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Navigating Brunei-China Economic Connectivity under the Belt and Road Initiative: Achievements and Challenges

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Abstract

As a member state of ASEAN, Brunei Darussalam has historically maintained a close relationship with China. In recent years, with the implementation of the Belt and Road Initiative (BRI), the two countries have deepened their bilateral diplomatic, economic and trade co-operation through the establishment of the Brunei-Guangxi Economic Corridor and other multilateral platforms for China-ASEAN co-operation, especially the China-ASEAN Expo. These developments, and the consequential rise in Chinese foreign direct investment (FDI), have led to the establishment of mainland Chinese enterprises and an influx of Chinese transient migrants in Brunei. Using materials from a thorough review of literature and ethnographic fieldwork conducted at two Chinese companies, this article examines the economic connectivity between Brunei and China under the BRI. It provides an analysis on the achievements made by the two countries on multi-type FDI co-operation and rapidly growing bilateral trade. The article also discusses the ongoing challenges of the bilateral co-operation, including a deficient publicity of the BRI, lackadaisical progress of some projects, and labour controversies surrounding the Chinese FDIs in Brunei.

Keywords: Brunei-China relations, the Belt and Road Initiative, Economic Connectivity, Chinese FDI, Brunei

Introduction

In late 2013, Chinese President Xi Jinping announced the Belt and Road Initiative (hereafter BRI) in his official visits to Indonesia and Kazakhstan, when he unveiled the extensive connection of this massive project to Asia, Africa, and Europe. The colossal initiative included the "Silk Road Economic Belt" and the "21st Maritime Silk Road (MSR)". Due to its vast economic and geographical coverage, ASEAN has become one of the key partners in the MSR, which is "pivotal to the success or failure of Beijing's ambitious undertaking" (Yu, 2018: 3). In the past decade, China's economy had shifted from high-speed growth to medium-high growth and had experienced industrial restructuring from investment to innovation (Zhang, 2015). In this regard, China needed to escape the middle-income trap and to accelerate its efforts to reduce poverty by removing overcapacity in its industries and labour force (Wong, 2021). This "New Normal" (*xin chang tai*, 新常态) economy prompted China to solve its internal overcapacity and to promote industrial co-operation with ASEAN countries by building economic industrial parks, ports and other infrastructures.

In September 2019, as the Joint Statement Between ASEAN and China on Further Deepening the Cooperation on Infrastructure Connectivity was implemented, Chinese Vice-Premier Han Zheng announced that China was willing to further synergise the BRI with the Master Plan on ASEAN Connectivity 2025 (MPAC 2025) guided by the ASEAN-China Strategic Partnership Vision 2030 (*China Daily*, 2019). Prior to this, the China-ASEAN Expo and the China-ASEAN Business and Investment Summit have already been held annually in Nanning since 2004, culminating in the establishment of the China-ASEAN Free Trade Area in 2010.

One major appeal of the BRI is its compatibility and complementarity to the strategic objective of individual ASEAN countries as well as ASEAN as a whole in broadening regional connectivity (Kong, 2019). The BRI also overlaps with the development strategy of many individual ASEAN countries. In October 2009, the heads of ten ASEAN countries jointly issued the ASEAN Master Plan for Connectivity (AMPC), with the aim of building a more competitive and resilient ASEAN community by 2015. In 2016, this proposal was updated to the MPAC 2025, which was announced by ASEAN leaders in Vientiane, Laos. MPAC 2025 specifically focuses on five strategic areas: sustainable infrastructure, digital innovation, seamless logistics, regulatory excellence and people mobility (Asean.org, 2016).

China's BRI presented a good match to the MPAC 2025, especially on the contribution to infrastructure constructions. On the one hand, China is targeting the ASEAN area as part of its MSR initiative, in which infrastructure investments in logistics and transportation are anticipated (Zhang et al., 2017). On the other hand, ASEAN lacks the financial resources to properly complete the ambitious AMPC initiatives, which China can finance through its strong foreign currency reserves via a variety of mechanisms, such as the China-ASEAN Investment Cooperation Fund and the Asian Infrastructure Investment Fund (Jetin, 2017).

