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Pushpa Thambipillai

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# BRUNEI DARUSSALAM

## Making a Concerted Effort

Pushpa Thambipillai

It has been a very busy and auspicious 2007 for Brunei Darussalam. All strata of society appeared united in their combined effort to transform Brunei Darussalam into a more successful and developed model of a Malay Islamic state. Economic and social development occupied centre stage as various public and private sector initiatives were pursued resolutely. It was also the fortieth year of the reign of Sultan Haji Hassanal Bolkiah, a reminder of the event on 5 October 1967 when the young Sultan became the twenty-ninth ruler of the country on the abdication of his father, the late Sir Omar Ali Saifuddien. The anniversary was celebrated with much pomp and display of affection for a ruler who has earned his people's support. The "Melayu Islam Beraja" (Malay Islamic Monarchy) country had further reasons to celebrate with the birth of the Sultan's grandson and son of the Crown Prince, Haji Al-Muhtadee Billah and Pengiran Anak Isteri Pengiran Anak Sarah. The young prince, Abdul Muntaqim, born in March 2007, will be the likely bearer of the unbroken line of the sultanate of Brunei Darussalam.

### Visions for the State

The Sultan as Yang Di Pertuan (Head of State and Government) had a record-breaking schedule of meetings, both in and outside the country. Numerous scheduled events saw him addressing crucial issues of the state, extolling the ethos of commitment to economic and social development. A recurrent theme in his addresses dealt with the acquisition of knowledge and skills and issues related to youth, in fact, interrelated concerns on the future of Brunei Darussalam.

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PUSHPA THAMBIPILLAI teaches at the Department of Public Policy and Administration, Faculty of Business, Economics and Policy Studies, University of Brunei Darussalam.

One of the reasons cited for the slow take-off of the programme of diversification, away from the dependence on the government and hydrocarbon sectors, was the reluctance of investors to contribute to the state's industrialization efforts. Not only was size the usual excuse, a more factual concern was the lack of skilled local labour force. Thus steps were being taken to address some of the related shortfalls, and hence the emphasis in his majesty's speeches. At the opening session of the Legislative Council meeting in March, the Sultan declared that government programmes, in addition to emphasizing the country's development, should also focus on investment in knowledge and education. In a get-together with the teaching staff in tertiary education, he reminded them that scholars and students are role models based on their respective ideals and characteristics: scholars, in their respective fields, are the human capital generators, while students should strive to be the educated citizens so that both, as intellectuals of the society, can contribute to developing the nation. In a similar vein, the Sultan, as the Chancellor of the University of Brunei, encouraged the academics and students to be involved with nation-building through applied research in addressing societal issues. He emphasized that all fields of education would be supported and upgraded to benefit the youth of the country. On yet another occasion, during the national teacher's day observation, he envisioned a national education system that produces thinkers and educated intellectuals for the future.

Concern about Brunei's youth was not far from his national priority; for instance, at the opening of the fourth Southeast Asia Al-Quran Youth competition, he expressed his desire for a community of youth who follow religious practice, are noble in character, and understand national values so that they would become national assets. Earlier in his New Year speech he had announced the details of the second university he had proposed the previous year; it would be called Universiti Islam Sultan Sharif Ali, extending from the existing Faculty of Islamic Studies at the main University. The medium of instruction would be in Malay and Arabic, with plans for a wider range of courses to be introduced in later years. Later, at another religious event to mark the new Muslim year, he announced the upgrading of the Seri Begawan Religious Teachers College (under the Ministry of Religious Affairs) to that of a University College.

However, as the chief executive of the state, his visions for the country would not be realized if the state machinery were not in line with the national goals. As the prime mover of the nation's development, the public service was reminded to evaluate its performance while the private sector was urged to play a more active role and to look beyond its borders for better opportunities. The theme was reiterated at the twenty-third National Day speech when the Sultan

acknowledged the concerted efforts of the four pillars of the nation: the public service, the private sector, the non-governmental organizations, and the general public, reminding them that all have their roles as “givers and takers”. He saw the need for improvement in the quality of public services and the management of human resources in the technological and business fields.<sup>1</sup>

