

# Productivity: The Path to Sustainable Economic Growth for Brunei

*Dato Paduka Haji Ali bin Haji Apong*



This is a commentary brief based on a speech delivered by Dato Paduka Haji Ali bin Haji Apong at Asia Inc's Brunei Business Forum 2012 entitled "Unlocking Productivity, Fuelling Growth" on 22 Nov 2012, Radisson Hotel, Brunei Darussalam, and also on another speech at the "FBEPS Corporate/Executive Series" on 26 October 2013, The Core, Universiti Brunei Darussalam. The paper highlights the importance of productivity in the long-term development of high-income countries. It also touches upon the role that productivity will play in the country's National Development Plan (RKN).



**Keywords:** *Middle income trap, Productivity, Economic Growth, Research and Innovation*

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# ASEAN: Review of the Recent Past and Implications for Next Stage<sup>1</sup>

*Pushpa Thambipillai*



This is a commentary on current developments in ASEAN. It is particularly apt as Brunei Darussalam chairs ASEAN in 2013. In ASEAN's regional process, the role of the Chair is just as significant as the collective role of all the members in realising the goals of an ASEAN Community. The paper reviews the challenges and accomplishments of the recent past, especially of 2012 and provides some insight into the intra-regional and extra-regional issues that the Association is likely to address in the current and coming years.



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<sup>1</sup> This commentary was prepared prior to the hosting of the 23rd Asean Summit 2013 by Brunei Darussalam.

# Focusing on Productivity to Achieve Growth and Development for Brunei

*Diana Cheong*

## Abstract

The productivity of Brunei's economy, its public and private sector companies and its workers will determine the country's output in the years ahead. Higher productivity in Brunei's economy will help raise wages and consequently enable better standards of living. Higher productivity will also lead to the development of new and better products and services, thereby enabling firms to move to higher value chains of goods and services, and allowing Brunei to have a competitive edge in the global market. Productivity is destiny. In Brunei, this is especially true. The productivity of Brunei's economy will determine the degree of economic diversification, the achievement of Wawasan 2035 goals and the happiness of Bruneians.

This paper is written for readers from a wide range of disciplines with an interest in Brunei's economic development. I will argue that Brunei must put pro-productivity policies in place in order to achieve sustainable economic growth and development. Section 1 and 2 looks at definitions of productivity and productivity levels in Brunei – indicating seriously low productivity levels. Section 3 provides critical comparative discussion to show why Brunei needs to put pro-productivity policies in place in order to help ensure long-run economic growth. Sections 4 and 5 provide a critical analysis of why productivity is lacking in Brunei and in so doing identify the main drivers of productivity. Finally, section 6 presents a roadmap showing how Brunei can achieve higher productivity levels.

**Keywords:** *productivity, economic growth, development, key drivers, roadmap, Brunei*

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# **Creative Industries as a New Growth Cluster for Brunei**

*Sasha Lennon and Sophiana Chua Abdullah*

## **Abstract**

Brunei's policy objective of economic diversification is underpinned by the Sultanate's desire to grow a dynamic and sustainable 21st Century knowledge economy. Recent government initiatives demonstrate that the diversification process is already underway. Brunei can build on its achievements to date by identifying and developing new industries including an eclectic group known as the 'creative industries'. This paper highlights the creative industries' contribution to economic development while promoting social inclusion and cultural diversity. It considers the potential for creative industries in Brunei showing they are at varying stages of development across the different creative segments. This is illustrated by examples of Brunei's creative enterprises. The paper concludes by arguing for further research and data collection to better understand Brunei's creative industries' potential and to deliver appropriate infrastructure, services and support programmes so that a vibrant social, cultural and economic environment can flourish.

*Keywords: creative economy, creative industries, cultural industries, entrepreneurship, urban amenity, creative city, economic development, diversification, policy, government*

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# **Do Oil Price Shocks Matter? Evidence from an Oil-Exporting Economy**

*Lutfi Abdul Razak*

## **Abstract**

This paper looks at the oil price-macroeconomy relationship of a major oil exporter by analysing the direct impact of oil price shocks on inflation and industrial production indexes for Norway, using quarterly data for the period 1960-1999. The variables are tested for cointegration allowing for a structural break, and different transformations of oil price shocks are used in order to account for possible non-linear relationships. The main results suggest that oil prices have permanent effects on inflation and short run effects on industrial production growth rates. As expected, the effect of an oil price shock on industrial production growth rates is positive; however, it is only short-lived and is corrected for in real terms after just over a year by increases in inflation. Caution is warranted regarding the external validity of the results obtained here for other oil-exporting countries, especially without prior replication of the econometric analysis. Nevertheless, important policy implications can still be drawn from successful economies such as Norway, in terms of the Petroleum Fund and the centralized wage bargaining framework in particular. Whilst the recent establishment and implementation of the Sustainability Fund Act serves to protect and manage the size of Brunei's financial reserves, it is also argued that much more needs to be done to study in-depth the effect of labour market policies on the rest of the economy.

**Keywords:** *oil-exporting countries, oil price shocks, industrial production, inflation, Norway, Brunei*

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