In 2020, ASEAN received US$16.06 billion of FDI from China, which accounted for 10.4% of the total Chinese global investment, a year-on-year increase of 23.3%.[1] In addition, since the announcement of the BRI, more than 6,000 Chinese enterprises have been established in ASEAN, which were reported to have created 550,000 jobs (Ministry of Commerce, China et al., 2021). By the end of 2020, ASEAN has become China's largest trading partner for the first time, and China has maintained its position as the region's largest trading partner for 12 years in a row (Global Times, 2021).

In the past decade, each ASEAN member state has proposed its own initiatives to boost its economy and to diversify its development. For instance, in 2014, Indonesian President Joko Widodo put forward the Global Maritime Fulcrum, which had tremendous potential for co-operation with the BRI in the development of maritime connectivity. In fact, Indonesia is one of the major countries where China has invested, primarily in manufacturing, leasing and business services, production and supply of energy. The interconnectedness of both economies is demonstrated in the following statement by Bahlil Lahadalia, Chief of the Indonesia Investment Coordinating Board that if China's economic growth decreases by 1%, it would have a 0.3% impact on Indonesia's economic growth (Rustandi, 2020).

A series of publications on China and the BRI in Southeast Asia has emerged in the past decade (see for example, Negara and Suryadinata, 2018; Gong, 2019; Kong, 2019; Gomez, 2020; Chiong, 2021; Chin, 2021; Liu & Lim, 2021; Lee, 2021; and Punyaratabandhu & Swaspitchayaskun, 2021). However, literature on the BRI in Brunei Darussalam (hereafter Brunei) remains scarce (see Druce & Julay, 2018; Lawrence, 2021), even though large-scale projects involving mainland Chinese enterprises have taken place in the country in recent years. This paper is, thus, a modest attempt to contribute towards this literature.

Located on the northwest coast of the island of Borneo, the tiny sultanate is governed by a constitution with a strict adherence to the national philosophy of the Malay Islamic Monarchy (MIB, Malayu Islam Beraja). Brunei's population of 453,600 in 2020 consists of a Malay majority of 65.8% and, among many minorities, 10.2% ethnic Chinese.[2] Brunei has a largely homogeneous economic structure, with crude oil and natural gas production accounting for almost half of its GDP (Ministry of Finance and Economy, 2021). The country is classified by the World Bank as a high-income country with a gross national income (GNI) per capita of US$32,230, which is the second highest in Southeast Asia after Singapore (US$59,590) (*Borneo Bulletin*, 2020).

Using materials from a review of literature and ethnographic fieldwork conducted at two mainland Chinese companies in Brunei,[3] this paper examines the economic connectivity between Brunei and China under the BRI. While it focuses on the achievements made by the two countries in multi-type FDI co-operation and a growing bilateral trade, the article also discusses the ongoing challenges surrounding the Chinese FDI in Brunei, including a deficient publicity of the BRI, lackadaisical progress of some projects and issues in labour supply. The article begins with an overview of the connectivity between Brunei and China that traces the lineages of bilateral relations between the two countries. It will then discuss the milestones and achievements made by two the countries on FDI and bilateral trade co-operation followed by an analysis of the emerging challenges related to the implementation of the BRI in Brunei.

Brunei-China Connectivity: An Overview

Brunei and China established formal bilateral relations in 1991. The Chinese government had formally recognised the Sultan's leadership and the Brunei government's legitimacy after its independence in 1984.[4] At the UN General Assembly in 1988, Chinese Foreign Minister Qian Qichen met with Brunei Foreign Minister Prince Mohammed Bolkiah, which marked the first high-level official meeting between the two countries. On September 30, 1991, Minister Qian and Prince Mohammed signed a joint communiqué on establishing diplomatic relations between the two countries. In August 1993, both countries agreed on the mutual establishment of embassies in their respective capitals (Liu, 2017). The following years witnessed frequent high-level visits, pragmatic bilateral co-operation, and close co-ordination in international affairs between China and Brunei. For instance, at the invitation of former Chinese President Jiang Zemin, Brunei Sultan Hassanal Bolkiah paid his first state visit to China in 1993. In 2000, Chinese President Jiang Zemin paid a state visit to Brunei and attended the 8th APEC Informal Leaders' Meeting held in Bandar Seri Begawan, the capital city of Brunei. It was the first state visit to Brunei by a Chinese head of state. In April 2013, the top leaders of the two countries agreed to recognise bilateral relations as the Strategic Co-operative Relationship.