## Government and Administration

Brunei’s legislative process did not see any new developments in 2007. The Legislative Council had been reintroduced in 2004 after an absence of about twenty years and had passed some amendments to the Constitution. The proceeding announcements detailed a future legislature that would be enlarged to forty-five members, with fifteen members to be elected from the four districts of Brunei-Muara, Tutong, Belait, and Temburong. In 2005, by royal decree, the previous assembly of twenty-one members was dissolved and a new one with thirty members was instituted instead. However, the Council did not convene till March 2006 when its major task was, for the first time, to deliberate and pass the state budget. The third sitting of the Legislative Council convened ceremoniously, as in previous occasions, in March 2007. Its main agenda was to discuss the budget expenditure for 2007/08.

In addressing the opening of the Council, the Sultan called for development not only in the economy but also in aspects of knowledge and education. He encouraged joint investment in material and cultural aspects that could contribute to the country’s development. He reminded the legislators that in debating the budget they should take into consideration plans that are not just based on the “value-for-money” requirement but also towards creating cultural benefits for the nation. He noted that “a country which is deprived of culture and values will not be able to stand and excel”. He also cautioned that “all government agencies entrusted with their budget allocations would be able to control it with full accountability and use it as planned”. The main objective of the budget allocation, stressed the monarch, was to ensure that the welfare of the people continued to be maintained. He reminded those responsible that the implementation, monitoring and evaluation of the budget should ensure that the targeted parties could benefit well.

According to the report by the Second Minister for Finance to the Council, the estimated revenue for the financial year 2007/2008 was B\$5.766 billion, of which almost 90 per cent would come from the oil and gas sectors. A sum of B\$4.631 billion was proposed for the budget year. The significant portion, about 24 per cent, was intended for sectors covering safety and security, including

about B\$520 million as requested by the Ministry of Defence and the rest to be allocated for areas such as misuse of drugs, crime and vandalism of public property. As the economy continued to be heavily dependent on the public sector, the budget sought to strengthen the participation of the private sector through several projects initiated by the governmental agencies. Some of them include implementing entrepreneurship programmes for SMEs, assisting the private sector in agriculture, fisheries, food processing and through schemes to attract multinational corporations through competitive incentives. Thus several million dollars were allocated to initiate activities among the business community so that it would have a spillover effect on the national economy. Special budget allocation was also made for human resource development, capacity-building, scholarship, and education as well as for general infrastructure development. According to the Second Minister for Finance, the proposed budget expenditure would contribute to a national growth of 2.6 to 3 per cent during the target period. The legislative session saw some active debate on the allocations for the various ministries and heard responses by the respective Ministers to queries from the floor.<sup>2</sup> After the three-day session, there were no further sittings of the Council for the rest of the year. There had been expectation that the newly completed Legislative Building, built at a cost of over B\$62 million would be an occasion for another session, but it did not materialize. The elegantly built home for the Council is expected to be opened in early 2008.

The government machinery continued to provide its services to the public with a drive towards efficiency and productivity. A number of promotions and transfers among senior civil servants, including at the Permanent and Deputy Permanent Secretary level, took place. Issues of responsive government services have often been cited by the Sultan. In his National Day speech, for instance, he had announced the establishment of a committee coordinated at the Prime Minister's office to improve the quality of public service.<sup>3</sup> In that light, a working committee comprising representatives of the private sector, community leaders, and the Management Service Department met to discuss the promotion of better service. Some aspects of improved services can be noted in the Business Facilitation Centre at the Ministry of Industry and Primary Resources and the new billing systems adopted by the Ministry of Communications. In an effort to improve local level administration, the Village and Mukim (sub-district) Consultative Council held its national assembly and exhibition in August, only the second such meeting since the assembly was set up in 1993, although local level meetings are held regularly under the purview of the District Office, under the Ministry of Home Affairs. The local level councils are seen as a crucial link in the two-way communication

between the government and the people and as providing an opportunity for grass root participation. A major change in the administration of the urban centre was the expansion of the capital Bandar Seri Begawan's municipal council area from 12.8 square kilometres to 100.3 square kilometres in August 2007. The aim of expanding the capital to include the surrounding urban centres, *mukims*, and villages is to integrate the economic development and the management of services as well as to provide a large basis for revenue collection by the Bandar Municipal Department.

