

WORLD RANK: **48** | REGIONAL RANK: **9**

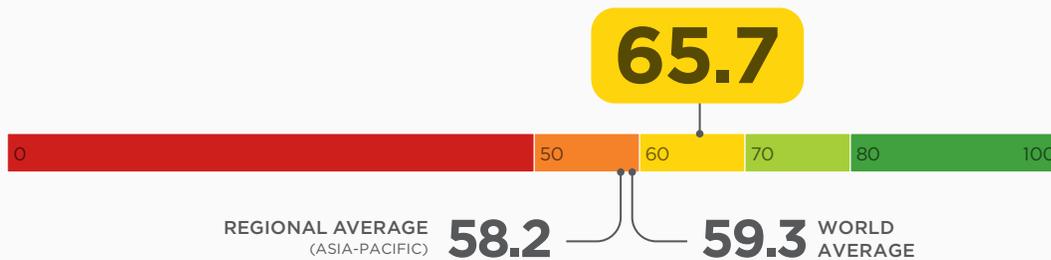
ECONOMIC FREEDOM STATUS: **MODERATELY FREE**

BRUNEI DARUSSALAM

Brunei Darussalam's economic freedom score is 65.7, making its economy the 48th freest in the 2023 *Index*. Its score is 0.9 point better than last year. Brunei Darussalam is ranked 9th among 39 countries in the Asia-Pacific region, and its overall score is above the regional and world averages.

Brunei's economy is characterized by a relatively high level of market openness that facilitates trade and investment, by a legal system that generally secures private property, and by macroeconomic stability. The investment environment is generally efficient and transparent, but a more streamlined regulatory framework would enhance economic freedom and competitiveness.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 2014): -3.3

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
0.4 million

GDP (PPP):
\$29.7 billion
-0.7% growth in 2021
5-year compound annual growth 1.1%
\$66,795 per capita

UNEMPLOYMENT:
6.9%

INFLATION (CPI):
1.5%

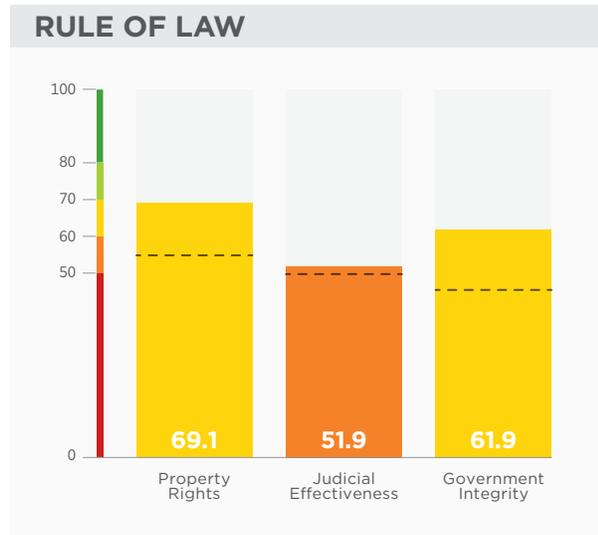
FDI INFLOW:
\$204.7 million

PUBLIC DEBT:
2.5% of GDP

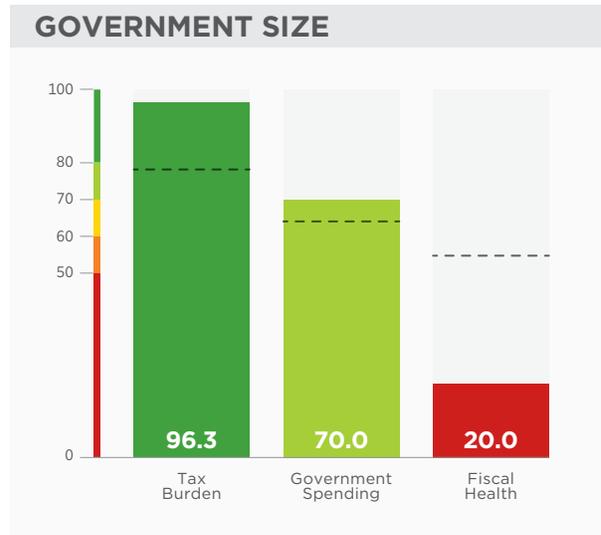
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: Brunei Darussalam consists of two enclaves surrounded by Malaysia on the northern coast of Borneo. Sultan Hassanal Bolkiah has reigned since 1967 and is prime minister, minister of defense, foreign minister, and minister of finance. His 2019 decision to implement certain provisions of Sharia (Islamic) law sparked international condemnation. Oil and gas production provides 90 percent of government revenue, 90 percent of exports, and more than half of GDP but relatively few jobs for locals. OPEC production caps and higher global oil prices have stimulated modest economic growth. Brunei has to import most of its manufactured goods and food.