In 2007, the monarch of Brunei, Sultan Hassanal Bolkiah, announced the "Wawasan Brunei 2035" (WB 2035 or Brunei Vision 2035) – a long-term development plan that aimed to reduce the existing overreliance on oil and to promote the sustainable development of the economy, environment and society. With the need for economic diversification from hydrocarbon resources, the Sultanate has been attracting foreign investments to develop the non-oil and gas industries, promote market growth and create employment. Since 2016, the government had introduced fiscal and structural policy reforms including the formation of a Foreign Direct Investment and Downstream Industry Committee to foster a conducive business environment for foreign investment (Kumpoh & Hoon, 2023). The reforms witnessed a proliferation of investments in infrastructures and production facilities including Hengyi Industries' oil refinery and petrochemical plant, which will be discussed below. Under the facilitation of both Brunei and Chinese governments, Chinese enterprises began to enter Brunei around a decade ago, culminating to its peak in 2016. China is now one of the most active trade partners of Brunei, which has an increasing economic presence in the country (Hamdan & Hoon, 2019). Under the BRI and WB 2035, the two countries have deepened people-to-people exchanges and developed complementary industries in oil and gas, agriculture, transportation and fishery.

As one of the earliest respondents and an "enthusiastic supporter" of the BRI (Lawrence, 2021; Storey, 2018: 2), Brunei signed an MOU with China's Guangxi Zhuang Autonomous Region to establish the Brunei-Guangxi Economic Corridor (BGEC) in 2014. During the state visits made by the Brunei Sultan and the Chinese President in 2017 and 2018, the two countries further signed MOUs on Belt and Road Development and the Belt and Road Cooperation Plan, and upgraded their bilateral relations to the level of Strategic Partnership of Cooperation. According to Wang (2020), President Xi's visit to Brunei in 2018 aimed to boost the enthusiasm for developing bilateral relations between the two countries. These MOUs laid a solid foundation for the deepening of economic and trade co-operation between the two countries under the framework of the BRI. On the sidelines of the BRI Forum in Beijing in 2019, the Sultan expressed that Brunei was ready to expand co-operation with China on all fronts and to align the BRI with the Sultanate's Vision 2035 development plan (The Scoop, 2019a). Before the COVID-19 pandemic, the Brunei Sultan visited China twelve times, which is a testament to the Sultanate's connectivity with China. In a recorded video message delivered at the Opening Plenary of the Bo'ao Forum for Asia (BFA) Annual Conference 2021, the Sultan further stressed that the BRI would complement the revitalisation of economies and contribute to regional connectivity (*Borneo Bulletin*, 2021a). China is considered one of Brunei's most important partners in diversifying and strengthening its fossil fuel-based economy and preserving peace and stability in the Asia-Pacific region (Hamdan & Hoon, 2019).

Moreover, bilateral mechanisms that play an essential role in promoting mutual trust between the two sides have been solidified and institutionalised by Brunei and China governments. In 1993, China's Ministry of Foreign Affairs and the Brunei Ministry of Foreign Affairs and Trade officially formed the Bilateral Consultative Meeting (BCM) at the Senior Officials Level, and sixteen diplomatic consultations and talks were held to enhance ministerial collaboration.[5] In 2020, the China-Brunei Intergovernmental Joint Steering Committee was established to facilitate the co-operation on various sectors including the economy, trade, investment, energy, transport, maritime and architecture, providing strategic guidance and enhancing bilateral ties (Borneo Bulletin, 2021b). During the 5th China-Brunei Consultation Meeting on Trade, Investment and Economic Cooperation (COMTIEC) in 2021, the two countries jointly announced the establishment of China-Brunei Investment and Economic Cooperation Working Group, which further contributed to building mutually beneficial co-operation.