In the World Bank's ten year survey on governance, Brunei has maintained its position behind Singapore and Malaysia within the ASEAN group, scoring well in indicators such as law enforcement and control of corruption.<sup>4</sup> While the lengthy corruption case against a former Minister for Development continued intermittently, fresh cases of graft by government officials were brought to the courts. Although not rampant and it has not seriously tarnished the image of the public service, vigilance against corruption has been a continual focus by the government, especially the Anti-Corruption Agency, which has even brought the message to the young in schools. On a related issue, it was reported that in the court case between the Brunei Investment Agency (BIA) and Prince Jefri, the latter failed in his appeal to the Privy Council in London to keep certain overseas properties and valuables that he had been instructed to return to the BIA, an issue that had earlier been brought to the Brunei High Court in 2004.<sup>5</sup>

## Social Policies

According to data released by the Statistics Department in early 2007, Brunei's population stood at 383,000, an increase of 13,000 over the previous year.<sup>6</sup> Noteworthy is the fact that 27 per cent of them are between 5 and 19 years, and 54 per cent are between 20 and 54 years. This has been the general trend of the population distribution over the past few years, and thus it is clear where the social concerns lie. Education, health, housing, and employment have become major issue areas as 70 per cent of the population falls under the young working adult category. The Ministry of Education issued its Strategic Plan 2007–2011 and proposed to implement a relevant and balanced curriculum that would produce the essential citizens for the future. The Ministry has been working closely with local and foreign consultants to reassess its primary and secondary school systems, with adequate emphasis on technical education. At the higher education level, two new institutions began operations in 2007. The Universiti Islam Sultan Sharif Ali (UNISSA) will emphasize programmes based on the Islamic perspective,

with courses such as “Usuluddin” and “Syariah”. While Arabic and Malay would be the main languages of instruction at UNISSA, English language would also be incorporated in some of the courses, such as business studies, without duplicating courses already available at the University of Brunei or the Institute of Technology, but which would create graduates well versed in the Islam based on the Ahli Sunnah Waljammah and Shafie sect. Another Islamic-based college, the Seri Begawan Religious Teaching College, run by the Ministry of Religious Affairs, was upgraded to a University College that will offer degree and diploma programmes. It has been producing religious school teachers, mosque officials, and *imams* (heads of mosques).

The government continues to financially sponsor students both locally and abroad. In 2007, 400 students were given overseas scholarships under the various schemes. The Ministry of Education is responsible for selecting the largest number of awards that vary from certificate, diploma, and postgraduate studies. Included in this year’s awardees were three young students who would attend the National University of Singapore High School of Science and Mathematics in Singapore. The Ministry of Defence has also selected seventeen of the best students for overseas studies in various fields under the Royal Brunei Armed Forces (RBAF) Supreme Commander Scholarship and the RBAF Scholarship, continuing the scheme that began in 2005 to identify and train outstanding young leaders who would contribute in the defence and security fields.

While the best and the brightest set their sights on the future, it was inevitable that the state experienced unemployment, especially among the young that included university graduates and school leavers. At the end of 2007, there were about 6,000 job seekers registered at the Labour Department. The public and private sectors are cooperating in providing skills training, for example, in the fields of sales and insurance so that they would be employable since one of the comments from employers in the private sector was that the job seekers lacked the necessary experience. There were also encouraging signs that young people were venturing out into self-employment instead of waiting for the much-preferred public sector jobs. While creating jobs was a major priority in the development policies of the government, a new phenomenon is being faced, that of the increasing number of the elderly, including pensioners. The better quality of life has ensured that people live longer and thus the need, not only of increasing financial burden for the government (the government gives a nominal Old Age Pension allowance for all citizens aged 60 and above, the current recipients totalling about 17,000), but also for family and community support, especially through non-government organizations to assist those in dire need. A number of destitute cases were

highlighted in the media that created the much-needed social awareness in the country with a reported per capita income of over US\$30,000.<sup>7</sup> As a high per capita income state with well-developed social policies in place, the United Nations Development Program's Human Development Index rankings for 2007/2008 has placed Brunei the 30th among the 70 in the high human development group of countries, out of a total of 177 that were surveyed.<sup>8</sup>