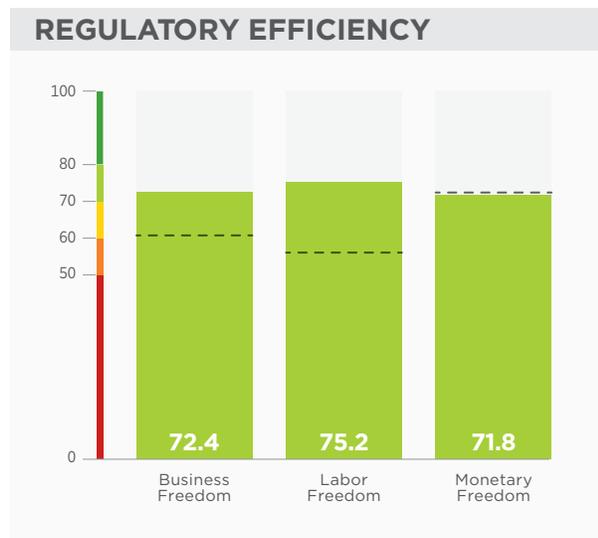
12 ECONOMIC FREEDOMS | BRUNEI DARUSSALAM



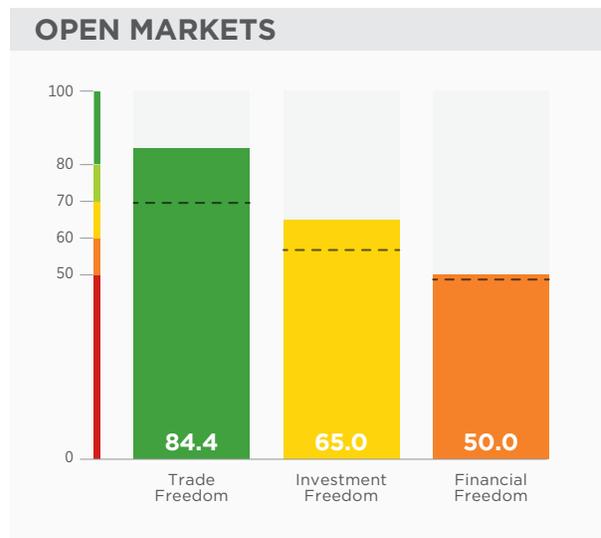
The overall rule of law is relatively well respected in Brunei Darussalam. The country's property rights score is above the world average; its judicial effectiveness score is above the world average; and its government integrity score is above the world average.



The top individual and corporate tax rates are, respectively, 0 percent and 18.5 percent. The tax burden equals 5.5 percent of GDP. Three-year government spending and budget balance averages are, respectively, 31.6 percent and -11.1 percent of GDP. Public debt equals 2.5 percent of GDP.



Despite some progress, the process required to establish a private enterprise remains time-consuming. The labor market is relatively flexible, and foreign workers account for more than 70 percent of all private-sector employment. The most recent available inflation rate is 1.5 percent.



The trade-weighted average tariff rate is 0.3 percent; other nontariff measures are in force, and additional impediments to trade flows persist. State-owned enterprises distort the economy, and foreign ownership of land is restricted. The small financial sector remains dominated by banks.