



## Chapter 2

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# Trade Facilitation in Brunei Darussalam and the Results of the ASTFI II Follow-up Study

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This chapter should be cited as:

Chian, K.W. (2023), 'Trade Facilitation in Brunei Darussalam and the Results of the ASTFI II Follow-up Study' in Buban, S.,D.A.Narjoko, R. Shreshta, and D.T.T Ha (eds.), *Follow up ASEAN Seamless Trade Facilitation Indicators*. Jakarta: ERIA, pp.44-59.

# 1. Overall Trade Facilitation Environment

Brunei Darussalam's economy is primarily driven by oil and gas, which accounted for about half of its gross domestic product (GDP) and merchandise exports and four-fifths of government revenue in 2021. This high dependence on non-renewable resources makes Brunei Darussalam vulnerable to volatile international oil and gas prices. Since the oil price collapse in mid-2014, Brunei Darussalam has been experiencing fiscal pressures and has undergone fiscal consolidation. The economy contracted for 4 consecutive years from 2013 to 2016, but has since achieved modest growth. Despite the challenges posed by the coronavirus disease (COVID-19) pandemic, Brunei Darussalam's economy grew by 1.1% in 2020, owing to swift outbreak containment measures that enabled a quick resumption of service activity, as well as robust growth of the downstream oil and gas sector. However, the economy contracted by 1.6% in 2021, in part reflecting the impact of the reimposition of stringent restrictions during the second half of 2021 to contain the COVID-19 outbreak fuelled by the virulent Delta variant.

Brunei Darussalam's merchandise exports decreased markedly from B\$13.438 billion in 2014 to B\$9.122 billion in 2020, but recovered strongly to B\$14.134 billion in 2021 thanks to the sharp rise in oil and gas prices (Table 2.1). The main export is mineral fuels, which contributed 78% of total merchandise exports in 2021. Brunei Darussalam's largest exports partners are THE Association of Southeast Asian Nations (ASEAN), Japan, China, and Australia. Meanwhile, merchandise imports have surged from B\$4.556 billion in 2014 to B\$9.722 billion in 2021. Since 2019, mineral fuel imports have jumped, following the commencement of a large oil refinery and petrochemicals complex, making up three-fifths of total merchandise imports in 2021. Other key imports are machinery and transport equipment, manufactured goods, and food. Brunei Darussalam's largest import partners are ASEAN, China, Australia, US, and the European Union. While Brunei Darussalam is a net exporter of merchandise goods, it is a net importer of services. Brunei Darussalam's services trade exports are mainly in transport and travel, while imports consist of transport, travel, construction, and business services.

The country's trade performance and the pace of diversification, especially in the downstream oil and gas sector, suggest that trade facilitation will play a more substantial role in the future to help expand non-oil and gas exports and broaden the revenue base.

**Table 2.1. Brunei Darussalam's Merchandise Trade, 2014–21**  
(B\$ million)

	2014	2015	2016	2017	2018	2019	2020	2021
<b>Total Exports</b>	<b>13,438.0</b>	<b>8,714.8</b>	<b>6,790.0</b>	<b>7,711.6</b>	<b>8,871.8</b>	<b>9,886.2</b>	<b>9,121.8</b>	<b>14,133.8</b>
Mineral Fuels	12,432.1	8,102.9	5,973.6	6,907.0	8,072.9	9,031.4	7,435.5	11,037.2
Others	1,006.0	611.9	816.4	804.5	798.9	854.8	1,686.3	3,096.6
<b>Total Imports</b>	<b>4,556.2</b>	<b>4,447.5</b>	<b>3,689.0</b>	<b>4,256.8</b>	<b>5,622.3</b>	<b>6,956.9</b>	<b>7,338.6</b>	<b>9,721.7</b>
Machinery and Transport Equipment	1,755.0	1,752.5	1,214.7	1,452.0	2,154.0	2,048.3	1,944.5	1,422.2
Manufactured goods	684.8	953.8	736.3	1,028.1	1,600.2	965.0	827.1	547.5
Food, beverages and tobacco	680.9	679.0	668.3	614.6	662.0	673.8	767.2	799.7
Chemicals	384.5	323.2	335.5	339.3	358.6	489.4	669.3	578.5
Mineral Fuels	462.5	269.8	314.4	366.4	370.3	2,341.6	2,679.6	5,832.3
Miscellaneous Manufactured Articles	500.8	381.3	343.3	351.4	396.0	379.7	404.8	425.9
Others	87.7	87.9	76.3	104.9	81.3	59.0	46.1	115.6
<b>Trade Balance</b>	<b>8,881.8</b>	<b>4,267.3</b>	<b>3,101.0</b>	<b>3,454.8</b>	<b>3,249.5</b>	<b>2,929.3</b>	<b>1,783.2</b>	<b>4,412.1</b>

Source: Department of Economic Planning and Statistics.