One of the significant steps taken in safeguarding the labour environment in the country was Brunei's entry into the International Labour Organizations (ILO) as its 180th member in January 2007. Later in June, the Minister in charge of labour matters and other representatives from the government and private sectors attended the 96th International Labour Conference and Non-Aligned Movement Labour Ministers Meeting in Geneva. This implies that Brunei would adhere to the principles adopted by the ILO, including the acceptance of domestic labour unions.<sup>9</sup> An inaugural Labour Day celebration with an exhibition and talk was held to address the Labour Day theme of "Health and Safety Awareness for all Workers".<sup>10</sup> Though held on 5 May (and not on the universally recognized 1 May), it did signify the realization of the tripartite contribution of government, employers, and workers for Brunei's future development.

Despite the progress in certain areas of human development, there were still worrying signs of increased distribution and consumption of drugs especially among the young, leading to more action by the enforcement agencies. According to data from the Narcotics Control Bureau (NCB), the number of arrests in 2007 (732) was about a third more than in 2006. The fact that 394 of them were first-time offenders was cause for concern. The NCB had increased its efforts in educating the young, especially students through road shows and school visits; yet forty-two students, the majority ranging in age from 15 to 20, were detained for drug-related activities. This figure was three times more than the previous year. The NCB with the cooperation of public and private sectors has introduced greater vigilance measures at the workplace. It is also pursuing transborder cooperation with neighbouring countries to stem the flow of controlled drugs.

## Diversifying the National Economy

Brunei is one of the six high-income economies in Asia, out of a global group of sixty that earned a gross national income per capita above US\$11,116.<sup>11</sup> However, the continual search within Brunei is for diversification from the high dependence on trade and income based on crude oil and liquefied natural gas. Incremental steps are being taken to alleviate the situation. In a major speech

on the occasion of his birthday, the Sultan encouraged the small and medium enterprises (SMEs) to be more creative and independent in exploring business opportunities locally and abroad and called on government agencies to assist in their growth and development so that they could contribute to Brunei's economy. At a national forum on development an official of the Ministry of Industry and Primary Resources (MIPR) pointed out that diversification was being introduced through initiatives in the agricultural, fisheries and *halal* sectors and that the emphasis was on sustainable economic activities.<sup>12</sup> The MIPR, together with the Brunei Islamic Religious Council and the Ministry of Health, initiated the Brunei Premium Halal Brand that would make Brunei a global participant in the *halal* food production and certification sector. In relation to that, an International Halal Product Expo and Conference was organized for local and foreign participants. An agro-technological park for investment in *halal*-related industries is also being planned. Brunei seeks to take advantage of the large demand for *halal* products both from within the country and from the large global Muslim population, including in China. Several SMEs in the *halal* business have participated in expositions held in Malaysia and Singapore. Business enterprises have also been established in related services sector, the more important of which is the growing Islamic banking and insurance field.

The Brunei Economic Development Board (BEDB), a statutory body, has been in the forefront in applying diversification to Brunei's economy by engaging in research, consultancy and discussions with potential foreign investors.<sup>13</sup> One of its successes has been the establishment of the Sungei Liang Authority to develop the Sungei Liang Industrial Park. The Brunei Methanol Company (BMC), a joint venture between Brunei National Petroleum Company, Mitsubishi Gas Chemical Company and ITOCHU Corporation was incorporated to develop the methanol project using Brunei's gas resources; it would eventually establish a large-scale petrochemical plant in the Industrial Park. Basic infrastructure construction is underway, while some local personnel have already been employed by the BMC. It is expected that once the petrochemical industry is in full gear in a few years' time, it would provide employment and investment opportunities for a number of local SMEs as well.

