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## 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 is a small country with a land mass of 2,226 square miles (slightly larger than Delaware), possesses substantial oil and natural gas reserves, and is located along the strategically and economically important sea lanes of the South China Sea. Brunei is a predominately Sunni Muslim state with a population of more than 420,000, consisting of mostly ethnic Malays and a substantial ethnic Chinese minority. The capital city is Bandar Seri Begawan.

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, Defense, and Foreign Affairs and Trade. The Sultan is one of the world's wealthiest men. He is advised by a 13-member cabinet, which underwent a major reshuffling in January 2018, as well as a Religious Council, Privy Council, and Legislative Council, all of whom are appointed by the monarch.

Brunei's legal system is based on a combination of British common law and Indian penal code. Its legal system was amended in 2014 to include Islamic law (sharia or locally, syariah).

According to its Department of Economic Planning and Statistics (DEPS), Brunei's GDP in 2019 was 18.4 billion Bruneian dollars, or approximately US\$13.5 billion. Its per capita GDP in 2019 was 40,000 Bruneian dollars, or approximately US\$29,400. Brunei's economy is dominated by the extraction and export of crude oil and natural gas, which provide about 60% of the country's gross domestic product (GDP). The government uses revenue from the state energy company, Brunei National Petroleum Corp., to subsidize infrastructure development and extensive social programs. Declining offshore oil reserves, combined with lower oil prices, present a challenge for the country's development. In recent years, the Brunei government has tried to promote international tourism and domestic food production to diversify its economy and reduce its reliance on imported food.

The DEPS states Brunei's merchandise exports in 2019 totaled 9.9 billion Bruneian dollars (US\$7.3 billion); merchandise imports were worth 7.0 billion Bruneian dollars (US\$5.2 billion). Brunei's leading trading partners are (in alphabetical order): Japan, the People's Republic of China (China), and Singapore. Major sources for inward foreign direct investment in Brunei are China, Malaysia, Singapore, and the United Kingdom, mostly in Brunei's natural resources sector. A founding member of the Trans-Pacific Strategic Economic Partnership (P4) in 2006, the Comprehensive and Progressive Agreement for Trans-

Pacific Partnership (CPTPP) in 2018, and the proposed Regional Comprehensive Economic Partnership (RCEP), Brunei has a history of advocating trade and investment liberalization in the region.

Figure 1. Map of Brunei Darussalam



Source: CRS, adopted from ArcGIS and National Geographic

Brunei is a member of several multilateral organizations of interest to the U.S. government, including:

- Asia-Pacific Economic Cooperation (APEC)—the 21-member forum was founded in 1989 for the purpose of promoting trade and investment liberalization in the Asia-Pacific as a means of fostering sustainable economic growth and prosperity in the region;
- The Association of Southeast Asian Nations (ASEAN)—Brunei joined the now 10-member association in 1984. ASEAN was established in 1967 to foster regional peace and stability, and promote economic growth, social progress and cultural development in Southeast Asia;
- The ASEAN Regional Forum (ARF)—the 27-member group was created in 1993 to foster constructive dialogue and consultation on political and security issues of common interest and concern;
- The East Asia Summit (EAS)—the EAS is a head-of-state summit that first met in 2005 to discuss strategic, political and economic issues of common interest and concern with the aim of promoting peace, stability and

economic prosperity in East Asia; it currently has 18 members (Russia and the United States officially joined in 2011); and

- The Organization of Islamic Cooperation (OIC)—the 57-member organization was established in 1969 to “safeguard and protect the interests of the Muslim world in the spirit of promoting international peace and harmony among various people of the world.”

Brunei is also a member of the United Nations, 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 nations 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 South China Sea, Brunei’s role in ASEAN, and the implementation of sharia law in 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 joint program run 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 nations.

According to the State Department, the United States provides no foreign assistance to Brunei.

## Defense Cooperation

Brunei and the United States have engaged in military-to-military cooperation for many years. A bilateral memorandum of understanding on defense cooperation was signed on November 29, 1994. Brunei’s armed forces engage in joint exercises, 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 on two issues. The first is the maintenance of safe passage through sea lanes in the South China Sea, and the prevention of attacks by pirates and terrorists. The second is international efforts to address multilateral territorial and sovereignty disputes in the South China Sea.

Brunei has increased its military spending, and has been actively promoting ties with several nations, including Russia, Singapore, and Vietnam. In March 2020, Brunei raised its annual defense budget for FY2021 to \$430 million, an increase of nearly 3% over the previous year. In October 2019, Brunei and the United States conducted a

joint Cooperation Afloat Readiness and Training (CARAT) exercise in Brunei.

## South China Sea

Brunei is one of four Southeast Asian nations that has territorial disputes with China in the South China Sea. Brunei makes claim to 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 China uses to demark its own claims.

Brunei has not been involved in the frequent incidents at sea that some other claimants have, particularly the Philippines and Vietnam. It does not have a large fishing fleet that operates extensively in disputed waters, and its claimed Exclusive Economic Zone (EEZ) does not overlap with the theoretical EEZ of any of the features where China has constructed artificial islands in recent years. However, it 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 nations exchanged letters settling the demarcation of their respective territorial waters 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 economic vulnerability and extensive Chinese investment in the country in recent years has made Brunei more reluctant to make strong public assertions against Chinese behavior than other Southeast Asian claimants. A \$3.4 billion refinery and petrochemical complex is under construction by Hengyi Enterprises, a private Chinese company, which some characterize as the largest foreign investment ever in the country.

## Sharia Law

On May 1, 2014, Brunei began the implementation of the first phase of a new sharia penal code that, unless specified in the code, applies to everyone in the nation, regardless of religion. Some aspects of the new penal code have been subjected to international condemnation from various sources. The United Nations cited the code’s provision for death by stoning for blasphemy, rape, sodomy, homosexuality, and extra-marital sex as evidence that the code violates international human rights standards.

Some Members of Congress have expressed concern at the code’s restrictions on the practice of Christianity, and its implications for the LGBT community. According to World Watch Monitor, a Christian advocacy organization, in March 2018, Brunei’s Sultan and his Islamic Religious Council reportedly approved a draft Criminal Code that would facilitate the introduction of harsher punishments for serious crimes, such as the amputation of limbs for theft.

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