan, Singapore, the UK, and Vietnam, and enterprises in Brunei will be exempted from income tax of given ratio, and the tax deduction is only applicable to local companies. In addition, members of the British Commonwealth provide internal mutual incentives, but the incentives shall not exceed half of Brunei’s tax rate, and incentives of this kind are provided to all companies.

Petroleum Profit Tax^② Taxpayers fall into resident enterprises and non-resident enterprises. Resident enterprises as taxpayers refer to the companies that are in Brunei, registered as per *Brunei Company Act (Chapter 39)*, and engaged in petroleum business, or the companies that are compulsorily established as per any other local laws and engaged in petroleum business, exclusive of those companies from countries that serve as contracting states in the petroleum exploitation agreement according to the petroleum exploitation act. Non-resident enterprises refer to companies that are located beyond Brunei, or engaged in petroleum business, or employed by

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

② See ①

non-resident companies for operation of petroleum business. And they shall pay taxes directly, or in the name of the company manager, or in the name of any other taxpayers that reside in Brunei. In addition, assessment will be made, and fees will be charged according to similar means of assessment and charging to resident companies that are in Brunei.

Brunei observes the general mode of most oil producing countries in the Middle East, and the petroleum tax will be levied according to 55% of the net petroleum income after deduction of royal income, government income, and various costs.

Stamp Tax^① The Bruneian government levies stamp tax on a variety of written documents. Tax rates vary in terms of the nature of written document. Stamp tax is levied mainly on lease agreement, mortgage, transfer, bill of exchange, stock, transfer of shares, and trust statement, etc.

According to Brunei's *Stamp Tax Act*, stamp tax may be paid at any time before the written document become executed. If the written document being executed in Brunei, the stamp tax shall be paid off not later than 14 days since then. If the written document is executed abroad, the stamp tax shall be paid off no later than 30 days since the written document become executed.

In case of failure to pay off the stamp tax within 14 days after the written documents is executed in Brunei, a fine, equivalent to doubling of the stamp tax or BND 10 (whichever is higher), will be imposed. In case of failure to pay off the stamp tax for the written document that takes effect beyond Brunei, a fine, equivalent to quadrupling of the stamp tax or BND 25 (whichever is higher), will be imposed.

6.3 Employment

Competent Authorities and Relevant Laws

The competent department in charge of laborers' employment and protection of their rights and benefits in Brunei is the Department of Labor under the Ministry of Home Affairs. The

① Legal Affairs Department of CCPIT, Studies on Laws of the "Belt & Road" Countries-Brunei.

Department of Labor and the Department of Immigration and National Registration are jointly responsible for the employment of foreign employees.

The major laws and regulations include the *Employment Order*, which provides a legal basis for employment termination, medical treatment, maternity leave and compensation for work-related injuries.

Main Clauses^①

Labor contracts. In accordance with the *Employment Order 2009*, a labor agreement shall be signed in case either of the following circumstances occurs: the period of work does not exceed one month; the number of business days does not exceed 26 days; or a particular task can be finished within one month. A written employment contract shall be signed in case either of the following circumstances occurs: the period of work exceeds one month, or the number of business days exceeds 26 days; a particular task cannot be finished within one month; or the working conditions of a region are essentially different from the usual conditions of identical work in the region.



Special Reminder:

- (1) All employment contracts shall be filed with the labor department.
- (2) A person under the age of 16 may not execute an employment contract.
- (3) The employment contract in Brunei has a relatively short term. There is no employment contract of unfixd term. And the maximum term of the contract is only 3 years.

Working hours. Normally, a laborer works 8 hours a day and will be deemed to work overtime if he works extra hours. Currently, there are no legal regulations on overtime wage levels, but there are few local laborers in Brunei who have the intention to work overtime. As a

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

matter of experience, the maximum number of business days per week is 6.

Salary payments. In addition to the wages determined in employment contracts, all employers and employees must pay 5% of employees' wages to the Employees Provident Fund, and 3.5% of employees' wages to the Supplemental Contributory Pension Scheme (SCP). Additionally, employers must also cover employee insurance and physical examination costs. The former is determined according to employees' wage levels, and the latter is 38 BND per employee.



Special Reminders:

An employer shall pay employees' salaries not later than the 10th day of each month. If any delayed payment is reported, the employer concerned will be given a fine of not exceeding 1,500 BND. If the employer is unable to pay salaries to employees, such employer will be sentenced to an imprisonment of not exceeding 6 months.



Investment Practice:

An employer was fined for allowing a foreign employee to work on a public holiday^①

In January 2021, a compliance inspection initiated by the Labor Law Enforcement Department of the Ministry of Labor of Brunei found that a foreign employee who obtained a work visa as a “construction laborer” was still required to work as a “cleaner” on a national legal holiday.

It is said that, due to this behavior, his employer violated at least 3 laws and regulations of Brunei, including not giving an employee leave on a national statutory holiday, violating the provisions of the Working Permits for Foreigners (taking an employee to work for another employer, abusing the job position, etc.), failing to provide first aid equipment in the workplace.

^① According to the news released by the Star (edited), <https://www.thestar.com.my>

According to related laws, if it is found that an employer fails to give any employee leave on a national statutory holiday, the employer will be given a fine of 160 BND for the first time, and a fine of up to 320 BND for the second time. If any employee is taken to work for another employer and his job position is abused, etc., his employer will be given a compound fine of 600 BND and a fine of 900 BND if such wrong acts are found for the second time.

Comment: Trade unions in Brunei are not quite active, but the government attaches great importance to the protection of laborers' rights and the proper use of work permits for foreigners. In February 2021, the Ministry of Labor of Brunei also initiated an investigation into the signs of exploitation of foreign workers to ensure that Bruneian employers hire laborers in a legal way. It is suggested that foreign-funded enterprises should, after entering Brunei, fully observe relevant laws and regulations, pay attention to the benefits of their employees, such as preparing employment contracts, paying salaries on time, providing clean living environments, and not abusing work permits for foreigners.

Hiring Foreign Employees

A foreigner who intends to work in Brunei must first obtain a work permit with a validity period of 2 to 3 years. Since September 28, 2016, the Ministry of Home Affairs of Brunei announced the implementation of a simplified system of work permits for foreign employees. The simplified application period has been shortened from the original 41 to 9 business days and the application steps from 12 to 7.

The Department of Labor inspects the placement, wage issuance and other conditions of foreign laborers within 3 to 6 months of the issuance of the work permit. For applicants in the construction industry, the Department of Labor will conduct inspections before and after the approval of the work permit.

