



2013 Minerals Yearbook

BRUNEI

THE MINERAL INDUSTRY OF BRUNEI

By Pui-Kwan Tse

Brunei Darussalam (Brunei) is located in Southeast Asia on the northwestern end of Borneo Island, where it shares a common border with the Malaysian State of Sarawak. Brunei is one of the highest per capita income countries in the Asia and the Pacific region owing mainly to its significant natural gas and oil resources. In addition to natural gas and oil resources, Brunei also has small resources of carbonate rocks, coal, kaolin, sand and gravel, and silica sand.

The revenue of the natural gas and oil sector accounted for about 67% in 2012 and 63% in 2013 of the country's gross domestic product (GDP). The output of oil decreased from a peak of 219,000 barrels per day (bbl/d) in 2006 to 159,000 bbl/d in 2012 and 135,000 bbl/d in 2013 (table 1), which reflected the maturity of the country's oilfields. The Government decided to reduce output to extend the life of the oilfields. The country's GDP increased by 0.9% in 2012 compared with that of 2011; whereas, owing to a decrease in the production and prices of natural gas and oil, the country's GDP in 2013 decreased by 0.5% compared with that of 2012. At the same time, growth of the nonenergy sector increased by 2.7%. In 2013, the value of the country's total trade (exports and imports) was \$14.9 billion, of which exports were valued at \$11.3 billion and imports were valued at \$3.6 billion. In 2013, Brunei's natural gas production was exported mainly to Japan and the Republic of Korea. The Republic of Korea was the leading destination for Brunei's oil followed by, in descending order of amount exported, India, Australia, Indonesia, New Zealand, Thailand, and Vietnam. Malaysia and Singapore remained the leading sources of Brunei's imports followed by the United States and China. Machinery and transportation equipment accounted for about 35% of the total imported value (Department of Statistics, 2014a, p. 11–20; 2014b, p. 12–24; 2014c, p. 1–10).

Production

Butra HeidelbergCement Sdn. Bhd., which was the only cement producer in Brunei, was a joint venture between HeidelbergCement Group of the Netherlands (70%) and PJ Corp. Sdn. Bhd. (a local company) (30%). Butra HeidelbergCement had a design capacity to produce 500,000 metric tons per year (t/yr) of specialty cement from imported clinker and gypsum at its cement grinding plant, which was located in the Serasa Heavy Industry Zone near Muara (table 2). The sulfate-resistant specialty cement was used mainly for oil wells. Owing to increased demand from the construction sector during the past several years and lower prices for imported cement than for cement produced in Brunei, the country imported a significant quantity of cement from neighboring countries. As the result, utilization of the cement plant was about 60% during the past several years.

The Petroleum Unit of the Government of Brunei oversees the development of the natural gas and oil sector. Brunei National Petroleum Co. Sdn. Bhd. (PetroleumBRUNEI), which

is a limited-liability company that was wholly owned by the Government, oversees the country's commercial interests in the oil and gas sector. PetroleumBRUNEI awarded two offshore blocks (Blocks N and Q) to Malaysia's state-owned Petroleum Nasional Berhad's (Petronas's) subsidiary Petronas Carigali Brunei Ltd. and Brunei Shell Deepwater Bomeo Ltd. to explore for oil in shallow waters in eastern Brunei. Petronas would be the operator for Block N, and Shell would be the operator for Block Q (Petroleum Nasional Berhad, 2013).

Hengyi Industries Sdn. Bhd. (Henyi), which was a subsidiary Zhejiang Hengyi Petrochemical Co. Ltd. of China, planned to build an integrated refinery and aromatics complex at Pulau Murara Besar. The refinery was designed to refine 135,000 bbl/d of crude oil and condensates and to produce 1.5 million metric tons per year (Mt/yr) of diesel, 1 Mt/yr of jet fuel, 400,000 t/yr of gasoline, and 500,000 t/yr of benzene. The benzene would be used as feedstock for the production of 1.5 Mt/yr of paraxylene. The paraxylene was expected to supply Zhejiang Hengyi's petrochemical plant in China. About one-third of the crude oil was expected to come from Brunei Shell Petroleum Co. Sdn. Bhd. (BSP), and the remainder would be imported from overseas. Zhejiang Hengyi and BSP signed a 15-year nonbinding oil supply memorandum of understanding. Zhejiang Hengyi and the Brunei Economic Development Board signed a land lease agreement, and Zhejiang Hengyi received approval from the Government of Brunei for its environmental impact assessment report. The total investment was estimated to be \$4.3 billion, and the first phase construction of the refinery was scheduled to be completed in 2015 (Too, 2014).

Outlook

Brunei's economy is closely tied to the country's oil and gas production. The Government expects that economic growth will be flat if oil production continues to decrease in the future and is planning to diversify its economic program into such nonoil sectors as financial services, high-technology manufacturing and services, tourism, and value-added and export-oriented industries. During the next 2 years, the country's economic growth is expected to be supported by investment in infrastructure; a port and industrial zone at Pulau Murara Besar are in the construction stage. The power transmission line from Sarawak, Malaysia, to Brunei and the development of an oil refinery at Pulau Murara Besar are expected to support future growth.

References Cited

- Department of Statistics [Brunei], 2014a, Annual national accounts: Bandar Seri Begawan, Brunei, Department of Statistics, 54 p.
- Department of Statistics [Brunei], 2014b, Brunei Darussalam key indicators 2013: Bandar Seri Begawan, Brunei, Department of Statistics, 60 p.
- Department of Statistics [Brunei], 2014c, International merchandise trade statistics—December and annual 2013: Bandar Seri Begawan, Brunei, Department of Statistics, 12 p.

TABLE 1
BRUNEI: PRODUCTION OF MINERAL COMMODITIES¹

Commodity ²	2009 ^e	2010	2011	2012	2013
Cement ^e	220	270	290 ^f	300	300
Gas, natural:					
Gross	12,100	11,400	12,955 ^f	12,729	12,300
Marketed	11,300	10,800 ^e	12,683 ^f	12,565	11,400
Petroleum:					
Crude ³	61,000	61,600	59,600 ^f	57,400	48,200
Refinery products ⁴	4,200	4,200	4,200	4,400	4,300

^eEstimated; estimated data are rounded to no more than three significant digits. ^fRevised. do. Ditto.

¹Table includes data available through August 30, 2014.

²In addition to the mineral commodities listed, crude construction materials, such as sand and gravel and other varieties of stone, presumably are produced, but available information is inadequate to make reliable estimates of output.

³Includes condensate.

⁴Includes jet fuel, refinery fuel, and refinery losses.

TABLE 2
BRUNEI: STRUCTURE OF THE MINERAL INDUSTRY IN 2013

(Thousand metric tons unless otherwise specified)

Commodity	Major operating companies and major equity owners	Location of main facilities	Annual capacity ^e
Cement	Butra HeidelbergCement Sdn. Bhd. (HeidelbergCement Group, 70%, and PJ Corp. Sdn. Bhd., 30%)	Near Muara	500
Petroleum, refinery	Brunei Shell Petroleum Co. Sdn. Bhd. (BSP), operator	Seria Oil Refinery, Belait District of Seria	10,000

^eEstimated; estimated data are rounded to no more than three significant digits.