On top of that, Brunei aligned with China on regional economic platforms such as the China-ASEAN Cooperation and the BIMP-EAGA and China Cooperation.[6] Brunei aims to become "a regional service hub for trade and tourism" (Asian Development Bank, 2017: 37) in the BIMP-EAGA initiatives. China has the ability and resources to assist the BIMP-EAGA in infrastructure, digital economy, agriculture, green technology, public health, tourism, industrial parks, and human capacity building (Ngeow, 2021). In fact, China has been engaging actively and enthusiastically as a partner in supporting the BIMP-EAGA. Besides the founding of the joint-venture Muara Port Company (MPC) with the Brunei government agency, Darussalam Assets Sdn Bhd, in 2017, China has also shown interest to extend the Brunei-Guangxi Economic Corridor as a linking hub of the BIMP-EAGA with Brunei.

The bilateral relations between Brunei and China have been stable, complementary, and mutually beneficial. For China, Brunei's support is essential for the success of the BRI in the region. As domestic actors can influence the success or failure of specific projects (Hutchinson & Tham, 2021), China views Brunei's stable political environment as an advantage for its investments (Druce & Julay, 2018). Chinese investors are drawn to Brunei's unique geographical conditions given the country's abundant oil resources, unpolluted marine environment and its central location in Southeast Asia. Such conditions can cater to the needs of businesses that focus on investments in natural resources and are ideal for aquaculture and fisheries. Nevertheless, Mobley argues that "the long-term success of the BRI will depend on the ability to strike an equitable balance between China's interests and those of partner nations" (Mobley, 2019: 53). To avoid being seen as dependent on China, the Brunei leadership remains "supportive of BRI" but not "overly enthusiastic" (de Vienne and Jammes 2020: 923). Although foreign capital is needed for Brunei economic diversification, the country has also offered an olive branch to Japanese and South Korean companies while attracting Chinese investments at the same time (see *The Scoop*, 2019b; Kumagai, 2020).

Existing Achievements on Bilateral Economic Ties

Multi-type FDI Co-operation

The political stability, friendly bilateral relations, rich natural resources and strategic location of Brunei present unique advantages for Chinese capital and companies. With such favourable investment environment, numerous Chinese enterprises from various industries entered Brunei to participate in its economic development. They brought in financial resources and technology, created jobs, introduced new products to local market, and attracted Chinese transient migrants to Brunei. While China is not the top-ranked country for Brunei's inward FDI and its investment flow to Brunei has not been steady, Chinese capital has made significant economic contributions to the country, especially in the diversification and growth of the national economy.

The latest statistics suggest that there are 42 Chinese enterprises and an estimated 1,450 Chinese workers in the Sultanate.[7] In general, small- and medium-sized Chinese companies represent the bulk of the Chinese FDIs in sectors encompassing commerce, logistics, fisheries, infrastructure and many others. The establishment mode of Chinese enterprises in Brunei can be divided into two categories: sole proprietorship (in majority of the cases) and joint venture. The former are subsidiaries of Chinese private companies or state-owned companies operating in Brunei, while the latter are large private and state-owned enterprises associated with the Brunei government-linked investment fund and organisations, such as the Brunei Economic Development Board (BEDB), the Strategic Development Capital Fund (SDCF) and Darussalam Assets. In contrast to the profit-oriented strategy of the Indonesian government on the BRI, which focuses on the private sector and business-to-business co-operation objective (see Soeriaatmadja, 2019; Lee, 2021), the Brunei government is more hands-on and open to investing in a variety of initiatives. A reason for this is the absence of sizable private local businesses that can collaborate with Chinese businesses.

A few Chinese companies, including Huawei, Tong Ren Tang and China Communications Services have begun operating in Brunei prior to the announcement of the BRI. However, since 2016, Brunei has seen the second wave of an influx of Chinese businesses to Brunei with higher visibility than their predecessors. This has emerged as a result of the building of regional co-operation regimes such as the BGEC and the global strategies of Chinese corporations in response to China's national development plan after their field visits in Brunei. We will exemplify the ways in which Chinese capital engage with the local business environment and contribute to Brunei's economic and industrial landscape with a sample of Chinese companies with different origins and characteristics below.

