



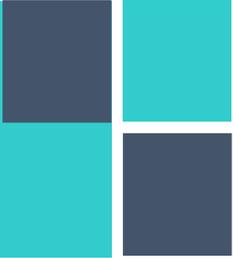
# Q1 2021

## **BRUNEI DARUSSALAM KEY ECONOMIC DEVELOPMENTS**

**DEPARTMENT OF PLANNING  
DEPARTMENT OF ECONOMIC PLANNING AND STATISTICS  
MINISTRY OF FINANCE AND ECONOMY**



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# Brunei Economy

## Q1 2021



### GDP



GDP grew by  
**-1.4%**



Oil & Gas  
**-5.3%**



**3.1%**  
Non-Oil & Gas

### Prices



CPI rose by  
**1.8%**



Food  
**3.8%**



Non-Food  
**1.2%**

### Fiscal

**856m**



Fiscal Deficit



Revenue  
**667m**



Expenditure  
**1.5b**

### Trade



**689m**

Trade Surplus



Exports  
**2.8b**



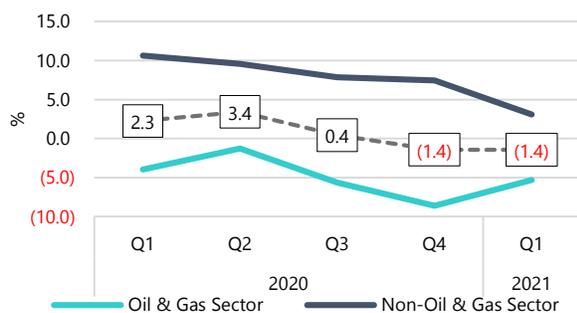
Imports  
**2.1b**

## Gross Domestic Product (GDP)

### Overview

In Q1 2021, the Non-Oil & Gas Sector recorded an increase of 3.1 per cent due to strong performance of the Manufacturing Subsector. However, a decline in the Oil & Gas Sector by 5.3 per cent pulled down the overall growth of Brunei Darussalam's economy to negative 1.4 per cent year-on-year (y-o-y).

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



Source: Department of Economic Planning and Statistics

### Oil & Gas Performance

The decline in the Oil & Gas Sector was mainly due to a decrease in the production of crude oil, natural gas, and liquefied natural gas (LNG). The reduction in crude oil and natural gas production was due to unscheduled shutdowns in the offshore platform. Meanwhile, the LNG production decline was mainly due to limited gas supply following scheduled and unscheduled maintenance activities.

### Non-Oil & Gas Performance

The positive growth of the Non-Oil & Gas Sector was due to an increase in the Manufacturing Subsector as a result of an increase in the production of petroleum and chemical products, wearing apparel & textiles, and food & beverage products.

The increase in the production of petroleum and chemical products was in line with increasing demand from China, New Zealand and Malaysia.

The increase in the production of wearing apparel & textiles was following the growing need of domestic industries.

Meanwhile, growth in the manufacturing of food and beverages was driven by seafood processing, mainly

frozen shrimp in line with an increase in the production of farm prawns. This growth is also to support the country's efforts in increasing exports.

This is followed by a positive growth in the subsector of Wholesale and Retail Trade which was contributed by an increase in the domestic demand as travel restrictions remained in place to prevent the spread of COVID-19. The increase in this subsector is also in line with the increase in retail sales driven by the sales of Department Store, Textiles, Wearing Apparel & Footwear and Electrical Household Appliances and Lighting Equipment.

The Business Services Subsector also registered a positive growth in Q1 2021, supported by a rise in demand for professional and technical services of oil and gas-related activities.

The Agriculture, Forestry & Fishery Sector also recorded a positive growth in Q1 2021. This was due to an increase in the production of subsectors such as Fishery and Livestock & Poultry caused by higher domestic demand. In particular, the increase in fisheries activities was mainly attributed to both the capture and aquaculture industry. The increase in the capture industry was mainly due to increased production from small-scale fishermen. Meanwhile, increased production of farm prawns was the main contributor to the increase in aquaculture activities. As for livestock & poultry activities, the increase was associated with an increase in the production of beef cattle, broilers, and goat. However, the Vegetables, Fruits & Other Agriculture Subsector showed declining growth undermined by decreased production of fruits mainly due to seasonal factors.

The Health Services Subsector recorded an improved growth in line with an increase in both government and private health services activities.

The Finance Subsector grew by 2.6 per cent mainly due to an increase of insurance activities sparked by rising sales of life insurance policies as some companies offered attractive insurance products with affordable prices.

**Table 1 : Growth of Selected Non-Oil & Gas Sectors (Q1 2021)**

	Growth (%)
<b>Manufacturing</b>	12.8
<b>Wholesale &amp; Retail Trade</b>	9.6
<b>Business Services</b>	17.9
<b>Agriculture, Forestry &amp; Fishery</b>	21.5
<b>Health</b>	8.6
<b>Finance</b>	2.6
<b>Education</b>	(3.3)
<b>Government Services</b>	(2.6)
<b>Construction</b>	(16.6)
<b>Air Transport Services</b>	(87.6)

Source: Department of Economic Planning and Statistics

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

- Air Transport declined sharply for the fifth consecutive quarter;
- Education Services decreased by 3.3 per cent primarily due to a decline in government education services; and
- Construction declined significantly in this quarter due to declines in development expenditure.

## GDP by Expenditure

By expenditure approach, the negative GDP growth was mainly due to a decrease in the external demand (exports of goods and services) by 4.3 per cent. Domestic demand also recorded a decrease due to decreases in the Government Final Consumption Expenditure by 9.8 per cent and Gross Capital Formation by 5.7 per cent, weighed down by declines in both private and government investment. However, the negative growth was moderated by an increase in the Household Final Consumption Expenditure by 9.6 per cent.