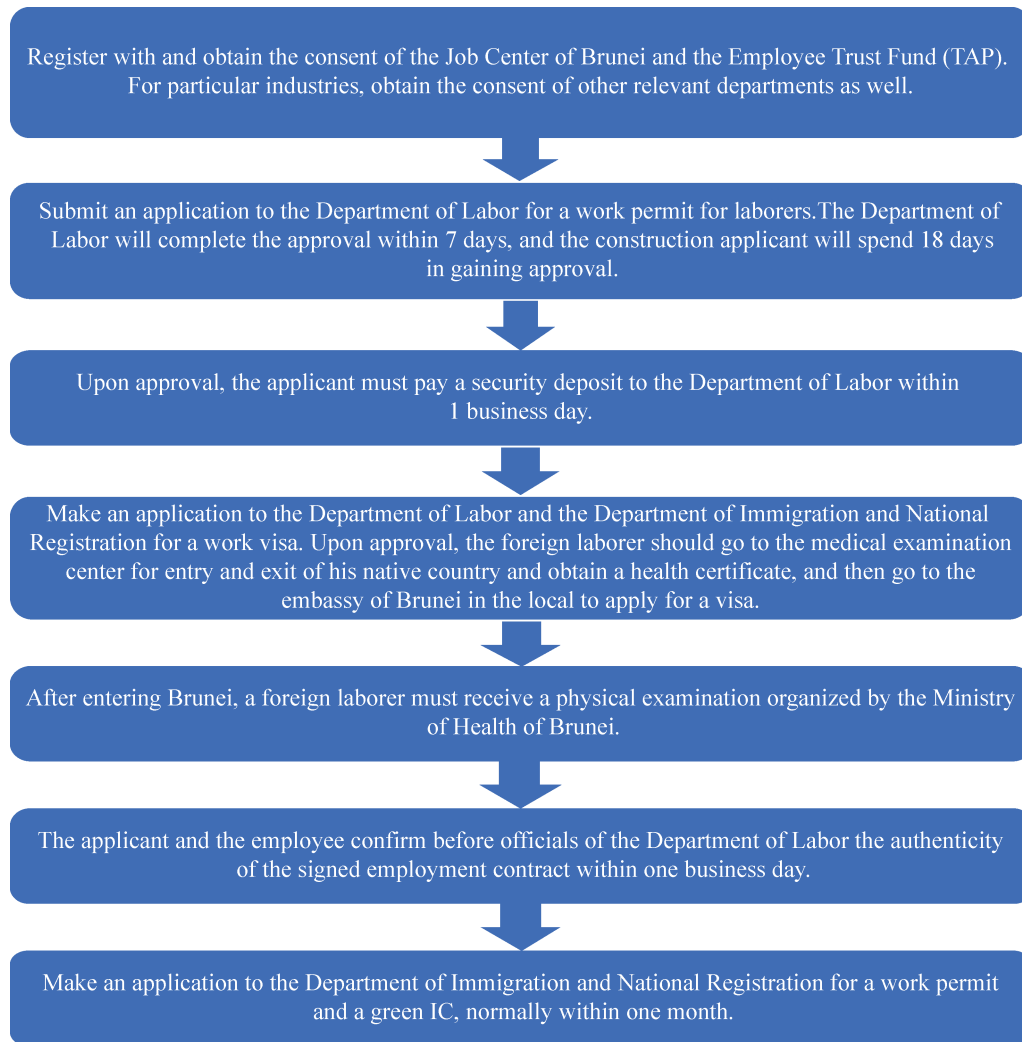


Fig. 6-1 Work permit application process^①

Additionally, a professional who visits Brunei within a short period of time could apply for a professional travel visa within a validity period of 3 months (the visa can be renewed for 3 times, with a maximum duration of 6 months). The employer of the professional shall make an application to the Department of Immigration and National Registration for the visa by holding an application letter, passport, and practice certificate of the professional. The formality is fast to undergo, but relevant vocational skills certificates as well as valid and fair certification materials, etc. are required to be issued. For detailed information about work permits for foreigners, please

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

follow the website of the Department of Labour of Brunei for enquiry.^①

For a foreign national who is allowed to work in Brunei with a visa, the employer shall, prior to the expiry of the employee's employment contract, cancel such employee's visa for entry by holding an air ticket and a letter at the Department of Immigration and National Registration before the exit of the employee from the country, unless the employee has undergone entry and exit formalities several times in advance and his visa is still within the validity period.



Special Reminder^②:

Currently, foreigners who want to take up jobs in highly specialized industries, such as doctors, lawyers, bank employees, etc., must obtain local work licenses of Brunei, and the number of foreign workers shall not exceed half of the total number of bank employees.

To increase the employment rate of residents, Brunei is implementing the Bruneian policy in stages to encourage the local private sector to hire local people first. In May 2014, the Bruneian government started to tighten the foreign laborer access policy and to cancel all laborer quotas that have been approved but not used yet. New policies mainly include that local employees must be hired for job positions of retail and wholesale, hotel service, communication technology, and other fields, such as cashiers, drivers, supervisors, salesmen, butchers, pastry chefs, etc. The laborer quotas that have been used and the existing business licenses are moderately reduced when extension is applied for. If enterprises do not increase the proportion of local employees, it would be difficult for these employees to obtain business permits. Non-local employees will be restricted from applying for traditional catering businesses including cafes and snack bars and shall not run such enterprises in rural areas. According to the ratio of the number of local employees to that of foreign employees, each foreign laborer needs to pay a foreign labor tax of 480 to 960 BND for each foreign laborer. An employer employing foreign laborers without any permit will be

① Website of the Department of Labor, Brunei: www.labour.gov.bn

② See ①

given a fine 10,000 BND and an imprisonment of months to 3 years.

6.4 Protection of Intellectual Property Rights

Competent Authorities and Relevant Laws

The Brunei Intellectual Property Office (BruIPO) is the competent department in charge of intellectual property protection of the country. Currently, the intellectual property system of Brunei is incomplete. The laws related to intellectual property rights include the *Trade Marks Act* and the *Patent Order*.

Brunei has joined the World Intellectual Property Organization (WIPO), but has not yet signed the international treaties related to trademark protection such as the Madrid Agreement Concerning the International Registration of Trademarks.

Patent and Trademark Related Regulations

Application for patents^① The Patent Order of Brunei stipulates that a patent refers to a patent of invention or a particular invention for which the patent right is obtained. Novelty is one of the most basic conditions for granting a patent and shall be based on the following prerequisites: Prior to the priority date, no identical invention has been published, publicly used or disclosed to the public in Brunei or elsewhere in the form of written or oral descriptions; no identical invention has been filed with the registry by others and recorded in the patent application documents published after the filing date.

In addition to the general characteristics of intellectual property, such as terrain, practice and exclusivity, the priority right shall also have the following characteristics: openness of the object of the patent right; the patent right must be granted by the national patent authorities; and the patent right shall be of high exclusivity.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

In Brunei, no patent may be granted for the following items as they are not inventions or violate legal prohibitions: discoveries, scientific theories or mathematical methods; literary works, dramatic works, musical works, artistic works, or any other aesthetic creations; plans, game rules or methods for business operations; pure descriptive information; and inventions that violate laws and social public orders.

Trademarks. According to the *Trade Marks Act*, “Trademark” refers to a visible sign that can distinguish goods or services of natural persons, legal persons or other organizations from those of others, which mainly includes words (including names of persons), graphics, letters, figures, goods shapes and their packages, but the trademarks protected by the law exclude non-visually recognizable signs such as audio trademarks and smell trademarks.^①

6.5 Import and Export Management

Competent Authorities and Relevant Laws

The department in charge of import and export trade in Brunei is the Ministry of Foreign Affairs and Trade. It is responsible for taking the lead in participating in foreign trade negotiations, negotiating on, and signing free trade zone agreements, and promoting foreign trade. The major laws concerning trade include the *Customs Order*, the *Consumption Law*, the *Regulations on the Valuation of Imported Goods*, as well as a series of regulations concerning food safety and halal requirements.

Import and Export Control^②

The free trade policy is adopted in Brunei. Except for a few commodities subject to licenses and other restrictions, all other commodities are freely traded.

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

Export restrictions. Export control is imposed on oil and natural gas. Export license management is conducted on animals, plants, wood, rice, sugar, salt, cultural relics, arms, etc. There is little export control on other commodities.

Import restrictions. The import of opium, heroin, morphine, obscene materials, and the materials printed with bank notes, etc. is banned. The import of alcoholic beverages is restricted.

