Brunei Darussalam

The State of Brunei Darussalam (Brunei) is located on the northwest coast of the Island of Borneo, and is bordered and bifurcated by eastern Malaysia. Brunei has a land mass of 2,226 square miles (slightly smaller than Delaware). It possesses substantial oil and natural gas reserves and is located along the strategically and economically important sea lanes of the South China Sea (SCS). Brunei is a predominantly Sunni Muslim state with a population of around 485,000, consisting of mostly ethnic Malays and a substantial ethnic Chinese minority. The capital city is Bandar Seri Begawan. Congress oversees U.S. trade and security relations with Brunei, and monitors Brunei’s disputes in the SCS.

Brunei is a constitutional monarchy, headed by Sultan Haji Hassanal Bolkiah, who is both head of state and Prime Minister, as well as Minister of Finance and the Economy, Defense, and Foreign Affairs. The Sultan is one of the world’s wealthiest people. He is advised by the Council of Ministers, which he reshuffled in June 2022, as well as a Religious Council, Privy Council, and Legislative Council, all of which are appointed by the monarch. Brunei’s legal system is based on a combination of British common law and Indian penal code; this legal system was amended in 2014 to include Islamic law (Sharia or locally, Syariah).

The U.S. State Department cites restricted press, weak civil society, and repression of marginalized groups as challenges in Brunei that stymie U.S. attempts to promote human rights in the country. Some Members of Congress have expressed concern with human rights conditions in Brunei, including reported human rights violations associated with the country’s 2014 imposition of Sharia law.

Brunei’s Economy

According to its Department of Economic Planning and Statistics (DEPS), Brunei’s gross domestic product (GDP) in 2022 was approximately $17.1 billion. Its per capita GDP in 2022 was approximately $38,400. Brunei’s economy is dominated by the extraction and export of oil and gas, which provide about 50% of the country’s GDP. The government uses revenue from the state energy company, Brunei Energy Services and Trading (formerly known as Brunei National Petroleum Corp.), to subsidize infrastructure development and social programs. Declining offshore oil reserves, combined with lower oil prices, present a challenge for the country’s development. In 2021, the Brunei government launched the Brunei Economic Blueprint, which provides guidelines for developing the country’s economy. The Blueprint recommends strengthening five “priority sectors” to reduce the country’s economic dependence on oil and gas: downstream oil and gas, food, tourism, information-communications and technology (ICT), and services.

The DEPS states Brunei’s merchandise exports in 2022 totaled around $14.6 billion; merchandise imports were worth $9.7 billion. Brunei’s leading trading partners are Singapore, the People’s Republic of China (PRC, or China), and Japan. Major sources of foreign direct investment in Brunei are China, Korea, Singapore, and the United Kingdom; these investments are mostly in Brunei’s natural resources sector.

Brunei has a history of advocating in favor of trade and investment liberalization in the region. It was a founding member of the 2006 Trans-Pacific Strategic Economic Partnership (P4), the forerunner of the 12-countries Trans-Pacific Partnership (TPP), from which the United States withdrew in 2017. It is a member of the 2018 Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), and the 2020 Regional Comprehensive Economic Partnership (RCEP).

Brunei’s Regional Role

Brunei has played a role in regional diplomacy on a number of issues. It was the Chair of the Association of Southeast Asian Nations (ASEAN) in 2021, the year that a coup d’etat installed a military junta in Burma (also known as Myanmar), and it coordinated ASEAN’s initial response to the crisis that followed. In addition to ASEAN, it is a member of the Asia Pacific Economic Cooperation (APEC) forum, as well as ASEAN-centered bodies such as the East Asia Summit (EAS), ASEAN Regional Forum (ARF), and ASEAN Defense Ministers Meeting-Plus (ADMM+). It is
also a member of the Organization of Islamic Cooperation (OIC), the World Trade Organization (WTO), the International Monetary Fund (IMF), the World Bank, and many other multilateral organizations.

