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Brunei's first mega bridge will open in 2019, with the 30-kilometer structure linking the capital Bandar Seri Begawan with the remote Temburong region in the country's east.

While the bridge is expected to create more opportunities for Temburong residents, its construction illustrates how stronger China-Brunei ties are helping the sultanate reduce its dependence on oil and gas revenues.

The \$1.6 million Temburong bridge project, which includes a Chinese company among its contractors, is just one of several huge projects tapping Chinese investment and expertise to support Brunei's diversification agenda.

Total Chinese investment in Brunei is now estimated at \$8.08 billion, according to the China Global Investment Tracker by the American Enterprise Institute and the Heritage Foundation.

The most prominent — and biggest — among China's investments in Brunei is the \$3.4 billion refinery and petrochemical complex in Muara Besar island. The project is run by China's Zhejiang Hengyi Group and its Bruneian partner, and is seen to create more employment and business opportunities.

"China is now comfortably the main source of inward investment in the sultanate. Taking into account the importance of these investments to Brunei, we would expect the relationship to remain close going forward," said Patrick Cooke, regional editor for Asia with the London-based research firm Oxford Business Group.

Cooke told *China Daily Asia Weekly* that the China-Brunei relationship has grown "much stronger" in the past few years as depressed oil prices in 2014-16 dented growth, pressuring Brunei to look for other investments to offset declining oil revenues.

"Brunei suffered considerably from the three-year slump in oil prices," Cooke said. "Much like the oil-rich Gulf states, it has been forced to seek economic diversification and the development of new growth engines due to falling oil revenues in recent years."

Jaswant Singh, associate professor at the University of Malaya's International and Strategic Studies Department in Kuala Lumpur, said that while diversification has been in Brunei's economic agenda in recent years, "it has not been working until China (investments) came along."

"In this sense, relations with China are considered extremely important to Brunei," he said.

Singh, who has authored several books on Brunei, said that despite efforts made by Brunei policymakers to attract more business, most investors remain lukewarm on the sultanate.

"Brunei is unattractive to foreign investors. It has a very small population — about 400,000 people," he said.

Singh said Brunei also does not offer a competitive advantage com-

pared to peers in the region that can provide cheap labor.

But the entry of Chinese investment changed that, with Singh noting that this pushed Brunei's diversification plans forward. He also noted that investors from other countries are following China's lead.

In August, then Brunei second finance minister Mohd Amin Liew Abdullah led the groundbreaking for a fertilizer plant that will be developed by Germany-based engineering and construction services provider Thyssenkrupp Industrial Solutions and Brunei Fertilizer Industries.

And in November 2017, Turkish oil and fats manufacturing company Marsa Yag Sanayi Ve Ticaret opened a \$30 million margarine plant at the northeastern district of Serasa.

More Chinese travelers are also visiting Brunei, latest data showed. This boosts Brunei's tourism sector — an industry that Brunei wants to develop in line with its diversification agenda.

Brunei's Tourism Development Department said that more than 50,000 Chinese tourists visited the sultanate in 2017, according to news site The Scoop.

"China has recently emerged as the No 1 tourism source market for Brunei and is expected to play a significant role in meeting the government target of doubling tourist arrivals between 2015 and 2020," Cooke from Oxford Business Group said.

Brunei's travel industry players have tailored their services to attract

Closer China ties boost Brunei

Chinese investment, expertise and outbound tourism help the sultanate reduce dependence on oil, gas revenues



President Xi Jinping and Sultan of Brunei Hassanal Bolkiah (right) after their bilateral meeting at the Great Hall of the People in Beijing on Sept 13, 2017. WU ZHIYI / CHINA DAILY

Milestones in China-Brunei ties

September 2017: State visit to China by Sultan of Brunei Hassanal Bolkiah

October 2013: Premier Li Keqiang visits Brunei

April 2013: Chinese President Xi Jinping talks with Sultan Hassanal Bolkiah in Beijing

August 2008: Sultan Hassanal Bolkiah attends the Beijing Olympic Games opening ceremony

April 2005: State visit to Brunei by Chinese president Hu Jintao

September 2004: Sultan Hassanal Bolkiah makes a working visit to China

May and October 2001: Sultan Hassanal Bolkiah visits China

November 2000: Chinese president Jiang Zemin visits Brunei

August 1999: Sultan Hassanal Bolkiah makes a working visit to China

November 1993: Sultan Hassanal Bolkiah makes first official visit to China

Sept 30, 1991: China and Brunei establish bilateral relations

more Chinese travelers.