Table 6-2 Commodities subject to customs import licenses in Brunei and related administrative departments^①

| Commodities subject to export licenses | License issuer | Commodities subject to import licenses | License issuer |
|--|-------------------------------------|---|---|
| Publications, printed materials, movies, audiovisual products, religious books, amulet products, and products with suspicious images or photos | Royal Brunei Police Office | Second-hand cars and non-motor vehicles | Land Transport Department of Brunei |
| | Islamic Da'wah Center | | Royal Customs and Excise Department |
| | Brunei Internal Security Department | | Forestry Department |
| Halal food, as well as fresh, refrigerated, and frozen meats | Halal Import License Council | Badges, flags and souvenirs bearing the national flag, the national emblem or royal marks | Customs Management Department |
| | Ministry of Health | Cultural relics made or excavated in Brunei | Museum Department |
| | Agriculture Department | Rice, sugar, salt | Department of Information Technology and National Reserve |
| | Royal Customs and Excise Department | Broadcasting devices | Prime Minister's Office |
| Munitions, explosives, fireworks, dangerous weapons, metal scrap | Royal Brunei Police Office | Fish, shrimp, shellfish, aquatic life, and fishing equipment | Department of Fisheries |
| Plants, crops, livestock, vegetables, fruits, eggs | Agriculture Department | Toxic, chemical, and radioactive materials | Ministry of Health |



Special Reminder:^②

The Bruneian government announced the abolishment of the cement import quota system that had been implemented for years since January 1, 2017 and would no longer impose total

^① National single window: <https://bdnsw.mofe.gov.bn/Pages/ImpExpLicenceorPermit.aspx>), license or permit of Brunei

^② Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

volume control on imported cement. This move can increase the activity of the domestic market, which causes a decline in cement prices and lower the cost of infrastructure construction.

Inspection and Quarantine^①

The Public Health (Food) Regulations of Brunei stipulate that all foods, whether imported or local, must be safe and reliable and meet the requirements for Islamic halal food. Strict halal inspections are implemented for meat import. The main provisions include: Imported edible oil shall neither have peculiar smell nor contain any mineral oil. Animal fat must come from healthy livestock at the time of slaughter and be suitable for human consumption. Animal fat and edible oil must take a single form, and 2 or more fat and edible oil types shall not be mixed. Fat and edible oil packaging labels must not bear “polyunsaturated” or similar words. A disinfection certificate must be issued for non-edible animal fat. Imported live animals must have veterinary certificates. Soy milk should be made from liquid foods extracted from quality soybeans and may include sugar and harmless plant substances. Except for the permitted stabilizers, oxidants, and chemical preservatives, it must not contain other substances, and its protein content shall not be less than 2%, etc.

The regulations also cover food additives, packaging, meat products, fishery products, condiments, animal fats and oils, dairy products, ice cream, sugar and nuts, fruits, tea, coffee, non-alcoholic beverages, spices, grains, etc. and stipulate corresponding technical standards. Explicit provisions are imposed on the production date, shelf life, food containers and maximum residues of pesticides, stabilizers, oxidants, and preservatives.

Import Tariff^②

Brunei has a relatively low tariff rate on the whole and levies higher import taxes on a very

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

② Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

small number of commodities, such as cigarettes, than those for ASEAN members. Brunei exempts foods and most construction materials and industrial machinery from the import tax. Electrical goods, perfumes, cosmetics, carpets, jewelry, crystal lamps, silk, sports apparatus, etc. are imposed a 5% import tax, and automobiles a 20% import tax (currently changed to the consumption tax at the same tax rate). Special tax rates are applicable to cigarettes and alcoholic beverages.

6.6 Environment Protection

Competent Authorities and Relevant Laws^①

The department in charge of environmental protection in Brunei is Environment, Park and Recreation (Jabatan Alam Sekitar Taman Rekreasi) the Department of Environment, Park and Recreation (Jabatan Alam Sekitar Taman Rekreasi), also known as JASTRE, which is subordinate to Department of Development. This department mainly fulfills the functions of manure management, environmental protection, construction and management of scenic spots, parks and public entertainment facilities, garbage management, and international environmental cooperation, etc.

The major environmental laws and regulations include the *Environmental Protection and Management Order 2016*, the *Hazardous Waste (Control of Export, Import and Transit) Act 2013*, the *Pollution Control Guidelines for Industrial Development in Brunei*, and the *Environmental Impact Assessment Guidelines for Brunei Darussalam*, etc. Among them, the *Environmental Impact Assessment Guidelines for Brunei Darussalam* are applicable to agriculture, airports, drainage, land backfilling, fishery, forestry, housing, industry, infrastructure, ports, mining, petroleum, power generation, transmission and transformation, quarrying, railways, transportation, leisure and entertainment development, waste treatment and water supply, etc.

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

Regulations on Environmental Assessment^①

It is explicitly specified in relevant environmental laws and regulations of Brunei that investors should have a full understanding and conduct assessment of various environmental factors in the early stage of project planning and consider factors including project location, use of clean technology, pollution control measures, waste supervision, etc. If the investment project relates to any field specified in the Environmental Impact Assessment Guidelines for Brunei Darussalam, an environmental impact assessment report shall be submitted to the Department of Environment, Park and Recreation under the Ministry of Development of Brunei in accordance with the guidelines. The assessment costs depend on the scale of the project.

The explanatory materials to be provided by the project developer include trade and processing to be carried out on the project site; measures taken by the applicant to control land, air, water and noise pollution; waste management and treatment; comprehensive environmental impact assessment report.

Brunei is currently considering higher environmental standards for the energy industry.



Investment Practice:

A total of 165 companies and 30 individuals in Brunei-Muara District were fined for failing to dispose of garbage in accordance with regulations^②

In January 2021, the License and Law Enforcement Department of the Brunei-Muara Home Affairs Department disclosed in the statistical data for 2020 that a total of 165 companies and 30 individuals were fined for misdemeanor in 2020. Most of the crimes relate to the disposal of garbage beyond the area specified. The one who violates regulations will be punished a comprehensive fine of 1,000 to 3,000 BND. For second defense, he may be subject to an imprisonment of 3 months. Statistical data also reveals that since 2019, the compound fine

^① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

^② According to related reports of Borneo Bulletin in Brunei, <https://borneobulletin.com.bn/>.

imposed in Brunei-Muara has increased by 23%. The Brunei-Muara county government has opened a hotline for citizens to make complaints.

Comment: Brunei has strict laws and heavier punishments. It is impossible to bear criminal liability even for a misdemeanor. Enterprises should pay attention to social responsibility and maintain the cleanliness of public places and business premises when operating business in Brunei.

6.7 Anti-Commercial Bribery

Competent Authorities and Relevant Laws

The main law enforcement agency is the Department of Anti-Commercial Bribery under the Prime Minister's Office of Brunei. The Anti-corruption Law is the main law to prevent commercial bribery, and specify strict and specific regulations on corruption and bribery.

Punishment Measures^①

The Anti-corruption Law stipulates that the ones offering and accepting bribery shall be equally punished, and imposed a maximum fine of 30,000 BND and an imprisonment of 7 years each. Among them, either direct bribery or bribery through an intermediary is considered as bribery. In terms of evidence, a presumption of guilt is implemented for corruption of officials. If an official is found to have unexplainable property or the property that is not commensurate with his income, the court can use it as an evidence for his bribery.

^① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).



Dispute Resolution

7.1 Judicial System^①

Due to historical reasons, the legal system of Brunei has been deeply influenced by English laws. Its judicial system is established on the basis of British common laws and enjoys the right of independence. Brunei adopts two parallel judicial systems, namely secular law and Islamic law. Islamic courts deal with cases that violate Islamic teachings. These two laws are parallel to and independent of each other.

The court system of Brunei includes the Supreme Court, subordinate courts, aboriginal courts, and the Religious Court. The Religious Court or the Islamic Court, has the same status with the Supreme Court. The current chief judge of the Islamic Court is Haji Salim. The Supreme Court is composed of the Court of Appeal and the High Court. The current chief judge is Zhang Hui'an.

According to the new judicial arrangement between Brunei and the UK, the Brunei's Court of Appeal has become the final court of appeal for criminal cases by replacing the Privy Council of the UK since January 31, 1995, but civil cases can still be filed to the Privy Council of the UK. General criminal cases are heard by the magistrate's court or the intermediate court, serious cases by the High Court.