The BEDB has also signed a Memorandum of Agreement with a Malaysian company to establish a biodiesel project in Brunei. This would not only meet the growing demand for biodiesel but also satisfy the search for alternate sources of energy away from hydrocarbons. However, the project is still in its exploratory stage. Another imminent project aimed at Brunei moving towards a petroleum-based centre is to establish oil refinery and storage facilities on Pulau

Muara Besar, just off Brunei's main port. An initiative that has already been implemented is the I-Centre to promote local SMEs in the ICT industry. It will act as an incubator to encourage young technopreneurs to develop their software skills. An experienced Singapore company, KR Consulting, an associate company of the National University of Singapore, has been hired to manage the I-Centre. In a society that is fast becoming IT competent, where about half the population comprises Internet users (according to the Authority for Info Communications Technology Industry), the I-Centre is seen as a potential source in developing a home-based IT industry.<sup>14</sup>

Another industry seeking a niche is tourism. Brunei being a relatively new destination, the Department of Tourism has aggressively promoted Brunei as the "Kingdom of Unexpected Treasures". It has also promoted the sultanate together with Sabah and Sarawak through the Borneo Package, and with its partners in the Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMPEAGA). Domestic tourism through the slogan "Kenali Negara Kitani" was launched in an effort to encourage locals to know their country better and in the process spur related economic activities like the local food, handicraft, and souvenir industry. Ever since the programme was introduced in the middle of the year, there appears to be favourable support for organized activities throughout the state, especially during the weekends and holidays. Another encouraging sign of tourist arrivals is the opening of the first Cruise Ship Centre in Muara in September 2007. According to the Tourism Department, twenty-three cruise ships called at Muara port throughout the year, bringing in about 12,800 passengers and 7,700 crew members.<sup>15</sup> It was a boom for local tour handlers and retail stores even if the visitors only alighted for a few hours during their stopover. Brunei's joining of the 157-member UN World Tourism Organization (UNWTO) at its 17th General Assembly in November 2007 will also give it the boost it needs to publicize its tourism potential. The expectation was not lost with the immediate visit of the UNWTO's Secretary General in December with offers of advice in technical and human resource training for Brunei's tourism sector.

In the meantime, Brunei's major industry, the oil and gas sector, continues to expand its operations through more extensive explorations on land and offshore, providing employment opportunities and promoting the growth of SMEs to service that sector. Although oil prices averaged US\$95 towards the end of the year and thus promised high income for the state, there has also been the related fear of rising costs since Brunei depends almost entirely on imports. The rate of inflation had reached 1 per cent by the end of the year. The Minister for Energy at the Prime Minister's Office has often called on the public to conserve energy

so that the government's expenditure on subsidies could be reduced. According to him, the subsidies on fuel for vehicles alone amounted to B\$200 million for the year. Electricity consumption has also been on the rise and alluding from his remarks, some of the subsidized perks may be removed in the coming years. There have been suggestions that Brunei should explore the benefits of hydro and solar energy.

The rationale in exploring various economic activities is not only to diversify the source of national income but also create employment for the increasing number of job seekers. However, Brunei seems still not well prepared in assisting the business community. In the World Bank's Doing Business Index, Brunei was at the 78th position among 178 countries. Visiting Bank officials suggested that the government ought to simplify the procedures to start a business in an effort to encourage more investors.<sup>16</sup> A venture between the government and the consultants, Oxford Business Group (OBG), resulted in the launching of the 2007 Brunei Darussalam Report by the OBG. The macroeconomic analysis and overview was targeted at potential foreign investors who required information on the various economic sectors in the country. One of the major foreign divestments from the sultanate was the termination of the twenty-five-year contract by the Singapore firm, PSA International, in April 2007 after managing the Muara Container Terminal for only six years.<sup>17</sup> No specific reasons were given for its return to the Ports Department, Ministry of Communications, which later reorganized the management of the facilities.

Overall, the economic growth has averaged at around 3 per cent. The government's expenditure continues its role as the engine of growth and the Ninth Development Plan (2007–2012) will contribute to further expansion of the economy. The Eighth Development Plan that ended in 2006 had a budget of about B\$8 billion and had targeted the diversification of the economy and the support for SMEs as priority areas. Although no official assessment has been published, the last Plan seems to have met most of its targets. The Ninth Plan and the proposed Long-Term Development Plan is keenly awaited for public dissemination in early 2008.

