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## Recent Economic Developments in Brunei

It is estimated that the Brunei economy grew by approximately 2.5 per cent in 1989. The energy sector accounts for approximately three-quarters of the GDP, 55 per cent of all government revenues and nearly all of the country's export revenues. While Brunei is highly dependent on the energy sector, the fluctuation in the price of oil has had little effect on domestic economic conditions, principally because of the country's small population, relatively modest budgets and large foreign reserves.

The construction sector is the second-largest generator of economic activity after the oil sector and also the second-largest employer after the government, which employs 45 per cent of the country's labour force. The construction sector is largely made up of small companies that depend on the import of unskilled and semi-skilled labour. The performance of the construction sector has improved markedly since 1986, mainly as a result of large public development expenditures. In other sectors, it should be noted that manufacturing is limited and that agriculture is poorly developed (the country currently imports 90 per cent of its food requirements).

Japan is Brunei's largest trading partner, accounting for over 50 per cent of its exports and 6 per cent of its imports in 1988. The U.K. and Singapore follow in importance, Singapore being Brunei's major source of imports (36 per cent of the total in 1988). Trade with Canada is relatively limited and amounts to approximately C\$2 million annually.

GDP growth for 1990 and beyond is largely a factor of the price of oil. While its fluctuations are of no urgent consequence to Brunei's economic situation, they do emphasize the need for diversification away from the oil sector into capital- and technology-intensive activities. Recent government efforts through the fifth Five-Year Plan have, therefore, been directed at diversification. The Plan, initiated in 1986, calls for rapid development of local industries and the revitalization of the non-oil sector, particularly in the areas of forestry, fishery and manufacturing. The sixth Five-Year Plan currently being drafted, will provide a framework for economic development in Brunei during the period 1991-95.