① Deng Peiying, A Study on Legal Risks of Investment in Brunei, Legality Vision, November 2018



Special Reminder:

In 2019, the Islamic Criminal Law was fully implemented based on the original common law. The Islamic Criminal Law applies not only to Bruneian residents but also to foreigners who travel and live in Brunei, regardless of their religious belief.

The Islamic Criminal Law stipulates that criticizing Islam, spreading any religious beliefs (including the Islam not approved), eating, drinking, and smoking in public during the period of Ramadan, drinking in public under any circumstances are all illegal activities that defile Islam. During the period of Ramadan, drinking and eating in public can be punished, with a fine of up to 4,000 BND or a finite imprisonment of less than 1 year. Noticeably, the public celebration of Christmas Day in Brunei is also an illegal act of spreading religion, and may be given a fine or a finite imprisonment of less than 5 years.

7.2 Dispute Resolution

Brunei has explicit statutory provisions on mediation, arbitration and litigation, and the domestic dispute resolution system is complete.

Litigation^①

In Brunei, civil litigation is conducted at the subordinate court and the Supreme Court. The civil procedure system is similar to that of the Commonwealth countries, and its procedural laws are divided into statutory laws, judicial laws and case laws in terms of their origins.

The primary source of the civil procedure law is the *Supreme Court Act* that took effect in 1963, and the *Subordinate Courts Act* that came into effect in 1983. The specific mechanisms regarding litigation procedures applied by courts are mostly prescribed by the litigation rules formulated by courts. The *Supreme Court Act* stipulates that, in order to regulate the operation

① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

and procedures of the Supreme Court, the judge of the Supreme Court may formulate court rules with the consent of His Majesty the Sultan. The *Subordinate Courts Act* stipulates that the chief justice, with the consent of Sultan, may formulate court rules for adjusting and regulating procedures (including prosecution method) and confirm the regular practice to be followed by the magistrate's court (civil litigation) in exercising its jurisdiction. Judges have a great discretion in handling specific cases, and in the absence of express provisions in laws, they can act under circumstances they deem fair or reasonable. Also, as a member of Commonwealth countries, Brunei follows the judicial precedents of the Commonwealth in some cases when conducting court activities.



Special Reminder^①:

The enforcement of foreign court judgments in Brunei is governed by the *Law and Common Law Rules on the Principle of Equivalence in the Enforcement of Judgments in Foreign Law, 1996*. Enforcement of foreign court judgments in Brunei is based on the principle of reciprocity. This principle means that, if a foreign court enforces the judgment made by the Brunei court, the Brunei court will also enforce the judgment made by the country's court in Brunei. Foreign court judgments will enter a state of automatic enforcement after the case is filed in Brunei. If a judgment made by a foreign court is punitive, the Bruneian court will not enforce the judgment. If a judgment itself only recognizes previous foreign court judgments, the judgment can be enforced if it complies with Brunei's laws on the enforcement of foreign court judgments. Foreign court judgments against the Bruneian government can be enforced, except for judgments involving Brunei's sovereign immunity.

Arbitration

Arbitration Institution. The main arbitration agency in Brunei is the Arbitration Association

^① Civil and commercial laws and arbitration laws of Brunei Darussalam: <https://max.book118.com/html/2016/1007/57642168.shtm>.

of Brunei Darussalam (AABD). It is committed to helping domestic and foreign investors resolve disputes through arbitration and providing a venue for arbitration. In order to ensure the high level of international arbitrators, it is now possible to choose from high-level international arbitrators who are not of Brunei nationality.^①

Arbitration provision. Currently, the arbitration laws of Brunei include the Brunei Darussalam *Arbitration Act 2009* and the *Brunei International Arbitration Act*. The former applies to the domestic arbitration of Brunei, and the latter applies to international arbitration. Also, the *UNCITRAL Model Law on International Commercial Arbitration (the “Model Law”)* applies to Brunei international commercial arbitration, and it shall conform to the provisions of the *Brunei International Arbitration Act*.^② Also, Brunei is one of the signatories to the *Convention on the Recognition and Enforcement of Foreign Arbitration Awards (“New York Convention”)*. Therefore, the arbitration awards made by Bruneian courts in the territory of a signatory to the *New York Convention* can be enforced based on the party’s application, unless Brunei has other special provisions.^③

Bruneian courts hold a positive attitude towards the implementation of arbitration agreements. If the parties to the dispute sign an arbitration agreement, the court will usually automatically make a ruling to suspend the proceedings. If there are sufficient reasons to believe that there are criminal acts such as an arbitrator’s ruling against laws, or there is no dispute under arbitration, the court will stop the enforcement of the arbitration awards.



Special Reminder:

In 2004, the Constitution of Brunei was amended for the third time. The constitution specifies that the Bruneian government may not be sued at the Brunei court, and all disputes with

① ASEAN dispute resolution database: <http://www.bcisz.org:8080/html/1/264/280/270/index.html>, Brunei

② See ①

③ Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Brunei.

the government may be resolved through arbitration.

Mediation

Compared with other alternative dispute resolution mechanisms, mediation is not widely used in Brunei. Mediation is generally applicable to small claims cases involving consumer rights heard in courts. The *Consumer Protection Order* issued in 2001 stipulates that the Small Claims Court can help consumers and businesses reach a solution to the unfair treatment of consumers in a non-litigation manner under the *Small Claims Court Act 2006*. This is the main legal mediation form in Brunei.

7.3 The International Commercial Dispute Prevention and Settlement Organization

Organization and Scope of Business

The International Commercial Dispute Prevention and Settlement Organization (hereinafter referred to as “ICDPASO”) is an international non-governmental and non-profit organization jointly initiated and established by China Council for the Promotion of International Trade (CCPIT) and China Chamber of International Commerce. In accordance with the concept of “Consultation, Contribution and Shared Benefits”, ICDPASO is composed of commercial institutions, trade associations, legal service providers as well as other entities in the field of international commerce around the world on the voluntary basis. On October 15, 2020, the Inauguration Ceremony of ICDPASO was successfully held in Beijing. At present, the secretariat of ICDPASO is officially operational.

ICDPASO is committed to providing the diversified services covering the international commercial dispute prevention and settlement, protecting the legitimate right of the parties, creating the business environment with high efficiency, fairness and justification, and facilitating the construction of a more justifiable and equitable international economic order. The headquarter

of ICDPASO shall be located in Beijing, the People's Republic of China.

The main organizational structures of ICDPASO include (1) the General Assembly of Members; (2) the Council; (3) Secretariat; (4) Advisory Committee; (5) the Committee of Supervision; (6) the business departments which include publicity and training, compliance construction, bankruptcy reorganization, proof of foreign law, commercial arbitration, commercial mediation, investment disputes and other departments etc..

In accordance with the Charter approved by the First General Assembly, the Scope of business of ICDPASO includes: To provide the service of international commercial dispute prevention and settlement subject to the relevant laws, including but not limited to the following activities: publicity and training, dialogue and consultation, construction of compliance of laws and regulations, pre-caution measures, promotion of the standard contract and multi-mechanism of dispute settlement including arbitration and mediation, ect.; To organize international conferences and seminars, to build up the platform for sharing and communicating the information and sources; To collect the opinions, suggestions and interest requests concerning the international commercial dispute prevention and settlement, and to participate in the international events relating to the deliberation, adoption and modification of international rules under the auspices of relevant international institutions or organizations; To make the publication of the statistical data and survey report concerning the international dispute prevention and settlement, to strengthen the capability of managing the information and analyzing the Big Data with respect to the international commercial cases; To cultivate legal talents with international vision, to promote the sharing of experiences and business cooperation among commercial organizations, dispute resolution institutes, academic institutions and think tanks around the world, and to jointly maintain a fair and stable international business transaction environment. ICDPASO is committed to resolving disputes in advance through dispute prevention on the one hand, and providing one-stop dispute resolution services for parties through diversified dispute resolution

methods on the other.