## 1.1. Trade Policy and Institutions

Under Brunei Darussalam's Constitution, His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam is the head of state and has absolute executive and legislative powers. His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam is also the head of government and is served by the Council of Cabinet Ministers, in which His Majesty is also the Prime Minister, Minister of Defense, Minister of Finance and Economy, and Minister of Foreign Affairs. The Legislative Council advises and debates on policies under consultation or implementation, and considers and approves annual government budgets. All the cabinet ministers and legislative members are appointed by His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam. Brunei Darussalam's legal system is based on the Common law and Sharia law.

In January 2021, Brunei Darussalam released the Economic Blueprint, which acts as a guide for stakeholders to build on the country's economic successes through well-defined aspirations and policy directions complementing the efforts to achieve Wawasan Brunei 2035's Goal 3: Dynamic and Sustainable Economy. There are six aspirations in the economic blueprint: (i) Aspiration 1 – Productive and Vibrant Businesses; (ii) Aspiration 2 – Skilled, Adaptive and Innovative People; (iii) Aspiration 3 – Open and Globally Connected Economy; (iv) Aspiration 4 – Sustainable Environment; (v) Aspiration 5 – High Quality and Competitive Economic Infrastructure; and (vi) Aspiration 6 – Good Governance and Public Service Excellence.

In recent years, Brunei Darussalam has undergone significant institutional changes and policy reforms to improve the business environment, facilitate trade, and attract foreign direct investment (FDI). The Ease of Doing Business Steering Committee, an inter-ministerial and multi-agency institutional setup, has successfully coordinated and implemented various reforms which have seen Brunei Darussalam climbing up the ranks in the World Bank's Doing Business (DB) rankings. Brunei Darussalam was ranked 66th in the latest edition (DB2020), up from 105th in DB2015. It took 5 days and three procedures to start a business in 2020, substantially faster compared to 104 days and 18 procedures in 2015. Meanwhile, in the World Economic Forum's Global Competitiveness Index, Brunei Darussalam climbed six places to the 56th position in 2019.

The Ministry of Finance and Economy (MOFE), in cooperation with other ministries and agencies, leads the formulation and implementation of Brunei Darussalam's trade policy. Brunei Darussalam remains committed to free and open trade, and is of the view that active engagement in Free Trade Agreements (FTAs) with key strategic partners will help increase market access and investment inflows to help its diversification efforts. Under the ASEAN framework, Brunei Darussalam has FTAs with Australia and New Zealand; China; Hong Kong, China; India; Japan; and the Republic of Korea. Brunei Darussalam also has a bilateral agreement with Japan (Brunei Darussalam-Japan Economic Cooperation Partnership Agreement). More recently, Brunei Darussalam, along with the other nine ASEAN Member States (AMS) and their five FTA partners, signed the Regional Comprehensive Economic Partnership (RCEP) in November 2020 and the Agreement entered into force on January 1, 2022.

Brunei Darussalam has very low tariffs. The simple average applied most favoured nation (MFN) rate has decreased from 3.7% in 2007 to 0.2% in 2020. Non-tariff measures (NTMs) are dominated by Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary requirements (SPS), contributing to 44% and 31% of the total of 558 NTMs, respectively. Most of the NTM regulations are for public health safety considerations on product quality.