**Table 2 : GDP by Expenditure (Q1 2021)**

	Q1 2020 (BND Million)	Q1 2021 (BND Million)	Growth (%)
<b>Domestic Demand</b>	<b>3,435.9</b>	<b>3,331.5</b>	<b>(3.0)</b>
<b>Government Final Consumption Expenditure</b>	1,241.1	1,119.0	(9.8)
<b>Household Final Consumption Expenditure</b>	934.1	1,023.3	9.6
<b>Gross Fixed Capital Formation</b>	1,260.7	1,189.2	(5.7)
<b>External Demand</b>	<b>3,520.6</b>	<b>3,368.6</b>	<b>(4.3)</b>
<b>Exports</b>	3,520.6	3,368.6	(4.3)
<b>GDP</b>	<b>4,849.2</b>	<b>4,779.5</b>	<b>(1.4)</b>

Source: Department of Economic Planning and Statistics

## Global Economic Developments

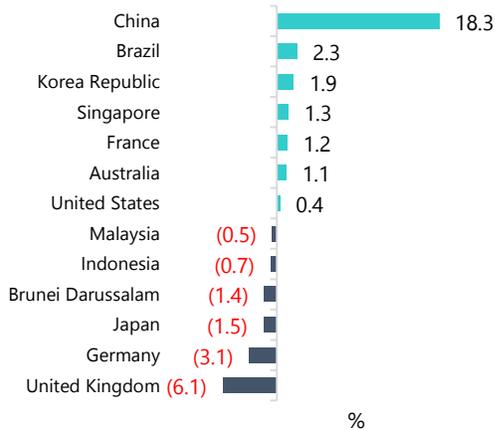
According to OECD, some countries recover much faster than expected as they implement an aggressive rollout strategy of COVID-19 vaccine this year.

China recorded high GDP growth of 18.3 per cent y-o-y in the first quarter. This growth was driven by an increase in retail sales and industrial production. Imposing lockdown has also prompted a significant increase in retail sales.

Since the onset of COVID-19 last year, Singapore grew at its fastest pace in the first quarter of 2021, driven by higher growth in sectors such as manufacturing (10.7 per cent) and accommodation (19.0 per cent). This is also followed by an increase in sectors such as other services industries (0.5 per cent), retail trade (1.4 per cent), wholesale trade (3.5 per cent), finance & insurance (4.7 per cent), and information & communications (6.4 per cent).

However, some ASEAN countries experienced negative growth such as Malaysia and Indonesia. Malaysia's GDP recorded a decline of 0.5 per cent y-o-y, marred by the decline in construction and services sectors. The negative growth of the services sector was due to a decline in activities such as food & beverage and accommodation, and transportation & storage. For Indonesia, the decline was due to lower output in sectors such as transportation and warehousing (13.1 per cent), accommodation and food services (7.3 per cent), mining (2.0 per cent) manufacturing (1.4 per cent), wholesale and retail trade (1.2 per cent).

**Exhibit 2 : GDP Growth of Selected Countries (Q1 2021)**



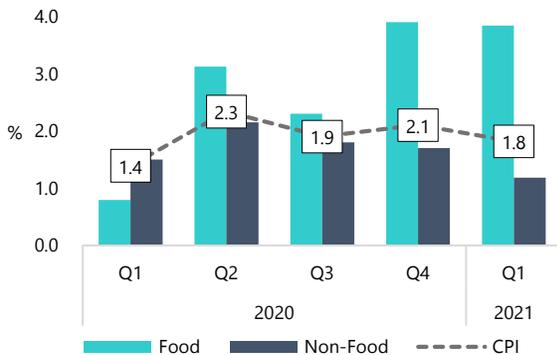
Source: Organisation for Economic Co-operation and Development (OECD), Department of Statistics Malaysia, Ministry of Trade & Industry Singapore, Indonesia Economic Update Report.

## Inflation

### Overview

The Consumer Price Index (CPI) rate for Q1 2021 increased by 1.8 per cent y-o-y compared to Q1 2020. Both the Food Index and the Non-Food Index increased by 3.8 per cent and 1.2 per cent respectively.

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



Source: Department of Economic Planning and Statistics

### Food Prices

In Q1 2021, the increase in the Food Index was attributed by several sub-indices:

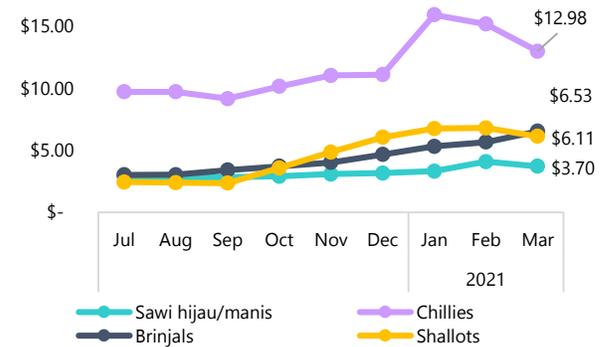
- Meat by 8.6 per cent, driven by prices of chicken, and beef & buffalo meat, which increased by 6.3 per cent and 11.8 per cent respectively.

The increase in chicken was contributed by the rise in the average prices of whole chicken from BND4.34/kg to BND4.59/kg and chicken wings from BND7.50/kg to BND8.32/kg. Fresh/chilled beef was another top driver with average prices rising from BND14.49/kg to BND16.46/kg.

As for beef & buffalo meat, the increase in price was due to among others increased domestic demand from travel restrictions and limited import supply.

- Fresh vegetables by 14.9 per cent, specifically fruit type (chillies and brinjals), leafy type (sayur sawi and round cabbage), and to a lesser degree, root type such as ginger and onions. This was due to limited supply in line with a shortfall in local production by 25.8 per cent.

