

RECENT ECONOMIC DEVELOPMENTS IN BRUNEI

Brunei's economy depends almost entirely on its petroleum and its natural gas resources, which account for about 46 percent of GDP and 96 percent of exports. Notwithstanding the fact that an overdependence on oil has left Brunei completely vulnerable to fluctuations in world oil prices, oil revenues have contributed to persistent trade and budget surpluses and an accumulated stock of wealth, estimated in 1991 to be between U.S. \$25 and \$30 billion.

The next largest generators of economic activity in Brunei following the oil sector, are as follows:

- the community, social and personal services sector accounting for 25.9 percent of the GDP;
- the financial and business services, retail trade and hotel and hospitality services sector accounting for 10.3 percent;
- and the transport and communications sector accounting for 5 percent.

The construction sector, which as recently as 2 years ago played a much more significant role in Brunei's economic activity, now generates only 2.9 percent of the GDP.

Agriculture plays a limited role in the economy, generating 2.2 percent of the GDP. Cultivation in Brunei is restricted to 5 percent of total land area, with 85 percent being heavily forested. Rubber and rice are the main agricultural crops. Brunei imports approximately 80 percent of its food requirements.

The Brunei economy grew by approximately 4.5 percent in 1991, an increase over 2.3 percent in 1990 and 2.5 percent in 1989. GDP growth continues to be largely a factor of the price of oil. Fluctuations in the world price of oil have as yet been of no urgent consequence to the domestic economic situation.

Through the Five Year Economic Plans the government has channelled its efforts into broadening economic activity. The 1986-1990 plan called for the development of local industries and the revitalization of the non-oil sector, particularly in the areas of forestry, fishery and manufacturing. The plan allocated US \$2.3 billion to projects which concentrated on expanding infrastructure development and social welfare services.

To date, results have been modest. The current Five Year Plan (1991-1995) further stresses infrastructure development and continued diversification. It aims at establishment of small and medium sized companies and reduction of dependence on government employment.