## 1.2. Other Trade-related Reforms

Over the past several years, numerous reforms have been implemented to improve the business environment. Various investment and tax incentives have been introduced; for instance, encouraging the establishment of industrial and economic enterprises under the Investment Incentives Order 2001 and changes to the Income Tax Act (Chapter 35), enacted in 1949, to gradually reduce the corporate tax rate from 27.5% in 2008 to 18.5% as of present. In 2016, Darussalam Enterprise (DARe) was set up to support local micro, small, and medium-sized enterprises (MSMEs) by providing capacity building programs, industrial space, international market access opportunities, and financing. Other institutional setups include the Brunei Economic Development Board (BEDB), supported by the FDI Action and Support Centre (FAST, a function under the BEDB) which is responsible for the promotion and engagement of new investment to the country and for supporting and facilitating incoming investment on a fast-track approval process right up to the operation of the FDI projects. FAST also provides after-care support for FDI projects on issues such as expansion, export facilitation, and utilities, amongst others.

Brunei Darussalam has made amendments to its Intellectual Property Rights regime by passing various legislations on copyright, patents, trademarks, industrial designs and plant varieties protection as well as establishing the Brunei Intellectual Property Office in 2013. Brunei Darussalam has also acceded to and participated in various Intellectual Property Rights agreements and treaties to comply with international standards.

The Competition Commission of Brunei Darussalam was established in 2017 to promote fair competition through the enforcement of the Competition Order 2015. The Order has the objectives of enhancing economic efficiency and consumer welfare by prohibiting anti-competitive agreements, abuse of dominant power, and anti-competitive mergers. The Department of Economic Planning and Statistics in MOFE, through the Department of Consumer Affairs, is tasked with administering two important pieces of legislation – consumer protection and price control. Consumer protection came into force in 2012 under the Consumer Protection (Fair Trading) Order 2011 to protect consumers against unfair business practices. The Price Control Act (Chapter 142), enacted in 1974, regulates prices of selected essential goods specified in the law, sale activities, and display of prices.

To support fair trade and competitiveness and to address safety and consumer protection, the National Standards Centre is tasked with facilitating standards and conformance in accordance with national, regional, and international requirements. The National Standards Centre also provides guidance and information on standards, conformity assessment, and accreditation to government ministries and other related agencies.

The Government of Brunei Darussalam takes an active stance on corporatisation, with the view to improving accountability and governance, thereby enhancing efficiency and productivity. Darussalam Assets plays an integral role in the Government-led initiative to spur economic development, with the strategy to turn Government-Linked Companies within its portfolio into world-class corporations. Its portfolio of companies covers various sectors of the economy including aviation, telecommunications, power utilities, logistics, agribusiness, food and beverage, leisure and tourism, medical, education, hospitality, and real estate. In an effort towards a balanced budget, the Brunei Darussalam Government is also engaging the private sector and FDI to work with the public sector, especially in infrastructure development through public-private partnership to address Brunei Darussalam's infrastructure gap and to realise the objective of several economic and social policies, including stimulation of private sector growth, investment opportunities, and streamlining the public sector workforce.

### 1.3. Trade Facilitation Measures during the COVID-19 Pandemic

An immediate impact of the COVID-19 pandemic can be seen in the shortage of certain goods and shipping delays, and consequently a surge in freight costs and prices of imported items, due to international trade and supply chain disruptions. In particular, imported meat products, which require Halal import certification, have been in short supply as the number of physical inspections carried out in the exporting country is now limited. Similarly, prices of fruits and vegetables have increased markedly due to limited supply amid mobility restrictions in agricultural producing countries. Prices of certain food commodities, such as wheat and oils, have also risen sharply in recent months due to the effects of the war in Ukraine.

The Brunei Darussalam Government has implemented numerous measures to address the impact of COVID-19, focusing on maintaining the well-being of the people, protecting jobs, and supporting businesses. Measures directly related to facilitating trade include opening the Sultan Haji Omar 'Ali Saifuddien Bridge linking the Brunei-Muara District and Temburong District (which allows road travel between the eastern and western part of Brunei Darussalam without having to go through Malaysian borders), arrangement with Malaysia's border control to allow entry and exit for the purpose of trade, alleviating financial burden on hard-hit sectors such as granting deferment on loan principal repayments, providing discounts on corporate income tax, waiving trade and payment transaction fees, exemption of customs and excise duties on personal hygiene products, and encouraging participation on e-commerce platforms. Travel bans, which were erected in March 2020, have recently been lifted to allow the resumption of non-essential travel.