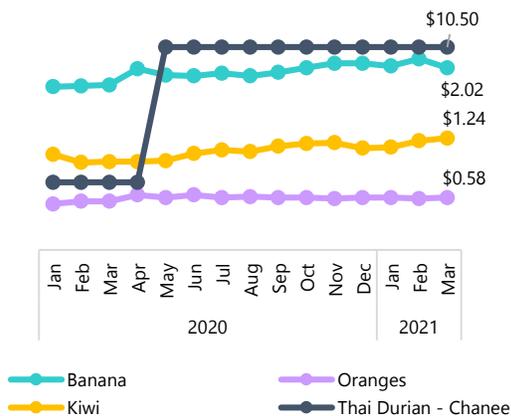
**Exhibit 4: Average Prices for Selected Vegetables (Q1 2021)**



Source: Department of Economic Planning and Statistics

- Fruits costed more this quarter, increasing by 5.0 per cent as fresh tropical fruits (banana and Thai durian) and non-tropical fruits (kiwi and oranges) were not in peak season.

**Exhibit 5: Average Prices for Selected Fruits (Q1 2021)**



Source: Department of Economic Planning and Statistics

### Non-Food Prices

In Q1 2021, the Non-Food Index increased by 1.3 per cent. The inflation was contributed by Transport, Communication, and Recreation & Culture:

- Transport increased by 6.6 per cent caused by selected motor cars with specification upgrades, and air fares to cover operational costs from limited scheduled flights;
- Communication increased by 1.7 per cent due to new phone models being introduced in the market and revamp in communication service packages; and
- Recreation and culture rose by 0.9 per cent, contributed by recreational items, textbooks, files and folders.

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

- Clothing and Footwear decreased by 5.4 per cent, particularly clothing material for both men and women;
- Furnishings, Household Equipment and Routine Household Maintenance declined by 1.3 per cent, pulled down by glassware and major household appliances; and

- Miscellaneous Goods and Services fell by 0.4 per cent due to personal products such as babies' diapers, and personal effects such as bags.

### Inflation Outlook

Although global inflation is expected to increase gradually in 2021 with the projected pickup in economic activities, the increase is likely to remain subdued as overall demand may continue to be weak amidst the ongoing COVID-19 pandemic. In particular, the impact of the pandemic may continue to pose downward pressures on several price indices particularly Restaurants and Hotels, and Recreation and Culture. Nevertheless, uncertainties remain around the outlook as it also hinges on the duration and intensity of the COVID-19 outbreak and thus its impact on global and domestic inflation<sup>1</sup>.

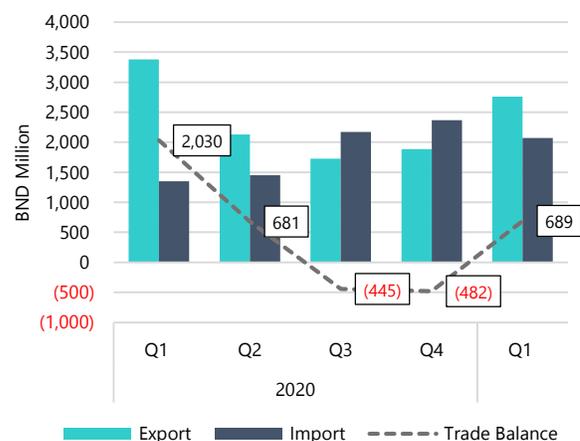
### International Merchandise Trade

#### Overview

In Q1 2021, total trade increased by 2.1 per cent y-o-y mainly due to an increase in total imports by 53.4 per cent while total exports fell by 18.3 per cent.

Despite this, trade balance recorded a surplus of BND688.8 million.

**Exhibit 6 : Trade Statistics (Q1 2020 – Q1 2021)**



Source: Ministry of Finance and Economy

<sup>1</sup> Autoriti Monetari Brunei Darussalam Policy Statement 2/2020 (December 31, 2020). *Autoriti Monetari Brunei Darussalam*.

### Export Development

In Q1 2021, Brunei Darussalam's total exports contracted by 18.3 per cent y-o-y.

Although total exports remained weaker from the same period the year before, a clear recovery can be seen compared to the past few quarters where exports were impacted due to weaker global demand in general created by the COVID-19 pandemic that disrupted global trade activities.

**Table 3 : Exports (Q1 2020 & Q1 2021)**

	Q1 2020 (BND Million)	Q1 2021 (BND Million)	Change (BND Million)
<b>Domestic Exports</b>	3,351.0	2,695.0	(656.0)
<b>Re-Exports</b>	30.0	66.6	36.5
<b>Total Exports</b>	<b>3,381.0</b>	<b>2,761.6</b>	<b>(619.5)</b>

Source: Ministry of Finance and Economy

In particular, the country's major exports declined significantly due to weakened crude oil and LNG demand coupled with lower price for LNG while crude oil price per barrel increased slightly.

**Table 4 : Major Exports (Q1 2020 & Q1 2021)**

	Q1 2020 (BND Million)	Q1 2021 (BND Million)	Change (BND Million)
<b>Crude Oil</b>	748.0	565.2	(182.8)
<b>LNG</b>	1,154.0	756.2	(397.8)
<b>Methanol</b>	50.5	73.8	23.3
<b>Total</b>	<b>1,952.5</b>	<b>1,395.3</b>	<b>(557.3)</b>

Source: Ministry of Energy

Note: Crude Oil, LNG and Methanol were the only major exports (making up more than 90% of the country's total export on average (2012-2019)) prior to the operation of the new petrochemical industry in November 2019.

**Table 5 : Prices of Major Export Commodities (Q1 2020 & Q1 2021)**

	Q1 2020	Q1 2021
<b>Crude Oil (USD/barrel)</b>	57.89	62.70
<b>LNG (USD/MMBtu)</b>	9.86	7.08
<b>Methanol (USD/MT)</b>	658.03	323.48

Source: Ministry of Energy

**Table 6 : Volume of Major Export Commodities (Q1 2020 & Q1 2021)**

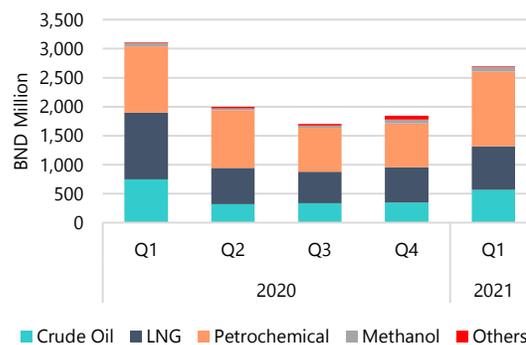
	Q1 2020	Q1 2021
<b>Crude Oil (Thousand barrels per day)</b>	89.9	75.4
<b>LNG (MMBtu per day)</b>	960,488	881,552
<b>Methanol (MT)</b>	165,552	171,620

Source: Ministry of Energy

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

On the other hand, the petrochemical industry continues to add value in the country's overall exports with its highest ever contribution amounting to BND1,286.9 million in Q1 2021.