Suggestions for Dispute Prevention and Settlement

(1) Any differences or controversies arising out of or in connection with in a commercial contract shall be eliminated by the dispute prevention services provided by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”), including amicable consultation, early intervention, conflict avoidance panels and early neutral evaluation.

(2) All disputes arising out of or in connection with the contract, shall be referred to mediation administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Mediation Rules of ICDPASO in force at the time of filling application.

Any settlement reached in the course of the mediation shall be made a settlement agreement on agreed terms, all parties shall earnestly implement and comply with the award.

In case of failure of the mediation process, the disputes shall be referred to arbitration administered by ICDPASO in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application. The arbitral award is final and binding upon all parties.

(3) All disputes arising out of or in connection with the contract, shall be referred to and finally resolved by arbitration administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application.



Free Trade Agreements

In order to improve people's living standard, enhance the business environment and competitiveness, build a regional international financial center, promote economic diversification, and reduce excessive dependence on oil and gas resources, Brunei has actively signed multilateral and bilateral free trade agreements with other economies.

8.1 Bilateral Free Trade Agreements

In June 2007, Brunei and Japan signed the Brunei-Japan Economic Partnership Agreement (BJEPA). This is Brunei's first and only bilateral free trade agreement. According to this agreement, both Parties join hands together in the fields of goods trade, service trade, customs procedures, investment, energy and resources cooperation, government procurement, intellectual property protection, human resources cooperation, capacity building, and competition laws and regulations, etc.

8.2 Multilateral Free Trade Agreements

Brunei joined the Association of Southeast Asian Nations (ASEAN) on January 7, 1984, becoming the sixth member of ASEAN. As a member of ASEAN, Brunei is entitled to the preferential treatment of free trade agreements such as ASEAN-China, ASEAN-Japan, ASEAN-Korea, ASEAN-India, and ASEAN-Australia and New Zealand Free Trade Areas. In addition,

Brunei joined the General Agreement on Tariffs and Trade (GATT) on December 9, 1993 and became a member of the World Trade Organization (WTO) on January 1, 1995.

Table 8-1 Free trade agreements signed by Brunei^①

| Bilateral Free Trade Agreement | Multilateral Free Trade Agreements |
|---|--|
| Brunei-Japan Economic Partnership Agreement (BJEPA) | Regional Comprehensive Economic Partnership (RCEP) |
| – | Trans-Pacific Strategic Economic Partnership Agreement (TPSEP) |
| – | ASEAN Free Trade Area |
| – | ASEAN-Republic of Korea Comprehensive Economic Cooperation Agreement (AKFTA) |
| – | ASEAN-Japan Comprehensive Economic Partnership (AJCEP) |
| – | ASEAN-India Comprehensive Economic Cooperation Agreement |
| – | ASEAN-China Free Trade Area Agreement |
| – | ASEAN-Hong Kong, China Free Trade Agreement |
| – | ASEAN-Australia and New Zealand Free Trade Area Agreement |

8.3 Regional Comprehensive Economic Partnership (RCEP)

Among the multilateral and bilateral free trade agreements signed by Brunei, RCEP is one of the most important multilateral agreements.

Overview of RCEP ^②

On November 15, 2020, the 10 ASEAN countries and the 5 countries including China, Japan, Korea, Australia and New Zealand signed the Regional Comprehensive Economic Partnership Agreement (RCEP). This is the most important achievement made in the construction of East Asian economic integration program in the past 20 years, marking the official launch of the free trade zone with the largest population, the largest size of economy and trade, and the most potential for development in the world. Currently, the total population, total GDP and total

^① Multilateral Free Trade Agreements: <https://aric.adb.org/fta-country>

^② The head of the Department of International Trade and Economic Affairs of the Ministry of Commerce of China interpreted the Regional Comprehensive Economic Partnership (RCEP), <http://www.mofcom.gov.cn/article/i/jyj/j/202011/20201103016301.shtml>

exports of the 15 member states of RCEP account for about 30% of the global total respectively.

RCEP consists of preamble, 20 chapters (including: initial clauses and general definitions, trade in goods, rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures, trade remedies, services trade, temporary flows of natural persons, investment, intellectual property rights, e-commerce, competition, small- and medium-sized enterprises, economic and technical cooperation, government procurement, general terms and exceptions, institutional terms, dispute resolution, final clauses), and 4 attached market access commitment sheets (including: tariff commitment sheet, specific service commitment sheet, commitment sheet on investment reservation and non-conforming measures, and specific commitment sheet on the temporary flows of natural persons).

RCEP allows the unity of high quality and inclusiveness. The share of final zero-tariff products in goods trade will exceed 90% overall, and the overall opening-up of service trade and investment will expand significantly. Meanwhile, RCEP also considers the national circumstances of different countries and grants special and differential treatment to the least developed countries to promote the inclusive and balanced development of the regions. As a result, all parties can fully share the results of RCEP and significantly improve the level of economic integration in East Asia.

RCEP will promote the integration of regional industrial chains, supply chains and value chains, and regional economic growth. The economic structures of RCEP members are highly complementary, with complete capital, technology, and labor elements in the region. RCEP has further relaxed the market access of goods, services, investment and other fields among member countries, gradually unified the rules of origin, customs procedures, inspection and quarantine, and technical standards, etc., significantly optimized the overall business environment in the region, greatly reduced the institutional costs of enterprises, strengthened the cooperation of

members in the division of production, promoted the free flow of economic factors in the region, further enhanced the trade creation effect brought by the free trade agreement, and promoted the expansion and upgrading of the consumer market in the region. According to the calculations by an internationally renowned think tank, by 2025, RCEP is expected to drive the exports, foreign investment stocks, and GDP of its member countries to increase by 10.4%, 2.6%, and 1.8% respectively from the baseline.

Brunei's Commitment to RCEP

SCHEDULE OF TARIFF COMMITMENTS. The provisions of this Schedule are generally expressed in terms of the corresponding items in *Brunei Darussalam's Customs Import Duties Order 2012*. In this Schedule, rates of duty expressed in monetary units shall be rounded down to the nearest hundredth of a Brunei dollar. Tariff lines indicated with “U” in each stage of reduction in this Schedule shall be excluded from any commitment of tariff reduction or elimination.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR SERVICES. Brunei adopts the negative list method, namely the *Schedule of Reservations and Non-conforming Measures for Services and Investment* of Brunei, setting out specific commitments on national treatment, market access, most-favored-nation treatment, local presence, prohibition of performance requirements, senior management and board's appointments, etc.

(1) Neither Foreign national nor enterprise may provide construction services, such as general construction service of construction, general construction service of civil engineering, installation and assembly service, construction completion and completion service, except for mining industry, mechanical engineering service, except under the following circumstances:

- (a) Carrying out business activities through a company established in Brunei; or
- (b) Becoming a contractor by registering “Sijil Pendaftaran Kontraktor” (Certificate A, the

^① <https://rcepsec.org/wp-content/uploads/2020/11/Brunei-Darussalam-Headnotes.pdf>, Schedule of Tariff Commitments of Brunei Sheet

qualification certificate required to participate in government and private projects), or a supplier by registering “Sijil Lesen Pembina” (Certificate B, only the qualification certificate required to participate in private projects); or

(c) In Brunei, they comply with the requirements of transferring technology or other know-how and neither harm the legitimate interests of owners of the technology or know-how nor aim for commercial development.

