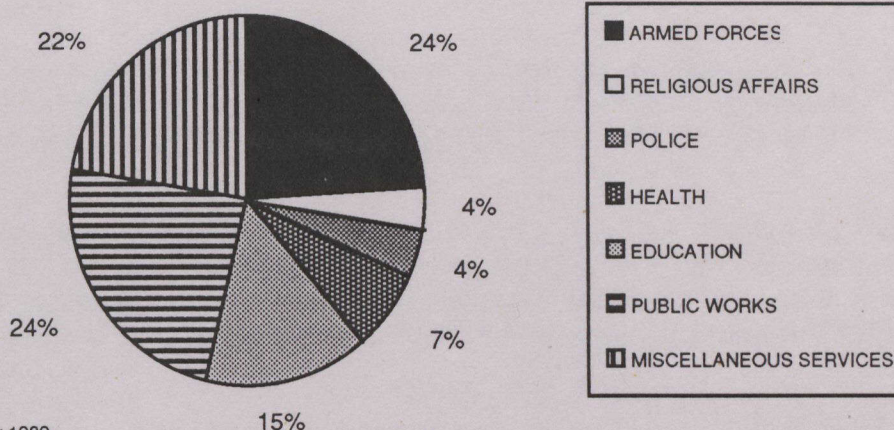


ECONOMIC OVERVIEW

Although development plan allocations for the security sector have declined slightly, the RBAF and Police are of considerable importance to the government. Between 1986-1990, the Ministry of Defense was allocated 10% of the 5th Five Year Development expenditure Plan (B\$16.2 billion), whereas in the Fourth Plan (1980-1984) expenditure on Security totalled B\$271.8 million, or 15% of total plan expenditure, of which Armed Forces received B\$240 million and the Police, B\$32 million.

The Armed Forces were allocated 24% of the government's 1988 budget.

ESTIMATED GOVERNMENT EXPENDITURE
1988



Source: Munibah, December 1989

CURRENT SITUATION

In 1986, the Brunei government purchased B\$2,500 of parts for tanks and other armored fighting vehicles from Singapore, and B\$1,584 of parts for missiles and similar war ammunition from Switzerland. Because the majority of defense equipment is approximately 20 years old, there will be an increasing demand for spare and replacements parts, and maintenance equipment.

Demand for Defense Equipment and Services

The emphasis of expenditure within the defense sector will be on training and modernizing the skills of the military manpower. Training will be focused on raising the skills of all services arms to fight in coastal, riverine and jungle terrain.

The recent upgrading of the Air Wing facilities will require pilot training programs for the 18-23 year old recruits.

The Ministry is considering a communication integration systems (e.g Command Control Communication Intelligence, C3I).

There are investment opportunities for Canadian participants in infrastructure development within the Armed Forces. Projects include road construction and building construction. Under the 5th Development a training center headquarters, indoor ranges, rapier missile range launching site, and a cartridge and light ammunition store have been constructed. The Director of Development and Works Service handles these infrastructure projects.