**Exhibit 7 : Domestic Exports (Q1 2020 – Q1 2021)**



Source: Ministry of Finance and Economy

**Table 7 : Domestic Exports (Q1 2020 & Q1 2021)**

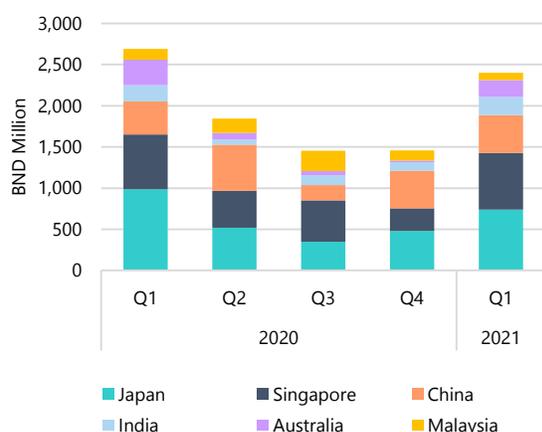
	Q1 2020 (BND Million)	Q1 2021 (BND Million)	Change (BND Million)
<b>Major Exports</b>	1,953.0	1,395.3	(557.7)
<b>Petrochemical Products</b>	1,141.0	1,286.9	145.9
<b>Others</b>	15.0	12.8	(2.2)
<b>Total</b>	<b>3,351.0</b>	<b>2,695.0</b>	<b>(656.0)</b>

Source: Ministry of Finance and Economy

In terms of export destinations, Japan remained the top export partner for Brunei Darussalam in this quarter with export products comprising of mainly LNG. Despite this, total exports to Japan in Q1 2021 were substantially less than in Q1 2020. Future exports to Japan will depend on the country's management of its COVID-19 situation, as this will affect their economy, thus influencing their demand for imports from Brunei

Darussalam. With the Japan Olympics 2021 commencing July 2021, Japan's energy demand is expected to rise alongside demand for LNG from Brunei Darussalam. This is followed by Singapore comprising of mainly automotive fuels and crude oil. Singapore has managed their COVID-19 situation well with vaccination programmes progressing early 2021, which has had a positive impact to their economic recovery. Q1 2021 recorded higher total exports to Singapore than in Q1 2020. This trend is expected to continue into 2021, and may contend Japan as the biggest trading partner with Brunei Darussalam. Finally, total exports to China are the third biggest, mainly comprising of downstream petrochemical products. This quarter recorded higher total exports compared to the previous quarter, Q1 2020, and this trend is expected to continue into 2021.

**Exhibit 8 : Domestic Exports (Top 6 Destinations), Q1 2020 – Q1 2021**



Source: Ministry of Finance and Economy

## Import Development

Brunei Darussalam's total imports increased by 53.4 per cent y-o-y in this quarter. This increase was mainly due to a rise in imports of mineral fuels, food and machinery & transport equipment.

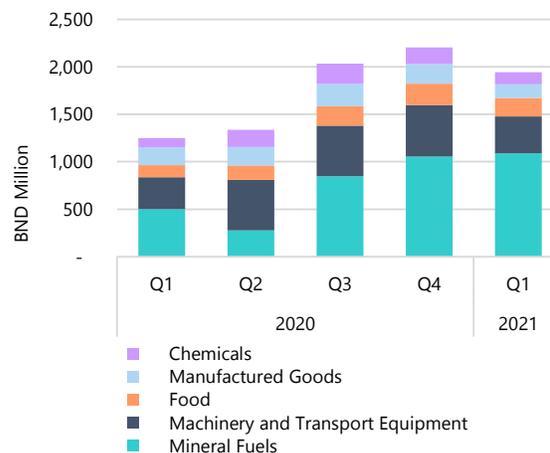
**Table 8 : Imports by Commodity (Q1 2020 & Q1 2021)**

	Q1 2020 (BND Million)	Q1 2021 (BND Million)	Change (BND Million)
<b>Food</b>	129.7	191.5	61.8
<b>Mineral Fuels</b>	502.0	1,090.2	588.2
<b>Chemical</b>	96.2	125.9	29.7
<b>Manufactured Goods</b>	187.9	145.9	(42.0)
<b>Machinery &amp; Transport Equipment</b>	334.0	388.8	54.8
<b>Others</b>	101.8	130.5	28.8
<b>Total</b>	<b>1,351.6</b>	<b>2,072.8</b>	<b>721.2</b>

Source: Ministry of Finance and Economy

In Q1 2020, import of mineral fuels was significantly higher compared to the previous year. This import was mainly used as feedstock for the petrochemical industry.

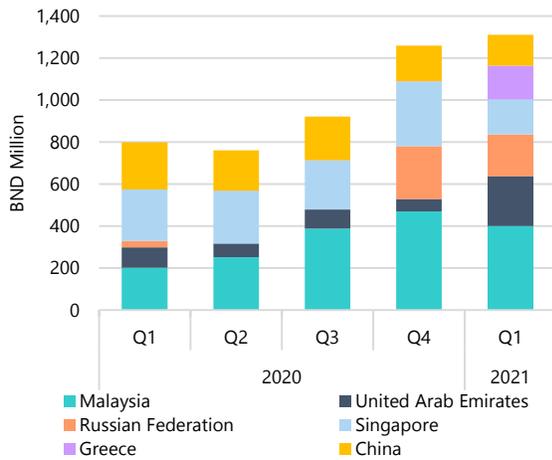
**Exhibit 9 : Imports by Top 5 Commodity (Q1 2020 – Q1 2021)**



Source: Ministry of Finance and Economy

Among the top five (5) imports by commodity, mineral fuels imports increased by 117.2 per cent, food by 47.6 per cent, chemicals by 30.9 per cent, machinery and transport equipment by 16.4 per cent, while manufactured goods recorded a decrease by 22.4 per cent y-o-y.