The Bank of China (Hong Kong) Limited Brunei Branch (a.k.a. BOCHK Brunei Branch) is an example of a sole proprietorship. On December 20, 2016, BOCHK Brunei Branch officiated its grand opening, making it the first Chinese financial institution to establish a presence in Brunei. The bank provides financial services including corporate banking, syndicated loan, RMB services and trade finance, targeting mainland Chinese companies in Brunei. BOCHK Brunei Branch is owned by Bank of China (Hong Kong) Holdings Ltd., which is a wholly-owned subsidiary of a Chinese state-owned company – Bank of China.

Hiseaton Fisheries (B) Sdn Bhd (Hiseaton) is another case of a sole proprietorship, established in Brunei in June 2016. The company is located in Meragang, Brunei-Muara District. The core business of the company involves the hatching, breeding, acquisition, processing and marketing of marine products. As a private company with its headquarters in Guangxi Zhuang Autonomous Region, China, Hiseaton is recognised as a pioneer enterprise. The head office actively participated in the BRI, making Hiseaton an early agricultural project for the construction of the BGEC. In Brunei, Hiseaton has built 12 deep-sea aquaculture cages with a single capacity of more than 6,100 cubic meters in an area of 12 to 19 kilometers offshore. In July 2018, the company exported its first frozen container to Canada, realising the first export of fish from Brunei (Sina, 2019).

The largest overseas investment by a private Chinese enterprise and the largest foreign direct investment in Brunei is the Hengyi Industries, a chemical plant from Zhejiang Province, China. As an iconic joint venture between the Brunei government and Chinese private capital, Hengyi Industries' Pulau Muara Besar (PMB) refinery and integrated petrochemical project formally began production in Brunei in the first quarter of 2019. In 2020, the company recorded US$3.5 billion in revenue in the first full year of operation, which accounted for 4.48% of Brunei's GDP (*Borneo Bulletin*, 2021). The company has also initiated collaborative programmes with local schools and universities to create a platform to develop technical skills and provide jobs for Bruneian youths (*Borneo Bulletin*, 2022a). The arrival of the Hengyi Industries was followed by numerous Chinese construction companies that entered Brunei as subcontractors to build infrastructure for the mega project.

Besides the Chinese FDIs above, China has also provided the technology and human resources to develop physical and digital infrastructure in Brunei such as the Sultan Omar Saifuddin Bridge, the Ulu Tutong Dam and the Telisai–Lumut Highway. Digitalisation was identified as one of the national priorities of Brunei as discussed in the official Digital Economy Masterplan 2025 (Borneo Bulletin, 2022c). Leading Chinese digital technology companies such as Huawei and China Communications Services have had a presence in Brunei since 2004, and have played a quintessential role in building the country's digital infrastructure such as optic fiber, broadband and 4G network (People.cn, 2018; *The Bruneian*, 2022). The COVID-19 pandemic had unexpectedly provided the impetus to expedite Brunei's journey in digital transformation. A little more than a month after the first COVID-19 case was recorded in March 2020, the Ministry of Health (MoH) introduced a mobile application called BruHealth for tracing, informing, monitoring of the spread of the virus in the country (Hoon and Jammes, 2022). The use of the BruHealth app was ubiquitous in Brunei as it was mandated by the government. The technology was brought into Brunei by EVYD Technology—an entity set up by a leading healthcare data analytic company in China, Yidu Tech Inc.—with the financial backing of Brunei Investment Agency. With the MoH as its largest partner in Brunei, EVYD Technology also engages in data-driven research in healthcare, and provides digital solutions to public health, health management and policy planning (see EVYD Technology website,https://www.evydtech.com/our-story/).

Growing Bilateral Trade

The bilateral trade between China and post-independent Brunei accelerated after the first decade of the twenty-first century (see Table 1). Before this period, the trade exchanges between the two countries were minimal and insignificant. Crude oil has always been the main export product of Brunei, which price was strongly affected by global geopolitical and economic outlook. For instance, Brunei's oil export prices fluctuated during the Asian Financial Crisis in 1997 and the Global Financial Crisis in 2008, which led to a reduced trade volume with China. During the 2008 global recession, external oil demand fell and Brunei's oil exports to its trade partners, including China, declined.[8] However, the two sides saw a remarkable growth in trade in the 2010s. In 2010, bilateral trade between Brunei and China amounted to US$756 million, which was almost double the amount of that in 2003. Brunei exported a total value of US$585 million of mineral fuels, including mineral oils and organic chemicals, to China while importing a small fraction of items, such as iron or steel products, machinery, mechanical appliances, furniture, textiles, vegetables, and fruits. The official visit of Chinese Premier Wen Jiabao in 2011 witnessed the signing of a number of co-operation agreements, which led to the deepening of economic ties between the two countries (Druce & Julay, 2018).