## 1.4. ASTFI II Survey

A follow-up ASEAN Seamless Trade Facilitation Indicators (ASTFI II) questionnaire survey was conducted in the second half of 2020 with regulatory agencies to assess progress in the trade facilitation environment and performance of trade facilitation indicators across seven domains: (i) Transparency and Information on Laws, Regulations, and Procedures; (ii) Communication with and Active Engagement of the Private Sector; (iii) Release and Clearance Formalities; and (iv) Import/Export Formalities and Coordination; (v) Cross-Border Coordination and Transit Facilitation; (vi) Transport Facilitation; and (vii) E-commerce. The next few sections describe the trade facilitation environment of key regulatory agencies, followed by a discussion of the results of the ASTFI II survey and highlighting the changes from the ASTFI I survey conducted in the first half of 2018.

# 2. Trade Facilitation Environment – Customs and Major Agencies

## 2.1. Customs

The Royal Customs and Excise Department (RCED), under the purview of MOFE, is tasked with facilitating customs procedures. To make trading easier, RCED introduced an electronic customs system (e-Customs) in 2010. The e-Customs system allows the trading community to submit applications electronically to RCED for processing, including automatic calculations of customs duties and billing, resulting in a faster turnaround time. In addition, this central database enables ease of information retrieval and sharing, thereby facilitating monitoring of risks.

Implementation of the e-Customs system is the first step towards establishing the Brunei Darussalam National Single Window (BDNSW). The BDNSW was implemented in 2013 to simplify trade-related processes and procedures through an integrated platform and allows for electronic submission of customs declarations and permit applications for approval from 20 government agencies and online payment of customs or excise duties. Essentially, this eases the flow of information as well as enhances transparency and efficiency. This has resulted in an improvement in key indicators of 'Trading across Borders' in the World Bank's DB Report. For instance, the time taken for documentary compliance to import goods has reduced from 144 hours in 2016 to 132 hours in 2020. While this improvement is encouraging, trade transaction costs remain much higher than other AMS.

There are five steps involved to import or export goods through BDNSW. First, importers or exporters are required to register with RCED or appoint a customs agent (forwarder) on their behalf. Second, application of import or export permits for restricted and controlled items is to be lodged with the regulatory agencies. Third, online declaration can be submitted 2 weeks in advance before import or export. Fourth, importers are required to pay custom or excise duties online during submission of declaration (no duties are imposed on export products). And fifth, an approved customs declaration to be presented during customs inspection and clearance of goods, together with other supporting documents (e.g. approved import declaration, bill of lading/air waybill, packing list, commercial invoice, license/permit), when required.

Since April 2018, the BDNSW has undergone several enhancements, including online manifest submission, blanket approval of permits, mandatory advance duty payment upon declaration submission, and online risk profiling.

## 2.2. Major Agencies

There are several regulatory agencies involved in the trade facilitation process, particularly in granting license or permit for restricted and controlled goods. The major agencies covered in this report are the Brunei Darussalam Food Authority (BDFA) and Department of Pharmaceutical Services (DPS) in MOH; Halal Food Control Division (HFCD) in MORA; Department of Agriculture and Agrifood (DoAA), Department of Fisheries, and Forestry Department in the Ministry of Primary Resources and Tourism (MPRT); and the Authority for Building Control and Construction Industry (ABCI) at the Ministry of Development (MOD).

BDFA oversees the importation of food products to ensure that they are safe for consumption, while DPS regulates pharmaceutical products, including medicines, health supplements, herbal products, and cosmetics. HFCD is in charge of granting approvals for importation of Halal meat products. It maintains stringent standards for Halal meat import, such as requiring approved Halal supervisors and physical inspection of the abattoirs in the exporter's country in which the full costs are borne by the importer. The final decision on issuing of import permit is made by the Board for Issuing Halal Import Permit. In addition to HFCD, importers of Halal meat products also require endorsement from DoAA, BDFA, and RCED. For non-Halal meat products and processed food products, import permit approval is only sought from BDFA.

DoAA is tasked with issuing permits for agricultural commodities such as live animal and animal products, animal feed, veterinary drugs, plants and plant products, inorganic and organic fertilisers, and agricultural pesticides. Department of Fisheries issues permits for live, fresh, and frozen fish and processed seafood products, while the Forestry Department regulates sawlog, sawn timber, and other semi-finished and finished timber products. ABCI is in charge of issuing import permits for construction raw materials, including cement, red clay bricks, coarse aggregates, fine aggregates and sand.