**Exhibit 10 : Import Origins (Q1 2020 – Q1 2021)**



Source: Ministry of Finance and Economy

In terms of import origins, Malaysia was the top import market with import values of BND399.4 million, comprising mostly of automotive fuels, medicaments, computer equipment and food items. In Q1 2021, a significant amount of mineral fuels was also imported from the United Arab Emirates, the Russian Federation, and Greece as feedstock for petrochemical production. Imports from Singapore in Q1 2021 were mostly valves and medicaments.

## Trade Outlook

Trade outlook is mixed for the coming quarters with expectations for growth in petrochemical exports for example and subdued expectations on mineral fuel exports depending on the trading partners' countries. Proper management of the COVID-19 pandemic will be a key factor to whether economic activity will grow or be adversely affected in partner countries, and will have an impact to their demand for Brunei Darussalam's exports.

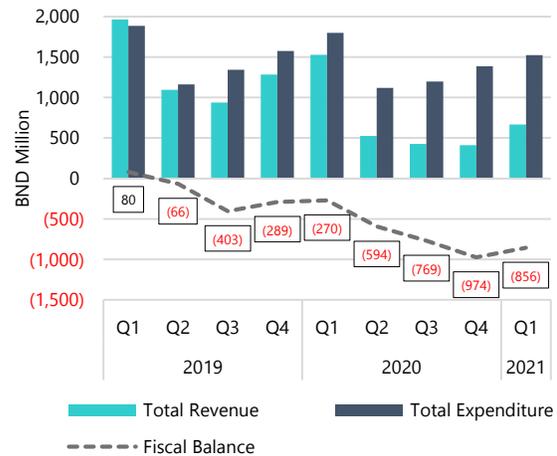
Steady and gradual recovery of crude oil, LNG and methanol prices are also welcome and will strengthen exports for these products. Food exports however, are largely seasonal and may not maintain the strong growth y-o-y Q1 2021 experienced.

As for imports, overall imports are expected to be significantly higher compared to the year before in particular due to mineral fuels as feedstock for the petrochemical industry.

## Government Fiscal

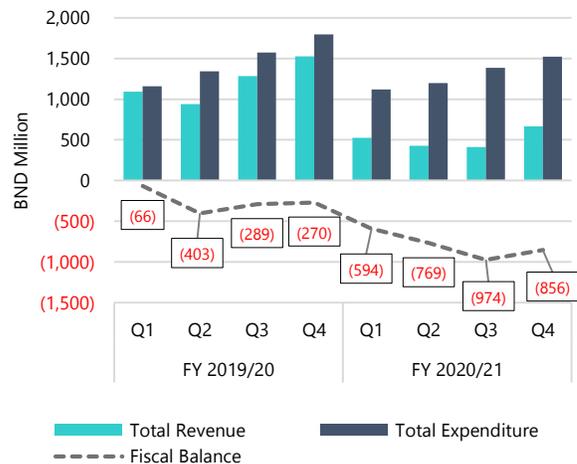
In Q1 (Jan-March) 2021, Brunei Darussalam's fiscal deficit widened to BND856 million (-20.3 per cent of GDP) compared to a deficit of BND270 million (-5.9 per cent of GDP) in the same period last year. This was mainly due to a fall in the government revenue by BND862 million despite a decrease of expenditure by BND275 million.

**Exhibit 11 : Fiscal Balance (Q1 2019 – Q1 2021)**



Source: Treasury Department, Ministry of Finance and Economy

**Exhibit 12 : Fiscal Balance (FY2019/2020 & 2020/2021)**



Source: Treasury Department, Ministry of Finance and Economy

With oil and gas accounting for a substantial share of government revenue (61.9 per cent in Q1 2021), the decline in revenue in Q1 2021 was in line with the decline in both oil and LNG exports during the same

quarter. Other than that, the decline in revenue from government operations and returns from investments & savings also contributed to the decline in government revenue.

Meanwhile, the overall decline in government expenditure was largely due to reductions in both other charges annual recurrent (OCAR) and development expenditure (by BND159 million and BND74 million, respectively). In particular, the continuous decline in development expenditure was in view of a number of major National Development Plan (RKN) projects having neared or seen completion.

Nevertheless, there are other major RKN projects which are currently ongoing that would contribute to the increase in development expenditure. Among these are Sultan Sharif Ali Islamic University (UNISSA); Human Resource Development Fund (HRD Fund); and Kampong Lugu National Housing Phase 2 (1,500 Unit Houses).

The commencement of the Kampong Lugu National Housing Phase 2 (1,500 unit houses) project further signifies the country's pursuit of providing quality and affordable housing in improving the welfare of its citizens. Meanwhile, the UNISSA and HRD Fund projects demonstrate the Government's continuous commitment in investing quality education as it recognises the vital need for human resource development towards an educated and marketable workforce. During the Financial Year 2020/2021, around BND37.7 million was allocated for the HRD Fund to finance programmes such as Learn & Grow and Growth for Excellence programme.

Elsewhere, several projects geared towards human resource development particularly in upgrading skills and competencies are also currently ongoing. The i-Ready programme was introduced to provide unemployed graduates the opportunity to work in the public or private sector and increase their chances of landing a permanent job. During RKN11 period, as of May 2021, a total of 1,259 out of 4,464 i-Ready trainees managed to secure permanent jobs (83 per cent in the private sector including FDI and GLCs companies as well Statutory Body). Meanwhile, the Capacity Building Centre (PPK) allows jobseekers to learn industry-related skills in becoming more relevant and employable in certain sectors. A total of 253 out of 505 PPK participants have secured permanent jobs (about 95 per cent in the private sector).