## **Securing a Stable Environment**

Brunei Darussalam continues to prosper in an environment of peace and stability. In his yearly assessment of the crime situation in the country, the Commissioner of Police noted a drop in criminal cases in 2007 as compared with the previous year. That did not imply that the country was crime-free;

crime figures were especially high in cases of theft and robbery. The overall decline, however, was attributed to better organization of the Police Force, the introduction of the *Skuad Tindakan Segera* or Immediate Action Squad and the close cooperation with other enforcement agencies. One of the related agencies is that from the Department of Immigration that has regular checks for illegal immigrants who have stayed beyond their social visit or employment passes. The enforcement included prosecution of illegal workers and their errant employers to emphasize the seriousness of the offence. According to official statistics, there were 1,745 deportations for various offences during 2007, while 188 were prosecuted for immigration-related offences, of which 68 received caning. The immigration offenders had also paid B\$372,700 in fines.<sup>18</sup> As the border separating Brunei with neighbouring Malaysia is not well secured, there is a high incidence of illegal movement of people and banned items like liquor and drugs.

Meanwhile at the opening of the new Legal Year 2007, the Chief Justice pointed to the large number of cases dealt by the courts and lamented that there was a backlog in the High Court due to the small number of judges and called for an increase. The Attorney General revealed that there were laws that the monarch had consented to but had not yet been implemented due to the lack of trained personnel.<sup>19</sup> Brunei has often looked to foreign experts to fill the highest seats of the judiciary so that all cases could be resolved judiciously and in a timely manner; in that respect two judicial experts were hired for the Appeal and Supreme Courts. For cases deemed as posing a threat to the state, the Internal Security Act (ISA) can be an option. In July 2007 five men held under the ISA since February 2004 for the possession and distribution of counterfeit Brunei money in the country were released. A few others from the syndicate had been released earlier in 2005. Another detainee held since February 2004 for allegedly leaking government secrets was freed in September 2007.

To ensure a peaceful environment, the government authorities, especially from the Ministry of Religious Affairs, kept a close tab on local groups that may be engaged in anti-establishment activities. For instance, there was scrutiny over practices that may be considered deviant from the official Islamic belief of the country, including practices of witchcraft by a “*bomoh*”. In order to focus on the deviant beliefs, a high-profile exhibition and seminar in the series on Knowledge Convention was held in the capital. The year’s theme was on *akidah* or religious belief and exhibited various items utilized in unIslamic ritual practices. Speakers at the forum echoed the concern that deviant teachings posed a threat to the state’s security and economic well-being by creating dissent and misuse of resources.<sup>20</sup>

Community-based associations were also under the scrutiny of the Registrar of Societies. Forty-one of them were deregistered due to inactivity or failure to submit their annual reports that contravene the Societies Order 2005. Another association that was delisted was the Brunei People's Awareness Party (PAKAR) due to internal feuding, a reason for cancellation as provided for in the Societies Order.<sup>21</sup> Meanwhile, two other political parties, the older Brunei National Solidarity Party (PPKB), and the larger National Development Party (NDP) continued to function according to their prescribed purposes.

While human security issues took centre stage, one of the prominent areas of concern was natural disaster. The National Disaster Management Centre (NDMC) held several workshops and drills to assess its preparedness. The inter-agency cooperation in disaster management cooperates with ASEAN for training in preparedness in relation to common disasters like landslides, flash floods, strong winds, and forest fires. The NDMC was put into force when a sudden freak gale storm hit the capital in late July. Another source of support for local disaster management is the Fire and Rescue Department (FRD), which has been reorganized in the last few years to provide a range of services beyond just extinguishing fires. The Director of the FRD is also the Director of the NDMC, who has been recruited from the pool of retired armed forces officers, in order to provide both centres the professionalism they require in addressing issues affecting national order.

As for the uniformed services, there has been a gradual increase in the number of personnel in the various branches. The Ministry of Defence issued its "Defence White Paper Update 2007" with the theme "Shaping the Force Today".<sup>22</sup> The first White Paper was issued in 2004; the later one reviewed the progress and provided new strategies for the defence and security of the state. It organized its first international defence exhibition and forum entitled BRIDEX to attract foreign weapons manufacturers as well as military and defence experts to discuss current strategic issues. It will be a bi-annual event; the next is planned for August 2009.

