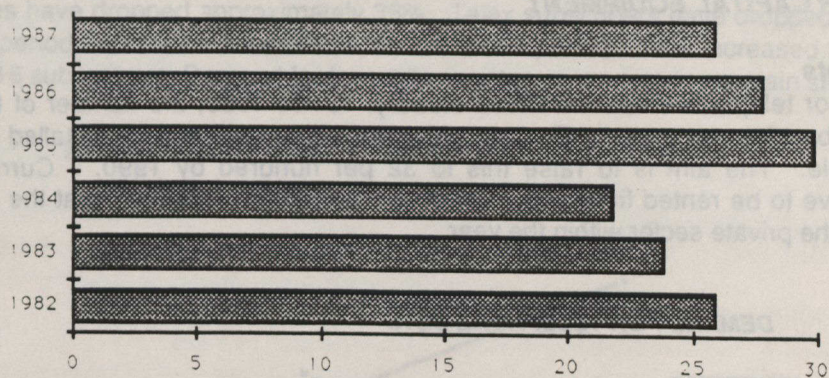


BACKGROUND ...

ECONOMIC OVERVIEW ...

Since 1980, a total of over B\$159 million in development funds has been spent to upgrade the system.

GOVERNMENT EXPENDITURE FOR TELECOMMUNICATIONS *



Source : Brunei Statistical Yearbook

* Recurrent Department Expenditure

CURRENT SITUATION

The average percentage of investments in public telephone equipment is as follows: plant for local networks (30%), exchanges (29%), long distance trunks (23%), subscriber's plant (10%), buildings and land (8%).

Between 1982-1989, the market size for telecommunications equipment was B\$167 million. For the same period, Brunei imported B\$6.9 million of telecommunications equipment from Canada.

The bulk of expenses between 1982-1989 was spent on switching equipment, PABX and CMTs. Capital equipment expenditures in order of largest dollar value, are PABX, CMTs, subscriber sets, radio and transmission equipment and cables.

**IMPORTED TELECOMMUNICATIONS EQUIPMENT
1982-1989**

EQUIPMENT	CANADA	GERMANY	JAPAN	USA
Subscriber Set			7,766,591	102,786
PABX	1,892,814		16,955,788	3,334,466
Mobile Phone	3,205,769			
Data		4,665,477	3,066,593	
Radio/Transmission			2,268,765	
Switching		35,325,948	16,525,939	16,901,255
CMTS				15,666,565
Radio Paging			5,058,031	
Cable			2,562,252	
Computer				2,098,504
Rural Radio				1,607,293

Source : Brunei Telecommunications Department