Towards the development of Temburong District, the key project, the opening of the Sultan Haji Omar 'Ali Saifuddien Bridge, has brought various positive socio-economic development such as improving connectivity and access throughout the country, and facilitating economic growth and development of Temburong District. Apart from that, there are also several ongoing projects aimed at improving the social development and quality of life of Temburong District in particular the construction of schools and university such as the new UNISSA campus project and Rebuilding of Sultan Hassan Bangar Secondary School Temburong; and the provision of electricity such as the Reinforcement of 11kv Distribution Network System Overhead Wire 3c/300mcm for Kampong Senukoh, Kampong Piasau-Piasau, Kampong Kenua, Kampong Semabat and Surrounding Areas of Temburong District; and Reinforcement of 11KV Network System Main Switch Station Belingus to Propose Main Switch Station 66KV/11KV Perdayan.

## Priority Sectors Development

### Downstream Oil & Gas

In the first quarter of 2021, the Downstream Oil & Gas Sector, comprising Manufacture of Other Petroleum and Chemical Products contributed about BND329.9 million to Gross Value Added, increasing from the BND280.2 million recorded in the same quarter of 2020.

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



Source: Department of Economic Planning & Statistics

Meanwhile, exports from the Downstream Oil & Gas Sector amounted to BND1,364.0 million in Q1 2021, compared to the BND1,439.1 million recorded in the same quarter of 2020. The decline in exports is perhaps

linked with lower prices although export volumes of several key downstream oil and gas-related products such as paraxylene and methanol increased.

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



Source: Department of Economic Planning & Statistics

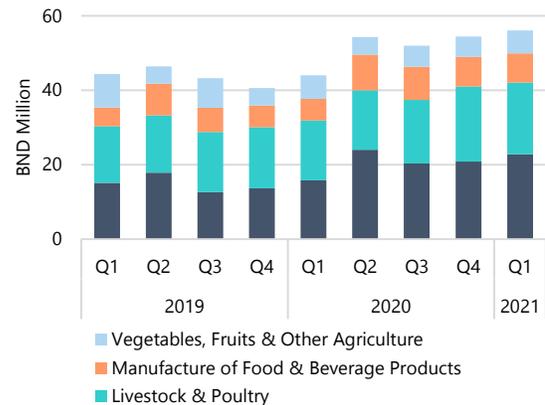
In other developments, two new projects are being planned in the downstream sector — sodium methylate manufacturing and a liquefied petroleum gas (LPG) bottling plant. The manufacturing of sodium methylate is intended for the purpose of production of pharmaceuticals and food ingredients, while an LPG bottling plant involves the storage of liquefied petroleum gas into bottles<sup>2</sup>.

Meanwhile, Brunei Fertilizer Industries (BFI) is slated to begin operations in Q3 2021. The BND1.8 billion fertiliser plant is expected to produce 0.77 million tonnes per annum (MTPA) of urea in its first year of operation before increasing its output to 1.37 MTPA in 2022. Brunei aims to achieve 32 MTPA in downstream industry production by 2025<sup>3</sup>. This is estimated to add about BND100-200 million to the country's GDP.

## Food

In the first quarter of 2021, the Food Sector, comprising Vegetables, Fruits & Other Agriculture, Livestock & Poultry, Fishery and Manufacture of Food & Beverage Products contributed about BND56.0 million to Gross Value Added, increasing from the BND44.0 million recorded in the same quarter of 2020.

**Exhibit 15 : Food Sector GDP at Current Prices (Q1 2019 – Q1 2021)**



Source: Department of Economic Planning & Statistics

By subsector, the Livestock & Poultry Subsector was valued at BND19.2 million at GDP current prices in Q1 2021 compared to BND16.0 million in Q1 2020. This improvement came from increased productions in the following commodities:

- Broiler chicken, which increased from 6,260.9 MT in Q1 2020 to 7,628.5 MT in Q1 2021;
- Chicken eggs, which increased from 41.4 million eggs in Q1 2020 to 42.6 million eggs in Q1 2021;
- Buffalo and cattle meat, which increased from 288.6 MT in Q1 2020 to 805.4 MT in Q1 2021; and
- Goat and sheep meat, which increased from 7.3 MT in Q1 2020 to 45.0 MT in Q1 2021.

For the Fishery Subsector, it was valued at BND22.8 million at GDP current prices in Q1 2021 compared to BND15.8 million in Q1 2020. This improvement was supported by increased productions in both the capture and the aquaculture industry. In particular, the total output of the capture industry increased from 3,053.5 MT in Q1 2020 to 3,311.7 MT in Q1 2021, supported by the increase in the number of operating days recorded in fish capture activities as well as favourable weather conditions. Meanwhile, the aquaculture industry continued its uptrend, driven by significant increases in marine shrimp productions, which increased from 216.7 MT in Q1 2020 to 758.7 MT in Q1 2021.

<sup>2</sup> Government eyes Hengyi expansion in 2022 (March 22, 2021). *The Scoop*.

<sup>3</sup> Brunei Fertilizer Industries to start operations in Q3 2021 (February 04, 2021). *The Scoop*.

As for the Vegetables, Fruits & Other Agriculture Subsector, it was valued at BND6.1 million at GDP current prices in Q1 2021, lower than the BND6.3 million recorded in Q1 2020. The decline was due to decreased production of vegetables and fruits (from 2,294.0 MT and 2,621.6 MT in Q1 2020 to 1,702.6 MT and 1,094.0 MT respectively in Q1 2021). One of the primary factors that led to the declines was difficulties in importing agricultural input materials such as seeds and fertilizers due to the COVID-19 pandemic.

Despite the downturn in the Vegetables, Fruits & Other Agriculture Subsector, paddy production continued to increase, up from 395.4 MT in Q1 2020 to 1,309.3 MT in Q1 2021. One of the primary factors which contributed to the increase was the increase in the area of high yielding hybrid paddy cultivation, namely Sembada188.