Table 1

Brunei-China Bilateral Trade 1992-2021 (US$ million)

Year	1992	1997	2003	2008	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	35	52	336	217	756	735	646	563	455	472	659	914	1870	1101	1744	2796
Export	5	0.1	276	40	585	515	352	157	97	95	311	269	234	429	1169	2221
Import	30	52	60	178	171	220	294	406	358	377	348	645	1639	672	575	575

Source: (1992-2005) World Integrated Trade Solution (WITS), World Bank, https://wits.worldbank.org/CountryProfile/en/Country/BRN/Year/1992/TradeFlow/EXPIMP; (2010-2021) ASEAN Stats Data Portal, https://data.aseanstats.org/trade-annually.

The bilateral trade volume hit a historic high of US$1,870 million in 2018, surpassing US$1 billion for the first time since the establishment of diplomatic relations between China and Brunei. This accounted for 17.4% of Brunei's national import and export trade.[9] Products such as iron or steel articles, machinery and mechanical appliances, electrical machinery and equipment imported from China to Brunei occupied the most trade volume. One of the new Chinese FDI companies that operated in Brunei in 2017, Huludao Steel Company, contributed to this trade structure. They imported building materials, decorations, machinery and equipment from China at the inception of their operation in Brunei; and exported their manufactured steel products back to China.

Dr. Li Feng, the President of Chinese Enterprise Association of Brunei, asserts, "The surge in bilateral trade between Brunei and China is mainly due to the Chinese enterprises in Brunei, especially Hengyi Industries. Because of these Chinese companies, the imports and exports increased in recent years significantly" (September 17, 2022).[10] Chinese businesses, including their subcontractors, tend to import supplies from China to overcome the insufficient availability of raw materials for infrastructure construction in Brunei. Given the tiny domestic market, most Chinese companies in Brunei focus on exports, with China as one of their biggest markets. As a result, the bilateral trade between the two countries further expanded with a rise in the number of Chinese companies, occupying a sizable share of Brunei's import and export trade.

As a downstream company in the oil industry, Hengyi purchases crude oil locally and ships most of the refined derivatives back to China for reproduction. From January to September 2020, Hengyi's production value contributed to 50.57% of Brunei's total trade volume and accounted for 44.6% of the country's exports and 59.27% of its imports (*Borneo Bulletin*, 2021). In 2021, bilateral trade between the two countries surged to a record high of US$2.8 billion, marking a 60% year-on-year increase and 15% of Brunei's total import and export trade.[11] Compared to a decade prior to the BRI announcement, bilateral trade between China and Brunei volume had tripled. As the Brunei Minister at the Prime Minister's Office and Minister of Finance and Economy II, Dr Amin Liew notes, "it is encouraging to note that China continues to be one of Brunei's top trading partners and largest investors" (Borneo Bulletin, 2022b).

Challenges Associated with the BRI in Brunei

Deficient Publicity

Domestic politics play a key role in determining a country's level of co-operation with an economic giant like China (Chin, 2021). Many countries that are involved in the BRI strive to balance national interests, development priorities and economic dependence on China (Weng et al., 2021). Responding to President Xi's visit in late 2018 and his affirmation for the BRI to synergise with the Vision 2035, the Sultan's participation in the Second Belt and Road Forum in 2019 demonstrated Brunei's commitment to the BRI. However, there appears to be a substantial gap below the top leadership level as there has been little engagement between Brunei ministers and Chinese party members or provincial party members. This generates a disparity in policy interpretation and strategic links between the upper and lower management in government bureaucracy. In contrast to Singapore where all levels of government actively involve with various levels of counterparts in China (see Ba, 2019; Liu et al., 2021; Tong & Kong, 2021), Brunei has little information regarding the BRI circulating within or between ministries.

