

## **Trade Policy Review of Brunei Darussalam**

(First Session on 27 November 2024)

### **Statement by Hong Kong, China**

- Thank you, Chair.
- I am delivering this statement on behalf of our Permanent Representative, who is now on business in Hong Kong.
- I would like to start by welcoming the delegation of Brunei Darussalam led by **Dr May ARIFFIN**, Permanent Secretary (Economy, Trade and Industry) from the Ministry of Finance and Economy. I would like to thank **Ambassador Dr QOBO** of South Africa for sharing his insights as the discussant. I also thank, as always, the Secretariat for preparing the comprehensive report.

### **Bilateral relations**

- Hong Kong, China (HKC) and Brunei have long been enjoying harmonious bilateral trade and economic relations. In 2023, our bilateral merchandise trade recorded an impressive growth of more than 51%, with the value amounting to US\$ 67 million. We are also one of the main sources of foreign direct investment (FDI) inflow to Brunei.
- We treasure the connections made with Brunei via the ASEAN. The ASEAN-HKC Free Trade Agreement and the related Investment Agreement have entered into force in full since February 2021. We appreciate Brunei's effort in bringing the two Agreements into force in October 2020.

### **Brunei and the WTO**

- Like HKC, Brunei is a founding Member of the WTO and a long-standing supporter of the rules-based multilateral trading system.
- With HKC being one of the main sources of FDI inflow to Brunei, we encourage Brunei to join us and over three-quarters of the Membership in supporting the Investment Facilitation for Development Agreement, which can promote sustainable development by fostering a more transparent and efficient business environment.

## **Trade Policy**

- With respect to the trade policy of Brunei, we have the following observations.
- First, on **trade facilitation**, we commend Brunei on digitising customs processes, upgrading its national single window, as well as implementing the authorised economic operators (AEO) programme since September 2017. We encourage Brunei to share these success stories in the Trade Facilitation Committee. Having said that, we note that Brunei's average international trade costs have ranked the highest in Southeast Asia from 2016 to 2022. We encourage Brunei to reduce cross-border trade costs and further improve its competitiveness in global trade.
- Second, on **tariffs**, we appreciate Brunei's efforts for simplifying and liberalising its tariff regime during the review period, including eliminating tariff bands with the highest rates and reducing tariffs on non-agricultural products. We are also pleased to note that Brunei is applying a very low tariff regime, with 92.5% of its tariff lines being duty-free and an average MFN tariff at 0.4%. However, some products like precious stones and metals, and leather articles were subject to tariff increases during the review period. We also observe a wide gap between the average bound rate (at 25.4%) and the average applied rate (at 0.4%). We encourage Brunei to continue its efforts in making the tariff regime more liberal and predictable.
- Third, on **services**, the services sector was the second largest contributor to the economy of Brunei, accounting for 38.1% of GDP in 2023. Public administration, finance, and wholesale and retail trade were the largest services sectors. We appreciate Brunei's plans to prioritise the development of services sectors, including information and communication technology and tourism sectors, as well as to enhance its business environment to attract FDI. We would encourage Brunei to continue liberalising its services trade regime for foreign investment.
- Last but not least, we thank Brunei for their timely response to our written questions, and we wish Brunei a successful trade policy review.
- Thank you.

**Hong Kong Economic and Trade Office in Geneva**  
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