For Manufacture of Food & Beverage Products, it was valued at BND7.9 million at GDP current prices in Q1 2021 compared to BND5.8 million in Q1 2020. This improvement was supported by the increase in production of fishery processing industry from 494.8 MT in Q1 2020 to 715.5 MT in Q1 2021.

In terms of exports from the Food Sector, it amounted to BND4.9 million in Q1 2021, higher than the BND1.8 million recorded in the same quarter of 2020. By type of products, majority of exports in Q1 2021 were comprised of shrimp products exported mainly to Taiwan, Australia and Japan.

**Exhibit 16 : Food Exports (Q1 2019 – Q1 2021)**



Source: Department of Economic Planning & Statistics

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

- Establishment of a new regulatory body for food safety called the Brunei Darussalam Food Authority (BDFA). The statutory body will act as a single point of contact in food-related matters, ensuring the maximisation of food safety and quality in the country as well as developing the local food industry and achieve international competitiveness<sup>4</sup>.
- PDS Abattoir is planning to initiate its first commercial feedlotting programme with a pilot project that intensively feeds Australian cattle starting Q2 2021. With the objective of bringing more competitive prices for quality breeds of beef to local markets, it is expected that once fully operational, PDS' annual slaughtering capacity will increase to 8,000 cattle in the first phase, reaching 16,000 and 24,000 in the second and third phase respectively. PDS is also planning for their feedlots to produce beef that can be exported, with potential markets including the Middle East and regional countries like Malaysia, Singapore, Macau and Thailand<sup>5</sup>.
- Royal Brunei Culinary (RBC) is keen to partner with local Food & Beverage (F&B) businesses following the recent launch of its state-of-the-art central kitchen and headquarters in the Lambak West Industrial Area. With high production scale and volume, Halal and Hazard Analysis Critical Control Point (HACCP) certifications and skilled staff, RBC can help businesses to produce F&B products according to their recipes (and specifications) at competitive rates, enabling businesses to focus more on marketing and growing demand for their products<sup>6</sup>.
- Golden Corporation Sdn Bhd has set its target of producing no less than 5,000 tonnes of shrimps in 2021<sup>7</sup>. As of 2020, the total production of shrimp (farm prawn) in the aquaculture industry amounted to 3,045.8 MT. Furthermore, with the company's 200 hectares shrimp farm at Penyatang in Tutong nearing completion and phase 2 expected to commence next year, the company will have a further 259 hectares of shrimp farm to

<sup>4</sup> BDFA oversee Brunei food safety, quality (February 27, 2021). *Borneo Bulletin*.

<sup>5</sup> PDS to raise Australian cattle in Brunei through feedlotting programme (February 22, 2021). *Biz Brunei*.

<sup>6</sup> RBC keen to partner with local F&B businesses (March 03, 2021). *Biz Brunei*.

<sup>7</sup> Golden eyes 5,000 tonne shrimp output for 2021 (January 28, 2021). *Borneo Bulletin*.

take its annual production output to even greater heights.

## Tourism

In the first quarter of 2021, the Tourism Sector contributed about BND27.8 million to Gross Value Added. Although this figure is lower than the BND35.6 million recorded in the same quarter of 2020, it showed a gradual recovery on a quarter-to-quarter basis in line with continued de-escalation of coronavirus restrictions imposed by the Government.

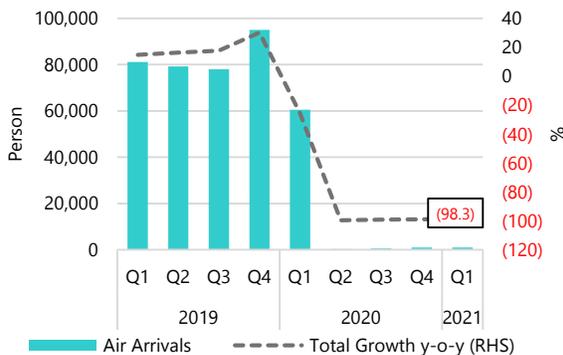
**Exhibit 17 : Tourism GDP at Current Prices (Q1 2019 – Q1 2021)**



Source: Department of Economic Planning & Statistics

Nevertheless, international tourism activities continued to be underwhelmed as restrictions on non-essential travel ban remained largely in place. As such, international arrivals by air plunged (by 98.3 per cent y-o-y) for the fourth consecutive quarter since Q2 2020. Similarly, arrivals by sea and land declined by 93.7 per cent and 97.9 per cent respectively.

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



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

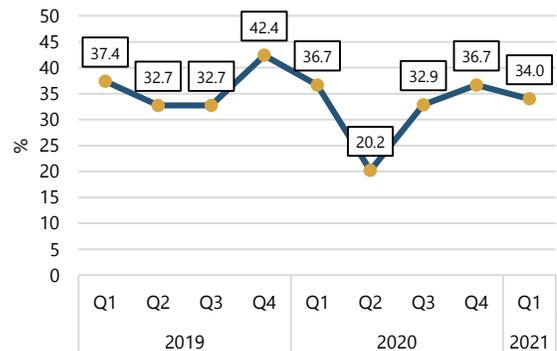
**Exhibit 19 : Arrivals by Air, Sea and Land (Q1 2019 – Q1 2021)**



Source: Department of Immigration, Ministry of Home Affairs

Occupancy rates in accommodation places also registered declines in Q1 2021, down on average by 34.0 per cent compared to 36.7 per cent in Q1 2020.

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



Source: Ministry of Primary Resources and Tourism

Looking ahead, the outlook of the Tourism Sector will continue to be restrained as much will hinge on the extent and length of time in which travel restrictions are imposed both domestically and internationally to curb the outbreak of the COVID-19 pandemic.

## Info-Communication & Technology (ICT)

In the first quarter of 2021, the ICT Sector contributed about BND125.7 million to Gross Value Added, increasing from the BND115.1 million recorded in the same quarter of 2020.

