

PRESS RELEASE

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TRADE POLICY REVIEW BODY REVIEW OF BRUNEI DARUSSALAM TPRB'S EVALUATION

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its first review of Brunei Darussalam on 28 and 30 May 2001. The text of the Chairperson's concluding remarks is attached as a summary of the salient points which emerged during the discussion.

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of Costa Rica and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

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Since December 1989, the following reports have been completed: Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997 and 2000), Fiji (1997), Finland (1992), Ghana (1992 and 2001), Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993 and 1998), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macau, China (1994 and 2001), Madagascar (2001), Malaysia (1993 and 1997), Mali (1998), Mauritius (1995), Mexico (1993 and 1997), Morocco (1989 and 1996), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), Pakistan (1995), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993), Poland (1993), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995), the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000 (jointly with Liechtenstein), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996 and 1999), Uganda (1995), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).

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TRADE POLICY REVIEW BODY**REVIEW OF BRUNEI DARUSSALAM****CONCLUDING REMARKS BY THE CHAIRPERSON**

Members warmly welcomed the delegation from Brunei Darussalam to its first Trade Policy Review. This Review has allowed Members to come to a better understanding of Brunei's trade and trade-related policies and of the challenges it faces as it seeks to diversify its economy.

Brunei is a small relatively open economy whose prosperity is due mainly to its abundant petroleum and natural gas resources. However, the prospect of an eventual depletion of these resources has prompted the Government to pursue an active industrial policy in order to encourage economic diversification. But for the time being, efforts to foster economic diversification are complicated by a small and non-competitive private sector, which is partly attributable to the fact that remuneration in the public sector is higher than that in the private sector. Members asked how the Government intended to improve the relative attractiveness of jobs in the private sector.

Members welcomed the fact that Brunei's trade and investment regime is relatively liberal – the average applied MFN tariff, for example, was only 3.1% in 2000. However, several aspects of the regime were characterized by a lack of transparency and therefore provided scope for administrative discretion, which could hamper the Government's efforts to diversify the economy. Some Members expressed concern that this lack of transparency, and thus public accountability, also seems to extend to the operations of certain government bodies, notably the Brunei Investment Agency and Semaun Holdings. In response, the Brunei delegation outlined steps being taken to improve the transparency of government policies and regulations, especially those pertaining to the investment regime. It added that Semaun Holdings, although under the Ministry of Industry and Primary Resources, nonetheless operated in accordance with normal commercial principles.

Members noted that Brunei had ratified the WTO Agreements but had yet to implement legislation to bring domestic laws into conformity with the obligations in these agreements, except in the case of TRIPS; instead, WTO provisions had hitherto been implemented in "good faith" or on a "best efforts" basis. Members sought clarification of the Government's position and intentions in this regard. In response, the Brunei delegation indicated that the Government was in the process of incorporating these provisions into its national legislation. At the same time, Members commended Brunei's efforts to adhere to its WTO commitments despite the heavy burden placed on its limited institutional capacity, especially human resources. Several Members also welcomed Brunei's support for the launching of a new round of negotiations. Members warmly congratulated Brunei on its successful chairmanship of APEC in 2000.

Members noted that Brunei had taken GATS commitments in four out of 12 service sectors. They asked whether Brunei intended to make commitments in other sectors, such as transport and tourism, which it is trying to develop and where policies appear to be already relatively liberal, particularly as this could support the diversification effort. In response, the Brunei delegation stated that the Government intended to undertake progressive liberalization taking into account its national policy objectives and level of development.

Members also sought clarification of the relative roles of ASEAN and APEC on the one hand, and the WTO on the other in promoting trade liberalization; they welcomed Brunei's assurance that regional arrangements would be complementary to the multilateral trading system.

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Questions were raised about the wide gap between bound and applied tariffs, which imparted a degree of uncertainty to the tariff in that it provided Brunei with considerable freedom to raise its tariffs, although Members recognized that Brunei had seldom, if ever, taken advantage of this freedom. They noted that, while small in number, Brunei's tariff peaks of as much as 200% could distort trade significantly. At the same time, Members welcomed Brunei's plans to convert the remaining small number of specific duties to *ad valorem* tariffs, thereby increasing the transparency of the customs tariff.

Members also sought details and clarification on a number of other policies and measures, including:

- customs valuation and rules of origin;
- temporary bans on construction products that had not been notified to the WTO;
- regulations concerning food imports;
- government-to-government contracts in the case of rice;
- export measures;
- government procurement;
- taxation and incentives;
- progress on privatization;
- competition and regulatory issues (including price controls);
- measures to enforce intellectual property rights;
- level of support to agriculture;
- efforts to liberalize telecommunications services;
- financial services; and
- tourism.

Members expressed their appreciation for the written and oral responses provided by the delegation of Brunei Darussalam to advance questions as well as to those posed during the meeting.

In conclusion, I feel that we should congratulate Brunei Darussalam on maintaining a relatively open trade and investment regime. I think that we are all aware of certain difficulties Brunei faces in transparency and in implementation in terms of notifications and domestic legislation, but I also note that the delegation made Brunei's commitment to the WTO very clear. Generally, I think we understand that technical assistance in some areas might ease Brunei's implementation problems. I think that we also agree that a further liberalization of the trade regime, including additional GATS commitments, could assist Brunei both in its efforts to diversify its economy and in its further integration into the multilateral system, to the benefit of us all.

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