## **External Relations**

It was a busy year on all fronts of its external diplomatic, economic and defence relations. There appeared to be a more integrated effort in representing the multiple interests of the tiny state. Bilateral and multilateral linkages were strengthened. The year started with the Twelfth ASEAN Summit in Cebu in January, postponed from the previous month. The usual rounds of talks enabled

Brunei leaders to interact with their counter parts, including the special summit of the East Asean Growth Area (EAGA). Later in the year, at the Thirteenth ASEAN Summit in Singapore, once again the Brunei leaders engaged with the expanded family of ASEAN and the East Asia Summit. Brunei supports the ASEAN Charter and will be ratifying it in early 2008. It has also given its support to conserving energy and to addressing issues of climate change, issues covered in the Singapore Summit. Brunei had earlier in Cebu signed a declaration with the other countries on “The Heart of Borneo”, thus showing its willingness to protect the environment and support the biodiversity of selected areas in Borneo. The other yearly gathering was that of the summit of the APEC leaders and related meetings. The year also saw the summit of Commonwealth leaders in Uganda, which was attended by the Foreign Minister, Prince Mohamed. Brunei’s royal family was also in attendance at the celebrations on the installation of the Yang Di Pertuan Agong of Malaysia.

The Sultan strengthened bilateral ties with his first state visit to Cambodia where he had an audience with the King, and later to Japan where he met the Emperor and Empress of Japan and other leaders. To support the long-standing Brunei-Japan bilateral ties, the Sultan and Prime Minister Shinzo Abe signed the Brunei-Japan Economic Partnership Agreement, essentially a free trade agreement that would ensure closer economic cooperation. Japan seeks oil and gas supplies from Brunei while the latter is keen on Japanese investment and technology in its economic diversification programme.<sup>23</sup> The bilateral relations between Brunei and China have also been intensifying over the past few years. The Crown Prince and Senior Minister at the Prime Minister’s Office, Prince Al-Muhtadee Billah, attended the Fourth China ASEAN Expo and the China ASEAN Business and Investment Summit in Nanning in October and officiated the opening of the Brunei Pavilion. A large delegation of government and business personnel attended the expo and summit with the purpose of showcasing Brunei’s prospects to potential Chinese investors. The Prince also paid an official visit to the Philippines where he participated in an international billiards tournament. The Minister for Foreign Affairs and Trade, in addition to his busy schedules with ASEAN, also attended meetings of foreign ministers of ASEM (Asia Europe Meeting) in Helsinki and of the Organization of Islamic Conference (OIC) in Pakistan.

Several delegations of prominent foreign leaders visited Brunei throughout the year. Malaysia’s newly installed Agong and the Raja Permaisuri paid a state visit to reaffirm the existing close personal and official relations. One of Brunei’s newest partners in the region is Vietnam, which has established ties in trade,

training, and labour. The first few hundred Vietnamese workers arrived in the country over the past two years to work in the services sector. The Vietnamese Vice-President paid a visit in March, followed by the Prime Minister in August. The Sultan pointed out that Brunei relished the fact that it was in Brunei that Vietnam was officially admitted to ASEAN. Another ASEAN visitor was the Lao Prime Minister. The Annual Leaders' Consultation between Brunei and Malaysia was hosted by Brunei with the visit of Prime Minister Abdullah Badawi and delegation. Among the issues discussed were proposals to resolve the bilateral maritime boundary issues, promotion of easier border crossings through the frequent travellers' card, increasing airline flight frequencies, and expanding cooperation in tourism, Islamic banking, and the *halal* industry. A delegation led by Singapore's Foreign Minister was also in the sultanate as part of the Twelfth Singapore-Brunei Exchange visit. It comprised several ministers and civil servants that also included discussions with the Sultan. The close relations between the two countries were further sealed with the visit of Prime Minister Lee Hsien Loong in June that coincided with the Fortieth Anniversary of the Currency Interchangeability Agreement between the two countries that began in June 1967. To mark the occasion, the two leaders jointly launched a new \$20 note. Observed the Sultan, "on one side, it shows us as sovereign nations. On the other, it shows us as very closely linked in a crucial aspect of modern life. That clearly sums up our countries".<sup>24</sup> According to a report, the issuing of the currency note will reassure Singapore retailers and consumers that the interchangeability agreement was "here to stay" as there had been incidents where some Singapore retailers refused to accept Brunei dollars while the Singapore dollar is widely accepted in Brunei.<sup>25</sup> Diplomatic and economic ties were strengthened with older partners like the United States and Australia, while a new partner, Afghanistan, entered the fold, with the establishment of bilateral diplomatic relations.