**U.S. Relations with Brunei**
The United States established diplomatic relations with Brunei in 1984, following its independence from the United Kingdom. In 1994, the two countries signed a memorandum of understanding (MOU) on defense cooperation. More recently, U.S. relations with Brunei have focused on Brunei’s role in addressing maritime territorial and sovereignty disputes in the SCS, Brunei’s role in ASEAN, and the implementation of Sharia law in Brunei. According to the State Department, the United States provides no foreign assistance to Brunei.

One of the largest cooperative U.S.-Brunei initiatives of recent years was the Brunei-U.S. English Enhancement Programme for ASEAN, a Brunei-funded program run jointly by the Universiti Brunei Darussalam and the East-West Center in Honolulu. The program, launched in 2012, provides English-language education to government officials, diplomats, and teachers from other ASEAN countries.

**Defense Cooperation**
Brunei’s armed forces participate in training programs and other military activities with the United States. Brunei cadets attend U.S. military academies. In August 2018, Brunei and the United States held their first bilateral Army exercises, focusing on areas of potential cooperation such as jungle warfare and combat in urban terrain.

U.S. security interests in Brunei focus heavily on maritime issues, particularly related to China’s assertions in the Exclusive Economic Zones claimed by Brunei and its Southeast Asian neighbors in the SCS; on the maintenance of safe passage through sea lanes; and the prevention of piracy. Annual U.S.-Brunei military exercises, such as the bilateral Cooperation Afloat Readiness Brunei exercise and the multilateral Rim of the Pacific exercise, are designed to strengthen regional cooperation on maritime security, including by enhancing maritime domain awareness among U.S. partners.

Brunei has increased its military spending and has been actively promoting military relations with several countries, including Russia, Singapore, and Vietnam. In February 2022, Brunei raised its annual defense budget for FY2023 to $567 million, a 2% increase over the previous year.

**South China Sea**
Brunei is one of four Southeast Asian countries that has territorial disputes with the PRC (and with Taiwan) in the South China Sea. Brunei claims—but does not occupy—part of the Spratly Island chain in the southern part of the SCS. Brunei claims a 200-nautical-mile continental shelf extending from its mainland, which encompasses some land features in the Spratly Islands and which overlaps with the nine-dash line that the PRC uses to demarcate its own claims.

Brunei’s approach to its maritime claim in the SCS is restrained compared to the other claimants, and Bruneian stakeholders are rarely engaged in the clashes at sea that frequently involve claimants like the PRC, the Philippines, and Vietnam. Brunei is an active participant in negotiations between ASEAN and China over these issues and over a possible code of conduct for parties in the region. It has also negotiated bilateral territorial agreements with neighboring Malaysia. In 2009, the two countries exchanged letters settling the demarcation of their respective territorial seas and establishing a committee to determine their shared maritime borders. The agreement included a pact that gave each side authority over energy exploration and development in certain areas of the sea—a deal that some experts say could be a model for other negotiations in the area.

Some analysts argue that Brunei’s pursuit of economic diversity, along with extensive Chinese investment in the country in recent years, has made Brunei more reluctant to make strong public assertions against PRC assertiveness in the SCS than other Southeast Asian claimants. Beginning operations in November 2019, Hengyi Enterprises, a private Chinese company, constructed a $3.4 billion refinery in Brunei, which some observers characterize as the largest foreign investment ever in the country. In March 2023, Minister at the Prime Minister’s Office (PMO) Yussuf announced a $9 billion expansion of the complex.

**Syariah Law**
In 2014, Brunei began implementing the first phase of the Syariah Penal Code, with most of the Code’s laws applying to everyone in the country, regardless of religion. The Code came into full effect in April 2019, with some international observers having condemned some of its aspects. The United Nations, for example, cited the Code’s death penalty by stoning for blasphemy, rape, sodomy, homosexuality, and extra-marital sex as evidence that the new laws violate international human rights standards.

U.S. policymakers, including some Members of Congress, have expressed concern at the Code’s prohibition of proselytizing—and converting to—Christianity and other religions besides Islam. Opponents of the Code also express concern about its implications for the LGBTQ community. Several members of the 116th Congress introduced H.R. 2561 to authorize the President to impose sanctions on any Brunei government officials who implement Syariah Penal Code provisions that grossly violate human rights; the bill did not progress past the introduction stage.

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