This year alone, Royal Brunei Airlines has announced a twice-weekly service from Bandar Seri Begawan to Nanning in South China's Guangxi Zhuang autonomous region and Haikou in South China's Hainan province.

Brunei's Ministry of Primary Resources and Tourism and the ASEAN-China Centre have also conducted Chinese language training workshops for local tour guides.

University of Malaya's Singh said that even the International Monetary Fund (IMF) has taken note of these investments and how they contributed to Brunei's economic recovery in 2017.

The oil-rich sultanate has long depended on oil and gas revenues, with the fuel sector accounting for over half of its economy.

In 2016, with oil prices hitting record lows, Brunei's GDP contracted by 2.6 percent. In 2017, following a recovery in oil prices, Brunei's economy likewise rebounded to 1.3 percent.

But the IMF said in its October report that non-oil and gas sectors also supported the Bruneian economy in 2017. The "growth momentum" is expected to continue in the next few years.

"The start of downstream production — including from the Hengyi refinery and Brunei Fertilizer Industries — and stronger oil and gas activities, will result in robust GDP growth and exports in 2019-23," the IMF said.

Brunei's monarch acknowledged China's contribution to the sultanate. In his state visit to China in September 2017, Sultan Hassanal Bolkiah said Brunei welcomed Chinese enterprises making investments and developing business there.

He said his country supports the Belt and Road Initiative and will maintain high-level contact with China.

Chinese President Xi Jinping said during the meeting that the two countries should reinforce the exchange of governing experience, the synergy of their development strategies and cooperation in various fields including infrastructure and agriculture.

The two leaders are expected to further their discussion on bilateral cooperation during Xi's state visit to Brunei in November. Xi's coming state visit further affirms the long relations between both countries that can be traced back as early as the 13th century.

Chinese merchants traveled to Bandar Seri Begawan centuries ago as it was a trading post for bird's nests and other products gathered in Borneo's tropical rainforest.

Diplomatic relations between the sultanate and China were formally established in September 1991. This has led to several state visits and cooperation agreements signed in energy, health and forestry industries, over the years.

China has emerged as one of Brunei's biggest trading partners, with the sultanate sourcing most of its imports from China.

Brunei regularly joins trade expos in China, including the annual China-ASEAN Expo and the China International Travel Mart.

Brunei and China have also jointly implemented projects to help the sultanate attain its development goals.

Brunei, for example, is working to increase rice production to strengthen its national food security. To achieve this goal, Brunei's Ministry of Primary Resources and Tourism contracted China's Yuan Longping High-Tech Agriculture to conduct workshops on hybrid rice technology.

To improve its port sector, Brunei's state-owned Darussalam Assets partnered with China's Guangxi Beibu Gulf International Port Group last year to operate Brunei's biggest container terminal.

China, meanwhile, values Brunei's participation in the Belt and Road Initiative. In an interview with Xinhua News Agency, Chinese Ambassador to Brunei Yang Jian said the sultanate is "an important country along the 21st Century Maritime Silk Road."

"We hope that bilateral cooperation in every field can be further deepened," Yang said.

But more than strengthening bilateral relations per se, China's involvement in Brunei links with China's moves for a deeper relationship with its closest neighbors — member states of the Association of Southeast Asian Nations (ASEAN).

President Xi said during Brunei Sultan Hassanal's state visit to Beijing last year that he appreciates Brunei's efforts to develop the China-ASEAN relationship.