Brunei Darussalam also restricts exports of certain goods, mainly subsidised products, to ensure adequate domestic supply and price stability. There are no export taxes or levies.

## 2.3. Results of the ASTFI II Survey

### 2.3.1. Transparency and Information on Laws, Regulations, and Procedures

Brunei Darussalam performed well in this domain. Information on laws, regulations, and procedures can be found on the customs website<sup>1</sup> and the BDNSW<sup>2</sup>. In addition, applied duty rates are now published, which were not available in 2018. Brunei Darussalam also has a National Trade Repository<sup>3</sup>. However, it contains only eight out of the nine elements required at the ASEAN level. The missing element is the list of authorised traders. RCED has a dedicated email address for enquiries as well as a customs service counter, and services are offered in both the local language and in English.

### 2.3.2. Communication with and Active Engagement of the Private Sector

Communication with private sector and facilitation programmes for companies is done on ad-hoc basis, as there is no official mechanism such as a National Trade Facilitation Committee (NTFC) yet in the country. Coordination between ministries for issues pertaining to international trade also occurs on ad-hoc basis. As for the development of MSMEs, it is facilitated by DARE, which provides a Business Support Centre for businesses to obtain advice and information on business-related processes, learn about and apply for MSME programmes and initiatives, and register business-related issues, feedback, and inquiries. This internal coordination mechanism is somewhat equivalent to an NTFC.

### 2.3.3. Release and Clearance Formalities

Brunei Darussalam performed moderately well in this domain, but with high variation amongst its indicators. Advance rulings are restricted only to the applicants and are not published. While the exclusivity of advance rulings may be arguably sensible, since export-import transactions could be rather unique, it is not in accordance with best practice whereby advance rulings are publicly available. As for pre-arrival document processing, it is available in the two major ports (Muara Port and Brunei International Airport) and also at all other seaports, airports, and land border crossings.

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<sup>1</sup> <https://tradingacrossborders.mofe.gov.bn/SitePages/home.aspx>

<sup>2</sup> <https://bdnsw.mofe.gov.bn/Pages/Home.aspx>

<sup>3</sup> <https://bdntr.mofe.gov.bn/SitePages/home.aspx>

RCED adopts risk management commonly applied by Customs in other countries, i.e. assessing import goods by applying inspection randomly or based on some risk factors, and the target rate of inspection is 70%. The other major agencies also apply a system of risk management, but there is some heterogeneity. DoAA, Department of Fisheries, and the Forestry Department inspect shipments randomly and based on risk factors, and DPS conducts 100% inspection for specific products (e.g. narcotic drugs). However, BDFA and ABCi do not conduct border inspections. For DoAA, risk-based physical inspection is conducted due to strict requirements on imports of raw food or vegetables. For example, consignments containing imported raw beef meat from India are inspected for every consignment, but such consignments from Australia are inspected only once over a period of time (e.g. once every 3 months). HFCD has a unique system of risk management to fulfil the requirements of Halal food products. As noted earlier, risk management applied by HFCD involves physical inspection by HFCD officials at the producers' premises in their home country. This applies once for processed food and every time for raw food (e.g., meat such as chicken or beef). RCED and most major agencies therefore apply a system of risk management but it is not fully integrated yet.

RCED now allows the release of imported goods without payment, based on a provisional manifest or declaration submission with guarantee (previously, a complete manifest was required). However, it only applies to Authorised Economic Operators (AEO) under the Sutera Lane Merchant Scheme. Non-AEOs must still make full payment before the goods are released. RCED allows all necessary payments for importation and exportation to be made electronically. Other agencies such as DoAA, Department of Fisheries, and HFCD also allow electronic payment, but payment at others, such as DPS and ABCi, are still done manually. For review and appeal mechanism, there is a mechanism for initial appeal reviews to Customs (e.g. customs tribunal), but judicial appeal is not yet available.

Consistent with the application of the risk-based approach for the arrival of imports, RCED implements post-clearance audit. HFCD does not implement post-clearance audit, but this is not necessary since the risk management system for Halal food involves careful inspection before the importing is done. DoAA also does not implement post-clearance audit due to strict physical inspection of consignments from high-risk importers. DPS conducts inspection under post-market surveillance activities. For cement import, the Public Works Department in MOD conducts post-clearance audit on behalf of ABCi.

