



Brunei Darussalam*

Brunei is an independent sultanate on the Northwest coast of the island of Borneo in the South China Sea, wedged between the Malaysian states of Sabah and Sarawak.

The Sultanate of Brunei's influence peaked between the 15th and 17th centuries when its control extended over coastal areas of northwest Borneo and the Southern Philippines. Brunei subsequently entered a period of decline brought on by internal strife over royal succession, colonial expansion of European powers, and piracy.

Brunei Darussalam had been a British protectorate since 1888, and became an independent sovereign Sultanate on January 01, 1984. Brunei is governed on the basis of a written constitution, which came into effect in 1959.

Economy

This small but wealthy economy comprises of a mixture of foreign and domestic entrepreneurship, government regulation, welfare measures, and village traditions. Crude oil and natural gas production account for nearly half of the GDP.

Brunei's main economic problems include lack of diversity in the economy, heavy reliance on the volatile oil and natural gas sectors, huge state subsidies, a civil service which employs over half of Brunei's workforce, extensive state economic controls, a small tax base (the country has no personal income tax and a low tariff regime), and slow movement towards privatisation.

A combination of internal and external shocks during 1997 and 1998, however, led to a contraction of the economy in 1998. In addition, the 1998 collapse of the AMEDEO Corporation, Brunei's largest construction firm whose projects helped fuel the domestic economy, caused the country to fall into a mild recession.

PROFILE

Population:	361.4 thousand ***
GDP (Current US\$):	5.72 billion **
Per Capita Income: (Current US\$)	19,210 (at PPP)**
Surface Area:	5770 sq. km
Life Expectancy:	76.4 years **
Literacy (%):	92.7 (of ages 15 and above)**
HDI Rank:	33 ***

Sources:

- World Development Indicators Database, World Bank, 2004
- Human Development Report Statistics, UNDP, 2004

(**) For the year 2002

(***) For the year 2003

Competition Law and Policy¹

There is no specific legislation in Brunei Darussalam pertaining to the regulation of competition issues. However, the economy is open and market-oriented, and more importantly, striving to promote the deregulation, corporatisation and privatisation process, with a view to increasing the competition in accordance with the domestic situation and WTO commitments.

Whilst there is no particular law relating to all aspects of competition, there exists a law namely the *Monopolies Act Cap.73 of the Laws of Brunei*, which has been in existence since 1932 but has not been implemented so far. The Monopolies Act was created to regulate the establishment of monopolies.

The Act, in itself, has never been amended since its creation and is outdated, no longer suited to modern economies and economic flows. Brunei is, therefore, currently elaborating and developing a new comprehensive competition law.

* Original paper done by Anudeepa Nair of CUTS in October 2005. Revised in February 2006

¹ Background paper on competition in Brunei Darussalam – www.jftc.go.jp/eacpf/05/APECTrainingProgram2002/Brunei.pdf

Sectoral Regulation

Brunei reviews the regulatory frameworks governing individual industrial sector on an on-going basis, with a view to boosting overall economic competitiveness. The country is considering whether a comprehensive single regulatory body or sectoral regulations best fit the country's economic structure, and how properly to implement the competition rules from the grassroots level upwards.

Telecommunications Sector²

The Government of Brunei Darussalam initiated restructuring of the Information and Communication Technology (ICT) industry in 2001. To this effect, three new legislations were enacted:

- The Telecommunication Successor Company Order, 2001: This Order transfers all property, rights and liabilities belonging to the Jabatan Telekom (JTB) to Telekom Brunei Limited (TelBru) whereby TelBru will assume the role of service provider in place of the JTB. JTB is currently undergoing the process of corporatisation. This Order has not been brought into effect as yet.
- The Authority for Info-communications Technology Industry of Brunei Darussalam Order (AiTi), 2001: This Order establishes the Authority for Info-communications Technology Industry of Brunei Darussalam (AiTi) as an independent statutory body to regulate the local ICT industry, and provides for its functions and duties. This Order was brought into effect on January 01, 2003.
- The Telecommunications Order, 2001: This Order confers upon AiTi the exclusive privilege to operate and provide telecommunication systems and services in Brunei Darussalam and allows AiTi to grant licenses for the same. Once this Order is brought into force, AiTi will enforce its licensing power and functions as outlined in the AiTi Order 2001.

The Telecommunications Act of 1952, an old regulatory instrument of Brunei in the sector, will be repealed once the Telecommunications order is enforced.

Electricity Sector

There is no particular legislation governing the electricity sector. However, the Electrical Services in Brunei Darussalam (NBD) is currently run by two agencies: the Department of Electrical Services (DES) and the Berakas Power Company/Berakas Power Management Company (BPC/BPMC).

The functions of DES are to:

- generate electricity;

- provide electricity supply infrastructure;
- collect revenue from the sale of electricity;
- provide technical advice in the field of electricity;
- inform and educate the customers on the technology and safe usage of electricity;
- control the quality of electrical equipment supplied and those used by contractors; and
- develop and maintain the electrical system.

Consumer Protection

The Sale of Goods Act (SOGA) and Unfair Contract Terms Act (UCTA) are the main sources of consumer protection legislation in Brunei as there is no specific consumer protection legislation at present.

Consumers' Association of Brunei (CAB) is actively engaged in promotion of consumer rights in Brunei Darussalam.

Concluding Observations and Future Scenario

Brunei Darussalam is currently at the stage of considering how to properly implement the competition regulation at the grassroots level. In this respect, the Government of Brunei is showing a keen interest in experiences of other developing economies in terms of three stages:

- implementation;
- development; and
- maintenance stage.

But, the decision has yet to be made on which type of system will best suit the Brunei economy, given the small size of market in all the sectors.

One of the fundamental problems that Brunei is currently facing is an absence of required expertise in terms of competition and the processes that affect competition. Therefore, the Government is thinking on the terms to devise methods by which knowledge on competition issues can be instilled in the public, private and academic sectors.

To enhance competition, Brunei Darussalam will have to:

1. continually review the regulatory frameworks governing individual industrial sectors, with a view to boosting overall economic competitiveness;
2. devise certain tools to impart knowledge on competition policy issues;
3. participate in competition policy dialogues and training, seminars/workshops conducted by Asia Pacific Economic Cooperation (APEC), WTO and other international economic fora; and
4. facilitate the establishment of a national consumer protection law and agency.

² Brunei Darussalam's Policy and Regulatory Update

Suggested Readings

Background paper on competition in Brunei Darussalam : www.jftc.go.jp/eacpf/05/APECTrainingProgram2002/Brunei.pdf

Brunei Darussalam's Policy and Regulatory Update