In the case of Type, A certificate, foreign nationals or companies are not allowed to hold shares other than those specified in the following sheet in the companies that apply for registration as contractors or suppliers:

| Type | Access threshold | Approved foreign equity level |
|---|---|-------------------------------|
| I. | Not more than 50,000 BND | None |
| II. | More than 50,000 BND but not more than 250,000 BND | None |
| III. | More than 25,000 BND but not more than 500,000 BND | 20% |
| IV | More than 500,000 BND but not more than 1,500,000 BND | 50% |
| V | More than 1,500,000 BND but not more than 5,000,000 BND | 70% |
| VI | More than 5 million BND | 90% |
| Construction experts and supplier | No threshold limit | 90% |
| Electromechanical experts and suppliers | No threshold limit | 90% |

(2) Neither foreign national nor enterprise may provide environmental protection and management consulting service, waste disposal service, landscape design and maintenance service, cleaning service, as well as street sweeping and cleaning engineering services, except under the following circumstances:

- (a) Existing as an enterprise in Brunei;
- (b) Becoming a contractor by registering “Sijil Pendaftaran Kontraktor” (Certificate A) or a supplier by registering “Sijil Lesen Pembina” (Certificate B); or
- (c) In Brunei, they comply with the requirements of transferring technology or other know-how and neither harm the legitimate interests of owners of the technology or know-how

nor aim for commercial development.

In the case of Type-A certificate, neither foreign national nor foreign enterprise may hold shares other than those specified in the following sheet in the companies that apply for registration as contractors or suppliers:

| Type | Access threshold | Approved foreign equity level |
|---|---|-------------------------------|
| I. | Not more than 50,000 BND | None |
| II. | More than 50,000 BND but not more than 250,000 BND | None |
| III. | More than 25,000 BND but not more than 500,000 BND | 20% |
| IV | More than 500,000 BND but not more than 1,500,000 BND | 50% |
| V | More than 1,500,000 BND but not more than 5,000,000 BND | 70% |
| VI | More than 5 million BND | 90% |
| Construction experts and supplier | No threshold limit | 90% |
| Electromechanical experts and suppliers | No threshold limit | 90% |

(3) Neither foreign national nor foreign enterprise may establish a financial auditing enterprise in Brunei, except for a partnership or joint venture with at least one authorized Brunei auditor.

If the enterprise concerned is not established in Brunei, neither foreign national nor foreign enterprise may provide financial audit services in Brunei, unless the latter is authorized by the Ministry of Finance and Economics, or through a locally established auditor or enterprise to conduct business activities but must be authorized by the Ministry of Finance and Economy.

(4) Neither foreign national nor foreign enterprise may provide veterinary services in Brunei, unless a partnership or joint venture is established in Brunei, and in any enterprise that provides veterinary services, foreign nationals or foreign enterprises are not allowed to hold more than 51% of the equity.

(5) Neither foreign national nor foreign enterprise may provide industrial design services in Brunei, unless a partnership or joint venture is established in Brunei, and in any enterprise that provides industrial design services, neither foreign national nor foreign enterprise may hold more

than 51% of the equity.

(6) Neither foreign national nor foreign enterprise may provide computer and related services through commercial organizations in Brunei, unless they have obtained the status of ordinary residents of Brunei and established related companies to provide business in the country.

(7) Neither foreign national nor foreign enterprise may provide telecommunications services that require the licenses to operate in Brunei, except under the following circumstances: maintaining physical operations in Brunei; providing the above services through commercial arrangements with licensed operators; establishing joint ventures with Brunei nationals or enterprises, in which foreign nationals or foreign enterprises shall not hold more than 51% of the equity; and, if necessary, obtaining the transmission equipment used to provide public telecommunications networks or provide public telecommunications services in Brunei.

Neither foreign national nor foreign enterprise may conduct business related to telecommunications services unless they meet any performance requirements that may be imposed.

(8) Neither foreign national nor foreign company may provide construction service, engineering service, comprehensive engineering services and quantity surveying services, unless under the following circumstances: living in Brunei for at least 90 days each year, and registering itself as an “architect, professional engineer or quantity surveyor” with the Architects, Professional Engineers and Quantity Surveyors Committee of Brunei (if the entity is not a Brunei resident, it should register itself with Architects, Professional Engineers and Quantity Surveyors Committee of Brunei an “architect, professional engineer or quantity surveyor” and hold a practicing certificate granted by the department through a local enterprise); or being engaged in business through a partnership or joint venture established in Brunei, but the foreign shareholding shall not exceed 51%, and there should be at least one Bruneian employee registered as an “architect, professional engineer or quantity surveyor” and the employee should hold a practicing certificate granted by the Architects, Professional Engineers and Quantity Surveyors Committee.

(9) Neither foreign national nor foreign enterprise may provide urban planning and landscape service, and related technological consulting and surveying services, unless under the following circumstances: living in Brunei for at least 90 days each year and registering itself as a “planner or surveyor” of the department; if it is not a Brunei resident, it should register with the Department of Development as the “planner or surveyor” of the department through a local enterprise; through the establishment of a partnership or joint venture in Brunei, provided that the foreign shareholding shall not exceed 51%, and the enterprise should have at least one Brunei employee who is registered as a “planner or surveyor” with the Ministry of Development.

(10) A foreign national may not open a private medical clinic in the field of general medicine, specialist medical or dental service, unless such foreign capital has worked in Brunei for at least 6 years in aggregate, including 3 years of clinical service in public hospitals, health centers or clinics.

(11) Neither foreign national nor enterprise may provide daily childcare service and daily care service for the disabled, except the establishment of a partnership or joint venture in Brunei, but the foreign national or foreign enterprise shall not hold more 51% of the equity.

(12) Neither foreign national nor foreign enterprise may provide pharmaceutical service or nursing service through a commercial organization, except through a partnership or joint venture established in Brunei, but such foreign national or foreign enterprise shall not hold more than 49% of the equity.

(13) Neither foreign national nor foreign enterprise may provide ambulance services through a commercial organization, except through a partnership or joint venture established in Brunei, but such foreign national or foreign enterprise shall not hold more than 51% of the equity.^①

Rights Reserved or Maintained by Brunei :

(1) Brunei reserves or maintains the right to take any measures in matters related to the

① <https://rcepsec.org/wp-content/uploads/2020/11/Brunei-Darussalam-Schedule-of-Reservations-and-Non-Conforming-Measures-for-Services-and-Investment.pdf>, Schedule of Reservations and non-comforming meaures for Services and Investment of Brunei

privatization, corporatization, commercialization or divestment of government assets, entities or institutions, including restriction of asset ownership; transfer or disposal of equity or its assets; the right of foreign investors or the right to control their assets through investment; and the nationality of senior management or board members.

(2) Brunei reserves or maintains the right to take any measures on all matters related to land transaction and use. These measures require the approval and consent of His Majesty the King in the Parliament and include land ownership and lease; and the conditions that such land should have, including the use of natural resources related to such land.

Brunei reserves or maintains the right to take any measures in matters that affect land subdivision and integration, land use, land planning, and earthwork and construction applications that affect national and private lands.

(3) Brunei reserves or maintains the right to take any measures on the differential or preferential treatment to the following countries: any country under any bilateral, regional or multilateral international agreement that has been signed or entered into force before the effective date of this agreement; any ASEAN members involved in any agreement or arrangement between ASEAN members that entered into force on the effective date of this Agreement or is signed after the effective date of this Agreement; and any countries to the international agreements signed after the effective date of this Agreement and related to aviation service, maritime and port affairs, fisheries, e-commerce, broadcasting, and land transportation.

(4) Brunei reserves or maintains the right to take any measures in matters related to the services provided by natural persons, including those stipulated in Chapter 9 (Temporary Flows of Natural Persons) and about the total number of foreign natural persons permitted to be employed by any department based on prerequisite of not violating the obligations assumed by Brunei in Article 16 of the General Agreement on Trade in Services (GATS).