Following the privatisation of Muara Port, the Muara Port Company Sdn Bhd keeps records of container dwell times and publication is only on an ad-hoc basis. On time release study (TRS), RCED only conducts it on an ad-hoc basis and does not publish it and is only used for internal purposes. The last TRS was done in 2018.

RCED has a Trusted Traders and AEO program; however, mutual recognition agreements are not established yet. Brunei Darussalam's AEO program is in the process to obtain recognition on whether it is in accordance with the World Customs Organization standard. The ASEAN-Wide Self-Certification scheme was implemented in September 2020, and eligible exporters in Brunei Darussalam can therefore self-certify the origin of their goods under ASEAN Trade in Goods Agreement. RCED allows expedited clearance for air, sea, and land cargo. Simplified declaration for expedited shipments and packages of a value under *de minimis* are allowed. Targeted traders are (i) express couriers (*de minimis*), (ii) perishable items, (iii) government consignments, (iv) emergency aids, and (v) AEO. Meanwhile, temporary admission regime is implemented in Brunei Darussalam, but it is not yet in full compliance with Istanbul and/or Admission Temporaire/Temporary Admission Convention.

#### 2.3.4. Import/Export Formalities and Coordination

Brunei Darussalam scored moderately high in this domain. RCED and almost all major agencies accept submission of digital copies of traders' documents. Original copies, however, are still required by DoAA, except for the issuance of import permit.

Brunei Darussalam implemented its NSW in 2013. The BDNSW covers 20 major agencies related to trade facilitation and is operating truly as a 'single window' for importation (i.e. permits are all submitted and issued through the BDNSW system, not separately by each agency and then sent to the NSW system). Application for export permit or license is not fully implemented through the single-window system and is therefore an area for improvement in terms of NSW implementation. The BDNSW is now connected and integrated to the ASEAN Single Window, with ATIGA Form D being exchanged through it. In 2018, the link to ASEAN Single Window was at a pilot stage. However, the current institutional arrangement for border agency coordination (customs, immigration, and quarantine) is only done on an ad-hoc basis, and is not applicable for all border posts.

#### 2.3.5. Issues and Challenges

The survey results suggest that there are gaps in the trade facilitation process compared with best practice. The gaps identified from the survey are as follows. First, more information can be provided to the public, such as publication of the advance rulings applications on the trade portal or customs website. Second, communication and consultation process with the private sector is done on an ad-hoc basis; a formal structure has not been established within the decision-making process in trade facilitation. Third, while RCED and the major agencies apply a system of risk

management, these systems are not integrated or consolidated. In addition, some major agencies have not implemented a post-clearance audit system. Fourth, there is currently a trusted trader programme (Sutera Lane Merchant Scheme) but mutual recognition agreements have not been formed with other AMS. Fifth, some major agencies have not mainstreamed electronic payment systems; DoAA applies it partially (only for import permit), while payment to DPS and ABCi is done manually. Sixth, dwell time publication is only available on an ad-hoc basis. Moreover, TRS is not publicly available and is only conducted for internal use. Seventh, permit application via BDNSW is fully implemented only for importation, while it is only partially implemented for exportation (i.e. by a few major agencies only). Eighth, coordination with border agencies is done on an ad-hoc basis, and only for selected border posts.

### **3. Trade Facilitation Environment – Transit, Transport, and E-commerce**

Brunei Darussalam's transport infrastructure consists of a maritime port (Muara Port), an international airport (Brunei International Airport), and a road network linking the country to Sabah and Sarawak. There are nine legal entry and exit points. The responsible transport agencies in the Ministry of Transport and Infocommunications engaged in transport facilitation are the Department of Civil Aviation, Land Transport Department, and Maritime and Port Authority of Brunei Darussalam, in close collaboration with relevant government agencies.

Brunei Darussalam's logistics infrastructure is relatively underdeveloped, ranking 80th in the World Bank Logistics Performance Index in 2018. Likewise, Brunei Darussalam has one of the lowest shipping connectivity scores, as measured by the United Nations Conference on Trade and Development Liner Shipping Connectivity Index. This could be attributed primarily to the size and structure of the Brunei Darussalam economy.