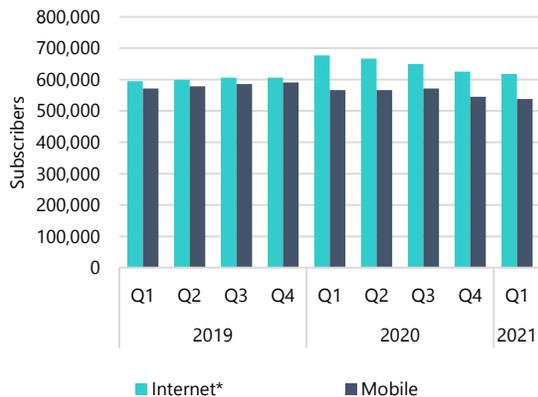
**Exhibit 21 : ICT Sector GDP at Current Prices (Q1 2019 – Q1 2021)**



Source: Department of Economic Planning & Statistics

The improvement in the ICT Sector in Q1 2021 came despite declines in both the number of internet (fixed and mobile broadband) subscriptions (by 8.7 per cent y-o-y) and mobile subscriptions (by 5.0 per cent y-o-y).

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



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

\*Internet subscriptions only include fixed and mobile broadband subscriptions.

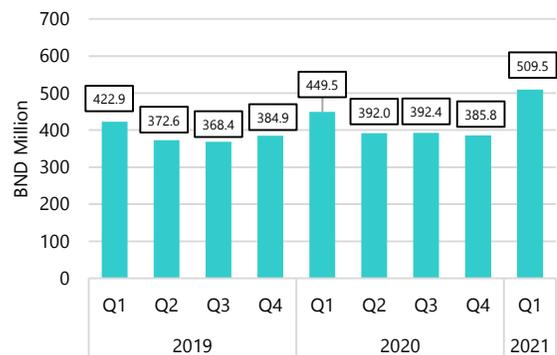
In other developments, as part of Brunei's 'Smart Nation' initiatives, Unified National Networks (UNN) partnered with Germany's leading internet exchange operator DE-CIX to launch Brunei's first internet exchange platform. The new platform will provide domestic and regional network operators with faster connectivity, improved user experience and access to worldwide Internet hubs in Asia, Europe, and America. It also enables global networks to get closer to users in

Southeast Asia and acts as a new gateway between the US and the region. With Borneo-IX as part of the global Internet exchange network, Brunei will be a new prime location for digital business. This will create new opportunities for local businesses to collaborate and expand internationally, while attracting foreign organisations to consider Brunei for business and investments<sup>8</sup>.

## Services

In the first quarter of 2021, the Services Sector, comprising activities of Wholesale & Retail Trade, Business Services and Transport & Logistics contributed about BND509.5 million to Gross Value Added, increasing from the BND449.5 million recorded in the same quarter of 2020.

**Exhibit 23 : Services Sector GDP at Current Prices (Q1 2019 – Q1 2021)**



Source: Department of Economic Planning & Statistics

In particular, improvements in Wholesale & Retail Trade was supported by the increase in retail sales by 11.9 per cent y-o-y. As such, the impact of travel restrictions abroad amid the ongoing pandemic was reflected in the increase of domestic sales of all retail activities, among the highest included Department Store; Textiles, Wearing Apparel and Footwear; and Electrical Household Appliances and Lighting Equipment in specialised stores.

<sup>8</sup> Brunei launches first internet exchange point (February 09, 2021). *The Scoop*.

**Table 9 : Value of Sales and Growth Rate by Activity (Q1 2021)**

	Q1 2021 Index (2017 = 100)	Value of Sales (BND Million)	Growth y-o-y (%)
Department Store	125.3	137.7	12.6
Supermarket	111.4	61.1	(11.1)
Mini Mart	85.3	10.2	(3.1)
Food and Beverages in Specialised Stores	100.3	6.2	(2.7)
Petrol Station	118.5	43.2	3.4
Computer & Telecommunications Equipment	115.9	26.0	6.1
Textiles, Wearing Apparel & Footwear	137.1	21.0	52.0
Hardware, Paints and Glass in Specialised Stores	93.2	31.0	24.7
Furniture & Household Equipment	102.6	14.4	6.0
Electrical Household Appliances and Lighting Equipment in Specialised Stores	134.5	34.7	22.6
Books, Newspapers and Stationery in Specialised Stores	105.9	7.0	27.8
Recreational Goods	144.0	9.5	34.5
Pharmaceutical and Medical Goods, Cosmetic and Toilet Articles in Specialized Stores	105.0	11.3	25.4
Watches & Jewellery	144.4	16.5	62.2
Others	129.8	23.9	20.8
<b>Total</b>	<b>118.3</b>	<b>454.4</b>	<b>11.9</b>

Source: Department of Economic Planning and Statistics

Meanwhile, in Transport & Logistics, sea freight activities continued to be undermined by cross-border movement restrictions, down by 6.0 per cent y-o-y in Q1 2021.

**Exhibit 24 : Sea Freight Activity (Q1 2019 – Q1 2021)**



Source: Maritime and Port Authority Brunei Darussalam

In terms of freight by transport medium in Q1 2021, the main type of goods exported via air were mainly re-exports of machinery parts, particularly aviation parts as well as domestic exports of food products such as melons and seaweeds. On the other hand, the main type of goods imported via air were mainly medicaments, flowers as well as food products, particularly fruits.

As for sea freight, mineral fuels made up a large share of the exported goods while main imports through sea were mainly comprised of mineral fuels, building materials such as cement and stone-related products as well as animal feed for poultry.

Meanwhile for land freight, majority were re-exported goods including machinery parts and building materials such as iron and steel products. On the other hand, imports via land were largely comprised of building materials such as bricks, pebbles and gravels; animal feed for poultry as well as food products, particularly fruits.

**Table 10 : Main Exports and Imports in weight/volume by Transport Medium (Q1 2021)**

	Main Exports	Main Imports
<b>Air</b>	Machinery parts, Food	Medicaments, Food
<b>Sea</b>	Mineral fuels	Mineral fuels, Building materials, Animal feed
<b>Land</b>	Machinery parts, Building materials	Building materials, Animal feed, Food

Source: Department of Economic Planning and Statistics