

Brunei Darussalam – A Growing Investment Destination

When it comes to making a decision to invest in a foreign country, factors like economic stability, conducive business environment, access to raw materials, availability of skilled labour, level of taxation, as well as the cost of transportation and logistics, and the proximity to markets, will have an influence on the investor. Foreign investment requires a large capital commitment, therefore everything has to be taken into consideration.

At the outset, Brunei Darussalam may not seem to be highly competitive compared to its neighbors but those who have invested in the country, found that it has a lot to offer beyond oil and gas. In fact, Brunei Darussalam can offer some of the most attractive packages for foreign investors. The country is politically stable, crime rate is low and there is no personal income tax. While foreign companies are allowed to have 100% foreign ownership; credible and reliable co-investment partnership is available through the Strategic Development Capital Fund and other government linked companies under the Ministry of Finance giving foreign investors a peace of mind that their investments are perfectly secured. The government has also implemented many systematic reforms that have increased Brunei's global ranking to 84 in the Ease of Doing Business with more improvements in the pipeline, indicating that the efforts to attract more Foreign Direct Investment have already begun to see some results.



The CAE Multi-Purpose Training Centre at Rimba Digital Junction

CAE Brunei Multi-Purpose Training Centre, a joint venture between Brunei Darussalam and Canadian-based CAE Inc., started operating in 2014. Due to Brunei Darussalam's strategic geographical location, CAE Brunei MPTC does not only target Brunei-based clients but the ASEAN region as a whole and beyond. Today, the facility offers simulation-based training in defence, aviation, emergency/crisis management, healthcare and other industries with clients such as the Royal Brunei Air Force, Brunei Shell Petroleum Company Sdn Bhd, as well as overseas customers from Australia, China and Thailand.



Simpor Pharma's manufacturing facility at Salambigar Industrial Park

Simpor Pharma Sdn Bhd, a halal pharmaceutical manufacturing facility, was completed in 2013. The foreign partner, an affiliate of a Canadian firm, Viva Pharmaceutical Inc., intended to leverage on the strong reputation of the Brunei halal certification to be able to export to the growing halal market in the Asia Pacific region and the Middle East. Although the company is targeting Muslim markets, it also intends to penetrate the non-Muslim markets as well.



An artist impression of the petrochemical and refinery plant at Pulau Muara Besar

Zhejiang Hengyi Group from China made its decision to invest in a US\$4 billion petrochemical refinery at Pulau Muara Besar. The eight million tonnes of by-product that **Hengyi Industries Sdn**

Bhd intend to produce annually, including aromatics, gasoline and diesel, will be mainly destined for export back to China and around the region.



The Western Foods and Packaging margarine manufacturing plant at Serasa

An Istanbul-based company has also set up a joint venture with Brunei Darussalam under the company called **Western Foods and Packaging Sdn Bhd** to build a margarine manufacturing plant in Serasa, expected to be operational soon. The finished product will be exported back to Turkey and to the Middle-East market.

Another project that is being planned is the development of a 2,200 mtpd ammonia and 3,900 mtpd urea plant at the Sungai Liang Industrial Park (SPARK). **Brunei Fertilizer Industries Sdn Bhd** aims to further develop the downstream activities in the oil and gas sector. The plant is expected to be completed by 2020.

The country's market may be small and limited but the investors' decision to choose Brunei as a base for their expansion and manufacturing activities is already a positive sign that despite the limitations, we can offer advantages to foreign companies. With the ASEAN economic integration realized in 2015, foreign investors can now reach a market of more than 600 million in ASEAN. If the ASEAN dialogue partners: the EU, US, Russia, Canada, Australia, New Zealand, China, Korea, Japan and India are all included, the potential market is huge.



Minister at the Prime Minister's Office and Minister of Finance II and Chairman of FDI and Downstream Industry Steering Committee, Pehin Orang Kaya Laila Setia Dato Seri Setia Awang Haji Abdul Rahman bin Haji Ibrahim witnessing the exchange of documents

To enhance the development of the logistics industry and boost international trade, the government has also established a national shipping line with a foreign technical partner. **Amann Shipping Group Sdn Bhd** set up in May 2014. It currently operates in some of the ports in the region and is expected to contribute to the development of Muara Port as a regional hub for maritime transportation.



Padian 1 owned by Amann Shipping

As the host country, Brunei Darussalam stands to benefit from such inflow of foreign investments. The rise of manufacturing activities can boost the country's economic development by bringing in capital, creating jobs and enabling the transfer of skills and new technologies. Brunei's economic dependence on oil and gas can be significantly reduced and more indirect jobs will be made available in the support and service sectors such as logistics, transportation, supply, retail and tourism.

Ministry of Finance