Although several large-scale Chinese FDIs linked to the BRI have been implemented in Brunei, the general public have little knowledge about them due to the low coverage of these projects in local media. This lack of publicity of the BRI might be a deliberate strategy to prevent the perception of a Chinese economic encroachment in the country. To avoid public anxiety, the state projected an attitude of ambivalence towards the BRI within the local society. Consequently, we found that most local Malays employed in Chinese companies in Brunei were unaware of the BRI, nor did they know that their company was part of the BRI co-operation between the two countries. For instance, a young Malay male employee states, "I googled the BRI after seeing your interview questions. Although I have browsed some information, I still don't know what the BRI is like in Brunei and what kind of policy it entails" (Interview, August 29, 2022).

The lack of public information about Brunei's involvement in the BRI largely stems from the assumption that the BRI only involves economic co-operation between the two governments (G2G) and is not relevant to the public. This leads to an absence of the role and input of the public in the process. Moreover, local businesses, including those that are owned by local Chinese, lamented that they have been excluded from participating in the BRI or co-operating with mainland

Chinese companies (Interview, Chinese Bruneian business leader, April 4, 2022). This is because the predominantly G2G arrangements have by-passed the need for local conduits. In addition, most Chinese firms source their supplies directly from China rather than from local suppliers. Hence, local businesses are unable to reap much economic benefits from the BRI co-operative efforts.

With the rising presence of Chinese companies in Brunei, distrust and suspicions based on disinformation that resembles the "China threat" theory began to emerge among some local population. Our local Malay informants who work for Chinese companies in Brunei revealed that their family and friends have often asked them about the real purpose of Chinese capital. A Malay informant expressed his concerns that the Chinese might eventually "eat up" Brunei's shares and take over the entire company, according to China's expansion intentions in other countries (Interview, August 23, 2022). Some Bruneian nationalists believe that China aims to make Brunei a part of its territory by gradually occupying Brunei through investments (Interview, staff of the Chinese company, August 22, 2022).

As mentioned above, even though new Chinese transient migrants have an increased presence in Brunei along with the emergence of mainland Chinese enterprises, they remain largely invisible to Bruneians. Besides the fact that they mostly patronise specific supermarkets and a handful of Chinese restaurants that serve mainland Chinese cuisines. Moreover, workers from mainland Chinese companies are placed in accommodations that are separate from the local community. For instance, Hengyi Industries is the largest employer of mainland Chinese workers in the country. Most Chinese employees live in entire apartment buildings that the company rented and are transported by company busses to the island, Pulau Muara Besar (PMB), where the petrochemical plant is located, in the early morning and return in the evening after sunset.

While their lack of visibility may reduce local anxiety on the influx of mainland Chinese in Brunei, it unwittingly impedes any possibility of cross-cultural exchange between transient Chinese migrant workers and local Bruneians. As such, it becomes challenging for them to build mutual trust and understanding. Occasionally, the bad behaviour of a few "bad apples" among the new Chinese transient migrants were exaggerated and made viral via social media within the local society like what often happens in Singapore and Malaysia (see Aw, 2015; Tan, 2016). A case in point is expressed by our Malay Bruneian informant, "In supermarkets, mainland Chinese are easily recognisable as they wear T-shirts, shorts, and slippers and speak loudly. The locals do not feel very comfortable because we are polite in public and speak quietly, but they are different" (Interview, staff of the Chinese company, August 24, 2022). Thus, it can be argued that while the BRI has made some notable achievements on the G2G level, the people-to-people exchange is sorely lacking at the ground level.