(5) Brunei reserves or maintains the right to take any measures it deems necessary to protect

its basic safety interests.

(6) Brunei reserves or maintains the right to take any measures regarding requirements and commitments related to the transfer of technology, production process, or other proprietary knowledge to Brunei personnel, or matters related to the implementation and execution of commitments, including: conditions for establishing, acquiring, expanding, managing, implementing, operating, selling or making other investment arrangements; or conditions accepting or continuing to accept and establishing, acquiring, expanding, managing, implementing, operating, selling or making other investment arrangements and the existence of related interests.

(7) Brunei reserves or maintains the right to take any measures in matters related to fishing activities in its territory and exclusive economic zone.

(8) Brunei reserves or maintains the right to take any measures in matters related to logging and sawing activities.

(9) Brunei reserves or maintains the right to take any measures in matters related to this sub-sector, including business activities related to silica sand deposits, as well as mining, quarrying, manufacturing, and export of such deposits. (sub-sector: mining and quarrying industry, ancillary services of mining and quarrying industry)

(10) Brunei reserves or maintains the right to take any measures in matters related to the oil and gas industry.

(11) Brunei reserves or maintains the right to take any measures in matters related to the coal mining sector, including exploration, mining and use of Brunei Darussalam's coal reserves.

(12) Brunei reserves or maintains the right to take any measures in relation to the incidental services of the above-mentioned sector.

(13) Brunei reserves or maintains the right to take any measures related to personnel placement, personnel service provision; employment agencies; investigation and security services, including unarmed security services; and conference services.

(14) Brunei reserves or maintains the right to take any measures in relation to the provision

of research and development services.

(15) Brunei reserves or maintains the right to take any measures in matters related to the services involved in the above-mentioned sector within its territory

(16) Brunei reserves or maintains the right to take any measures for the lease of any related ships or other transportation equipment within its territory.

(17) Brunei reserves or maintains the right to take any measures in matters related to the provision of legal services within its territory.^①

(18) Other relevant regulations

SCHEDULE OF SPECIFIC COMMITMENTS FOR INVESTMENT. The *Schedule of Reservations and Non-conforming Measures for Services and Investment* of Brunei sets out the minimum restrictions on market access, national treatment, most-favored-nation treatment, prohibition of performance requirements, senior management and board appointments, etc. This list sets out, pursuant to the *Reservation and Non-conforming Measures*, Brunei Darussalam's existing measures that are not subject to some or all of the obligations imposed by *Article 8* and *Article 10* of RCEP.

Service Licensing/Authorization and Regulatory Agencies:

(1) Only by holding equity in the local can the business involving agriculture and ancillary agricultural fields be engaged in on the site under the control of related government departments.

A foreign investor must meet the following requirements to use the sites under the control of relevant government departments: purchasing, using, or preferring to use goods produced in Brunei, or purchasing goods from local suppliers; the equity must reach the given level or percentage in the country.

(2) Only by holding local equity can the business involving fishery and fishery activities be engaged in on the site under the control of relevant government departments.

① <https://rcepsec.org/wp-content/uploads/2020/11/Brunei-Darussalam-Schedule-of-Reservations-and-Non-Conforming-Measures-for-Services-and-Investment.pdf>, Schedule of Reservations and Non-comforming Mesurese for Services and Investment of Brunei

A foreign investor must meet the following requirements to use the sites under the control of relevant government departments: purchasing, using, or preferring to use goods produced in Brunei, or purchasing goods from local suppliers.

(3) Neither foreign national nor foreign enterprise may establish any enterprise whose business scope involves forestry-related activities or ancillary forestry services, except under the following cases: establishing a joint venture with a Brunei national or Brunei enterprise, in which foreign nationals or a foreign enterprise holds an equity of not more than 70%; and the enterprise meets any regulatory requirements that may be imposed.

(4) A foreign national may not establish a sole proprietorship or an industrial cooperative.

(5) A foreign national may not establish a joint venture, unless otherwise approved in writing by the business name registrar.

(6) A foreign national shall not serve as member of the board of directors of an enterprise established in Brunei, unless there is one among 2 directors, or there are more than 2 directors, in which case at least 2 of them shall reside in Brunei Darussalam for a long time.

SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY MOVEMENT OF NATURAL PERSONS. This Schedule sets out Brunei Darussalam's commitments in relation to the temporary entry and temporary stay of natural persons of another Party which apply only in relation to the categories of natural persons set out in the table of commitments. For the categories of natural persons set out in this Schedule, Brunei Darussalam specifies the terms, conditions, limitations, and qualifications in relation to the temporary entry and temporary stay of natural persons of a Party in the territory of Brunei Darussalam. Entry for these intra-corporate transferees is limited to a three-year period that may be extended for up to two additional years for a total period not exceeding five years.^①

^① <https://rcepsec.org/wp-content/uploads/2020/11/Brunei-Darussalam-Schedule-of-Specific-Commitments-on-Temporary-Movement-of-Natural-Persons.pdf>, Schedule of Specific Commitments on Temporary Movement of Natural Persons of Brunei



Support Measures against COVID-19^①

In order to alleviate the impact of COVID-19 on the economy, Brunei has introduced a series of economic relief measures worth 450 million BND in total, mainly aiming to help small, medium and micro-enterprises and self-employed owners to cope with the crisis. Eligible foreign-funded enterprises are entitled to relevant policy incentives. Additionally, in order to ease the impact of falling oil prices on the government's income, Brunei has increased the government's capacity to respond to the crisis by issuing Islamic bonds.

(1) Delayed payment of loan principal. Starting from April 1, 2020, loan principals for industries such as tourism, hotel, food and beverage, air transportation, food and medical materials import, etc. can be extended by 6 months. All industries have postponed the repayment of loan principal and financing and reorganized and postponed the principals of personal loans and hire purchase facilities (such as vehicle loans or financing) with a term of no exceeding 10 years. For any individual (including any individual business owner), the amount of the outstanding credit cards is reorganized into a loan of not exceeding 3 years, but this measure does not increase the credit card limit within 3 years. The extension measures will take effect from the date of approval of the application and become expired on March 31, 2021.

① International Monetary Fund, [tps://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B](https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#B), COVID-19 Response Policy Measures.

(2) Reduction and exemption of industry taxes and fees. The corporate taxes for tourism, hotels, restaurants, coffee shops, water transportation, air transportation and other industries in 2020 will be reduced by 50%. The rents for small, medium, and micro enterprises who rent government real estates in the above-mentioned industries will be reduced by 30%. The water and electricity charges for industries will be reduced by 15%.

(3) Exemption of bank charges. Starting from April 1, 2020, all bank charges will be exempted except for third-party bank charges.

(3) Deferred payment of social insurance premiums. Starting from April 1, 2020, medium and micro enterprises with less than 100 employees may postpone the payment of 6 months of social insurance premiums for employees with a monthly salary of 1,500 BND or less.

(4) Issuing Islamic bonds. The Monetary Authority of Brunei Darussalam, as the central bank of Brunei, issued Islamic bonds (Sukuk) with a total value of 47.5 million BND. The bonds were issued on April 9, 2020 and will expire on July 9, 2020, with a maturity of 91 days and a coupon rate of 0.8125%.



Contact Information of Relevant Departments and Institutions

Brunei Government (www.gov.bn) is the portal website of the Brunei Government. Websites of all government departments, department structures, and contact information of main staff members can be found there.

