

## **The Dutch Disease Hypothesis: Evidence from the Gulf Cooperation Council**

*Yazid Mahadi*

### **Abstract**

This paper aims to draw evidence of the effects of the Dutch disease hypothesis in member countries of the Gulf Cooperation Council (GCC). Originating in the Netherlands, an oil-abundant nation, the hypothesis suggests that a country's international competitiveness can be significantly influenced by its dependence on natural resources as a result of appreciation in its real exchange rate, thereby reducing the potential growth for its non-resource sectors. An autoregressive distributed lag (ARDL) bound testing approach is employed to analyse the possible long-run relationship between the real exchange rate and the real oil price. Should such a relationship exist, an inference can be made in support of the Dutch disease hypothesis. The results show that there is conclusive evidence in support of the Dutch disease in Oman, Qatar and Saudi Arabia. There are lessons to be drawn from the GCC countries' experience in terms of tackling the Dutch disease effect, including the efficient management of an oil revenue fund. These lessons may prove of interest to Brunei Darussalam, which is heavily reliant on its oil and gas sector, in properly managing its resources and realising its long-term diversification objective.

**Keyword:** *Dutch disease, GCC economies, oil-exporting countries, diversification, resource curse*

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## **Assessment of Forest Resources in Brunei Darussalam: A Remote Sensing Solution**

*Kazimierz Becek*

### **Abstract**

This report assesses statistical data on the forest resources of Brunei Darussalam. The author conducted a careful audit of several publications on forest resources of Brunei Darussalam, and found that in some instances there are huge discrepancies in the reported forest cover in Brunei. The lack of regular comprehensive inventories and an erroneous linear extrapolation model parameter, i.e. the country's annual deforestation rate, used to estimate the net loss of forest cover are the major contributory factors. As a rapid way to rectify these disparities in the forest cover, a novel Remote Sensing method is suggested. Also outlined is a preliminary feasibility analysis to carry out an immediate forest inventory using the proposed Remote Sensing method and recent datasets in the custody of the Survey Department. It is suggested that this very necessary update of the forest resources assessment of Brunei Darussalam may be carried out by local experts for a fraction of the cost of a comprehensive forest resources assessment.

**Keywords:** *Brunei Darussalam, Forest Resources Assessment, FAO, Forestry Department, Survey Department, Remote Sensing, LiDAR*

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## An Evaluation of Labour Market Policy Measures for Brunei Darussalam

*Koh Wee Chian*

### Abstract

This paper considers various policy measures and their effects on reducing future labour shortages based on a benchmark GDP growth rate. A model for labour force participation rate by gender and age group is constructed in order to make projections for the labour force in Brunei Darussalam from 2010-2035. A model for labour demand is also estimated to give a macro view of the future labour market. The female labour force participation rate is gradually catching up to that of the male, with females projected to make up 48 per cent of the total labour force in 2035. This increase in female labour participation is also associated with a steady decline in total fertility rate. As a consequence, labour demand growth is projected to outpace population and labour force growth, thereby increasing the dependence on foreign labour from 50 per cent in 2009 to 63 per cent in 2035. Among the policy measures considered in addressing this issue, the most promising appears to be raising labour productivity.

**Keywords:** *labour market, projections, policy measures, productivity, Brunei Darussalam*

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## **Brunei Darussalam's Labour Market: Issues and Challenges**

*Lutfi Abdul Razak*

### **Abstract**

Using a demand and supply analytical framework, this paper provides a discussion of Brunei Darussalam's labour market in the context of the Long Term Development Plan or *Wawasan 2035*. To achieve this goal, the available quantitative evidence suggests that several issues and challenges need to be addressed on both sides of the labour market. On the demand side, industrial expansion and private sector driven growth require the correction of structural rigidities and an unbalanced incentive structure. On the supply side, the desired skill requirements and labour productivity gains can be met through improvements in the education system, as well as a reassessment of restrictive immigration policies. The new national education strategy, SPN21, should address low levels of tertiary education attainment, a lack of vocational and technical education opportunities and widening gender disparity. Finally, it is argued that the collection and dissemination of more comprehensive and up-to-date data, through Labour Force Surveys or their equivalent, as well as other key indicators of the labour market, is imperative. This would enable researchers and policymakers to constantly monitor and assess pertinent issues related to the functioning of the labour market, as well as to guide and inform more accurate policymaking decisions towards *Wawasan 2035*.

**Keywords:** *Labour Market, Labour Force Participation, Unemployment, Economic Diversification, Education, Immigration*

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