Although Brunei Darussalam has one of the highest internet penetrations in Southeast Asia, e-commerce is still in its infancy. Nonetheless, there is vast potential to grow it. An e-commerce survey conducted by the Authority for Info-communications Technology Industry found that around three-quarters of the population use e-commerce to shop, bank, and pay bills, while almost three-fifths of online shoppers preferred to shop via shopping websites and one-quarter preferred to shop using social media platforms. The Brunei Darussalam Government established a Digital Economy Council in 2019 to spearhead the development of the digital economy, and Ministry of Transport and Infocommunications recently published the country's first Digital Economy Masterplan 2025.

## 3.1. Results of the ASTFI II Survey

### 3.1.1. Cross-Border Coordination and Transit Facilitation

Brunei Darussalam needs to make greater efforts to improve cross border coordination and transit of traded goods with its neighbouring ASEAN Member States. There is some, but limited, cross-border coordination (i.e. the institutional and operational arrangement) between Brunei Darussalam and Malaysia, such as intelligence and information sharing, and alignment of working hours.

### 3.1.2. Transport Facilitation

There is work to be done for Brunei Darussalam in furthering transport facilitation. There are currently no standard procedures for the issuance of ASEAN goods vehicle cross-border permits. There is also no electronic data interchange platform available in the country. As for the implementation of ASEAN's agreement for transport facilitation, all three protocols under the ASEAN Framework Agreement on the Facilitation of Goods in Transit have been ratified, but have not been operationalised. However, the other two agreements (ASEAN Framework Agreement on the Facilitation of Inter-State Transport and ASEAN Framework Agreement on Multimodal Transport) have yet to be ratified.

### 3.1.2. E-commerce

Presently, e-commerce is protected sectorally, and the main legislations governing e-commerce are the Electronic Transactions Act 2004 (Chapter 196) and the Computer Misuse Act (Chapter 194). In addition, there are also other related laws that provide consumer protection, intellectual property protection, and regulation of online business activities.

Brunei Darussalam is currently in the process of strengthening its e-commerce protection regime and is considering further revisions to the existing legal framework, as well as the promulgation of new laws that would further strengthen privacy and data protection.

Brunei Darussalam follows the de minimis rule for the revenue framework for e-commerce international transactions. Currently, there is no legal framework for e-commerce dispute settlement; however, studies are being conducted for the establishment of a legal framework for online dispute resolution.

### 3.1.3. Issues and Challenges

The survey results show that there are significant challenges with regard to cross-border transport facilitation and development of e-commerce. First, cross-border agency coordination can be strengthened, particularly in facilitating the transport of goods. Second, ratification of ASEAN-level agreements should avoid further delays, as well as their implementation. Third, laws and regulations covering e-commerce are still at an infancy stage, which may limit the opportunities accorded to MSMEs as well as hinder the adoption of digital tools.

## 4. Conclusions and Recommendations

Overall, the ASTFI II survey showed some improvements over the ASTFI I survey. Transparency and information on laws, regulations, and procedures scored highest and e-commerce registered the largest score increase.

The discussion on the issues and challenges presented earlier suggests the following as the key directions to for trade facilitation reforms to close the gap with best practice. First, more information should be provided to the public, such as publication of advance rulings, dwell time, and TRS. Second, there should be an intensification of efforts for socialisation and consultation with the private sector; in particular, to establish an official platform for NTFC. Third, the various risk management practices can be integrated into a risk management system, and similarly for a post-clearance audit system.

Fourth, permit application via BDNSW should be expanded to cover processes for exportation, especially given the country's track record in successfully implementing a full NSW for importation. Fifth, digitalisation of document processing and payment should be encouraged to increase efficiency; at present, this has yet to be mainstreamed in a few major agencies. Related to this, it is important to ensure sufficient investment in technology for trade facilitation, such as installing an electronic data interchange system.

Sixth, movement of goods across borders can be expedited by encouraging the use of approved simplified processes such as pre-clearance or expedited clearance and self-certification programmes. Seventh, border agency coordination should be strengthened to facilitate the transport of goods across borders, such as establishing standard procedures. Eighth, delays should be avoided to ratify and implement ASEAN-level agreements. Ninth, e-commerce laws and regulations should be introduced to spur the development of the e-commerce industry and the digital economy. And last, it is also important to conduct further reforms in other policy areas, such as FDI and fiscal policy to promote export diversification.