Table 10-1 Contact information of government departments and related agencies

| Government departments | Tel | Fax/Email | Website |
|---|---------------|--|--|
| Prime Minister's Office | 00673-2229988 | 00673-2241717 | www.pmo.gov.bn |
| Ministry of Defense | 00673-2386600 | 00673-2241695 | www.mindef.gov.bn |
| Ministry of Finance and Economy | 00673-2234501 | 00673-2241829 | www.mofe.gov.bn |
| Ministry of Foreign Affairs | 00673-2261177 | 00673-2262904 | www.mfa.gov.bn |
| Ministry of Education | 00673-2382233 | 00673-2381135 | www.moe.gov.bn |
| Ministry of Religious Affairs | 00673-2382525 | 00673-2382330 | www.mora.gov.bn |
| Ministry of Elementary Resources and Tourism | 00673-2383822 | 00673-2383811 | www.mprrt.gov.bn |
| Ministry of Transport and Information Communication | 00673-2383838 | 00673-2380127 | www.mtic.gov.bn |
| Ministry of Home Affairs | 00673-2223225 | 00673-2241247 | www.moha.gov.bn |
| Ministry of Health | 00673-2381640 | 00673-2381440 | www.moh.gov.bn |
| Department of Development. | 00673-2383222 | 00673-2380298 | www.mod.gov.bn |
| Ministry of Culture, Youth and Sports | 00673-2382911 | 00673-2380673 | www.kkbs.gov.bn |
| Department of Energy | 00673-2384488 | info@me.gov.bn | www.me.gov.bn |



Frequently Asked Questions

1. What to keep in mind when working in Brunei as a foreigner?

In recent years, Brunei has considered the increase of local employment as one of the key objectives for economic growth, so the entry of foreign workers is strictly controlled. When exporting labor force to Brunei, a foreign company should choose a competent local partner to jointly apply to the Department of Laborer of Brunei or hire as many Brunei employees as possible in non-technical positions. For specific labor and employment related laws and regulations, please refer to Chapter6.3. “Employment”.

2. How to immigrate to Brunei?

Brunei is a high-welfare country that restricts immigration. People who fall in to one of the following circumstances can apply for permanent residency (i.e. obtain Brunei green card): a foreign woman who marries a Bruneian citizen or permanent resident and has lived in Brunei for more than 5 years, or a foreign man who marries a Bruneian woman and has lived in Brunei for more than 15 years; a foreigner who was born in Brunei and has lived in Brunei for more than 5 years or a foreigner who was born in a foreign country and has lived in Brunei for more than 15 years; people who invest more than 500,000 BND and contribute to the society of Brunei.

Brunei immigrants (obtaining permanent residency) enjoy various benefits: (1) Brunei citizens enjoy all free medical and education benefits, while Brunei immigrants enjoy half of the

citizens' benefits. (2) After immigrating to Brunei, if the new immigrants do use Brunei companies to operate business and file taxes, three years later, the new immigrants and their whole family can apply for naturalization and become Brunei citizens (obtain a yellow card ID) and obtain a Brunei passport. They can also enjoy all the benefits of Brunei citizens; if the investment immigrants do not live in Brunei or operate the company's business after they report in Brunei, they will have to wait 5 years before they can apply for naturalization and obtain a Brunei passport; (3) Prior to obtaining Brunei citizenship, the investor immigrant and his family held Brunei residence permits and enjoyed the right of residence in Brunei. When travel to the United States, Canada, the United Kingdom, Australia, New Zealand and other countries in the European Union, they can apply to the embassies and consulates of various countries in Brunei and get a visa easily.

However, the Bruneian government imposes rigorous naturalization control on permanent residents. In 1962, the government stipulated that permanent resident must live in Brunei for 25 years, during which they must have lived in the country for 20 consecutive years before they can apply for the Malay language test. They can obtain citizenship only after they pass the test. There is only one naturalization test each year. Generally, the government only issues work permits to foreigners in Brunei, and only allows one or 3 years of stay. If one wants to continue to stay 3 years later, he/she must make an application again. Temporary residents are not eligible to apply for Brunei citizens, but if they have jobs in Brunei, there will be basically no problem in applying for work permits.^①

3. How is Brunei's education system?

Brunei attaches great importance to education and provides free education to the children of its citizens over the age of 5 until they go to university. Children of permanent residents of Brunei who have no citizenship only need to pay a nominal fee to attend public schools. For students

① Wan Xiaohong, *The Status Quo of Chinese in Brunei*, Southeast Asian Studies, 2005

who have good grades and can be admitted to foreign universities, the government provides them with overseas study fees through a specially established overseas study fund. There are students being granted government scholarships to go to the United Kingdom, Australia, and New Zealand for further study every year.

Brunei's education policy aims to create an efficient education system for the country so that all members of the society will develop in an all-round way and become knowledgeable, educated, energetic, disciplined and responsible, and train them to become both high-tech oriented societies, be able to meet the needs of the country's development, and have Islamic and Malay national values. The government mainly implements the education policy from 3 aspects, namely universal bilingualism (Malay and English), including the concept of "Malay Islamic Monarchy" (MIB) in school curricula, and improving and strengthening technical and vocational education to face future challenges. The Ministry of Education is responsible for research, formulation, and implementation of educational policies.

Schools in Brunei are divided into public and private schools. Except for religious schools, Arabic schools, agricultural training centers, arts and crafts training centers and other specialized schools, public schools are managed by the Ministry of Education, including kindergartens, primary schools, secondary schools, high schools, adult education institutions, and vocational technical schools. Private schools are managed by private organizations and are supervised by the Ministry of Education. In 2019, Brunei has 251 schools of various types, including 175 public schools and 76 private schools. Among them, there are 5 public colleges and universities, 8 public vocational and technical schools, 39 public secondary schools, 122 public kindergartens and elementary schools; 2 private colleges and universities, 3 private vocational and technical schools, and 71 private kindergartens, elementary and middle schools.^①

^① Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

4. How is Brunei's medical and healthcare quality?

According to statistics from the Ministry of Health of Brunei, the government medical expenditure for the financial year 2019–2020 was 387 million BND, accounting for 6.6% of the national annual budget and 2.11% of GDP. The per capita medical and health expenditure was 842 BND.^① The Bruneian government provides free medical access to its citizens, including free medical treatment abroad when necessary. Only nominal fees are charged for permanent residents and foreign employees in government departments and their families.

The medical care in Brunei is divided into 3 levels: health clinics, as primary medical institutions; health centers, as secondary medical institutions; and hospitals, as tertiary medical institutions. Also, there are mobile medical teams and “flying hospitals”, which serve residents in remote areas. In Brunei, there are 7 hospitals, 9 medical centers, 15 health centers and 17 clinics, with 1,622 hospital beds; 828 physicians, 96 dentists, 2,507 nurses, 81 pharmacists, and 330 midwives, each serving an average of 497 people.^② Shortage of professional medical staff is the main challenge faced by Brunei's medical institutions. Some patients who need special medical care still need to be sent abroad for treatment, and the shortage of nursing staff is also serious. In order to improve this situation, the Ministry of Health of Brunei decided in 2006 to send nurses abroad for further studies every year.

5. How are Brunei's traffic conditions?^③

Brunei's public transportation is not developed. There are only 8 bus lines, 72 buses and 83 taxis in the country. At present, no railway facilities are available in the country. Therefore, private cars are the only vehicles for travel. With 11,140 newly registered vehicles of various

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Brunei (2020).

② Department of Economic Planning and Statistics of Brunei: http://www.deps.gov.bn/DEPD%20Documents%20Library/DOS/BDKI/BDKI_2019.pdf, Key Indicators of Brunei 2019

③ Ministry of Foreign Affairs of China: https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677004/1206x0_677006, Overview of Brunei

types in 2018, Brunei is one of the countries with the highest share of private cars in Southeast Asia.

Brunei has good traffic conditions. Except for some road congestion in the capital Bandar Seri Begawan during rush hours, roads are generally unimpeded, and there is a high-speed/fast road network in the urban area of the capital. It takes only a few minutes to drive on the highway/expressway from any place in the city.