Security and defence ties were also promoted through the exchange of visits and joint training with foreign partners, for instance, with Singapore, Malaysia, and Indonesia. There were port calls from the navies of Japan, France and the U.S. navy based in Japan. The American naval personnel participated in some charity work while on shore, helping out at some voluntary organizations. The Royal Brunei Armed Forces also participated in the Cooperation Afloat Readiness and Training (CARAT) 2007 exercise with the United States. Commensurate with its capabilities, Brunei carries out its commitment through ASEAN to ensure a peaceful regional environment. An example is its continued involvement in the International Monitoring Team in Mindanao, where six members of its armed forces serve for a year's tour of duty at a time.

Although a small state, with limited human resources, Brunei stresses its participation in an array of international organizations like the World Health Organization, the World Meteorological Organization, Islamic Educational, Scientific and Cultural Organization (ISESCO), the International Police organization (Interpol) and the ASEAN Police organization (Aseanpol) as there are mutual benefits to be gained through inter state cooperation in various fields.

## Conclusion

It has been a good year for Brunei Darussalam in terms of the concerted effort of all sectors of the society, the public sector, the business enterprises, the voluntary societies, national athletes and others who have taken an active role in the state's development. Extending from within to outside the state, the enthusiasm to move forward earnestly was taking shape.

## Notes

- <sup>1</sup> References to the relevant speeches can be found in <[www.brunei.gov.bn](http://www.brunei.gov.bn)>; they are also reported in *Borneo Bulletin* and in *Pelita Brunei*.
- <sup>2</sup> *Borneo Bulletin*, 7 March and 12 March 2007.
- <sup>3</sup> *Borneo Bulletin*, 23 October 2007.
- <sup>4</sup> *Borneo Bulletin*, 14 July 2007.
- <sup>5</sup> *Borneo Bulletin*, 9 November 2007.
- <sup>6</sup> For further details, see <[www.depd.gov.bn/banci2007](http://www.depd.gov.bn/banci2007)>.
- <sup>7</sup> Data from the Department of Economic Planning and Development gives the current per capita income at B\$49,000. See <[www.depd.gov.bn](http://www.depd.gov.bn)>.
- <sup>8</sup> See <[www.hdr.undp.org](http://www.hdr.undp.org)>, accessed 2 December 2007.
- <sup>9</sup> Brunei's representatives had been regularly participating as observers in some of the previous ILO meetings.
- <sup>10</sup> *Borneo Bulletin*, 6 May 2007.
- <sup>11</sup> For further information, see <[www.worldbank.org](http://www.worldbank.org)>, accessed 28 December 2007.
- <sup>12</sup> *Brunei Times*, 22 April 2007.
- <sup>13</sup> The motto of the BEDB is "Creating employment and business opportunities for the people of Brunei Darussalam". Further information on the BEDB can be accessed at <[www.bedb.com.bn](http://www.bedb.com.bn)>.
- <sup>14</sup> *Borneo Bulletin*, 8 November 2007.
- <sup>15</sup> *Borneo Bulletin*, 29 December 2007.
- <sup>16</sup> *Borneo Bulletin*, 6 November 2007.
- <sup>17</sup> *Straits Times*, 25 January 2007; *Borneo Bulletin*, 26 January and 30 January 2007.
- <sup>18</sup> *Borneo Bulletin*, 27 December 2007.

- <sup>19</sup> For details of the speeches, see *Borneo Bulletin*, 28 March 2007.
- <sup>20</sup> *Borneo Bulletin*, 27 July 2007.
- <sup>21</sup> PAKAR had been one of three political parties in the state and had tried to organize itself but it did not succeed. One of the main problems was related to leadership. For information on the deregistering of the societies, see *Borneo Bulletin*, 20 March 2007.
- <sup>22</sup> Details of the White Paper are given at <[www.mindef.gov.bn](http://www.mindef.gov.bn)>.
- <sup>23</sup> *Borneo Bulletin*, 19 June 2007 and 20 June 2007.
- <sup>24</sup> *Borneo Bulletin*, 28 June 2007.
- <sup>25</sup> *Straits Times*, 27 June 2007.