Indifferent Progress

China's implementation of the BRI in Southeast Asia has encountered practical challenges related to policy co-ordination, infrastructure connectivity, financial integration and people-to-people relations, which led to unrealised MOUs and collaboration agreements (Gong, 2019). While Brunei and China had inked dozens of MOUs under the BRI in areas such as energy, infrastructure, marine, finance, e-commerce and smart healthcare in the past few years, the total investment is limited (Lawrence, 2021). According to the data published by the Chinese Ministry of Commerce, in 2016 and 2017, Brunei's inward FDI from China amounted to US$142.1 million and US$71.36 million respectively (Ministry of Commerce, China et al., 2020). These figures mark the highest investment volume in ten years. Chinese FDI in Brunei decreased in 2020 to US$16.58 million[12] after the completion of Phase 1 of the refinery project, demonstrating that most of China's direct investment in Brunei are related to one or two major projects, which are closely related to Hengyi Industries.

Apart from the large-scale Chinese enterprises mentioned above, both Chinese state and private investment in Brunei have slowed down after reaching its peak in 2016. Moreover, the progress of some collaborative projects has been unimpressive. The outbreak of the COVID-19 pandemic in 2020 further exacerbated this downward trend. While Brunei's overall stable political environment is favourable to FDI, the experience of conducting business on the ground presents a different story. A Chinese manager explains the frustrations he experienced with the "inefficient Brunei bureaucracy" and the government often changes its policies and officers with whom the company liaised. Strict labour policies in Brunei have also made it difficult for foreign companies to hire low-skilled workers (Interview, mainland Chinese manager, August 16, 2022).

It is also noted that the timeframe for implementing projects is lengthy, and several collaborations remain in the initial phases. With the BGEC as a BRI flagship co-operation, several Chinese companies from Guangxi have settled in Brunei. The BGEC encompasses logistics and aquaculture sectors, and other key projects including the *halal* food production industry with the establishment of the China-Brunei Yulin Health Industrial Park and the China-Brunei Agricultural Industrial Park. However, both industrial parks are reported to be either stagnating or making slow progress.

The China-Brunei Agricultural Industrial Park, for example, is a project that covers a planned area of 100 square kilometers with an estimated investment of US$7 billion (Huanqiu, 2015). It was announced that the Park would be the first transnational agricultural industrial park that produces halal products using modern technology. To meet the demand for raw materials for the development of Brunei halal industry, Guangxi Ruian Logistics invested B$60 million in 2017 to co-operate with the Brunei Economic Development Board (BEDB) on halal food and spices (*Borneo Bulletin*, 2017). However, the progress of these projects is unclear because no published information is available. Our informant argues that out of all the BGEC initiatives, the only companies from Guangxi that are active in Brunei are Hiseaton Fisheries and Beibu Gulf Group, which established a branch company and a joint venture, Muara Port Company, in Brunei (Interview, Chinese senior manager, August 18, 2022).

Our informants revealed several reasons for the indifferent progress of the BGEC projects, claiming responsibilities from both sides. On the China side, Guangxi is one of China's least developed regions. Compared to other more developed Chinese provinces, Guangxi's economy is much smaller. The slow progress in the implementation of collaborative projects is reflective of the province's moderate expansion rate and lack of experience in managing international investment. A senior management member in a Chinese company confesses that it is common for certain undertakings to fall short of completion at times (Interview, August 20, 2022). Similarly, Brunei also lacks the capacity to expedite the speedy completion of projects, and existing policies are insufficient to support these projects. Moreover, the replacement of ministerial personnel has also delayed the progress of such collaboration (Interview, Malay senior manager, September 13, 2022).

Labour Challenges

The influx of mainland Chinese workers has caused anxieties in many Southeast Asian countries. This is observed especially in Indonesia where there is a growing resentment against labourers from China who were perceived by locals to have taken away their jobs (see Herlijanto, 2017; Negara & Suryadinata, 2018; Rakhmat, 2020; Lee, 2021; Weng et al., 2021). The Chinese government has repeatedly publicised the ways in which Chinese FDIs have benefitted local economies by creating jobs and engaging in technology and knowledge transfer (Xinhua, 2015). However, Chinese enterprises are known to import their labour from China, as they claim that the local workforce does not have the expertise required for the jobs (see Zhang et al., 2020). This led to complaints from some Bruneians that the Chinese enterprises have failed to create thousands of local employments as they have promised. A Chinese supervisor refutes such accusations:

> We have offered them more than a thousand jobs. Is that not enough? Bruneians will damage our firm if they take over the all jobs. An explosion could occur if they failed to operate a valve or click the incorrect button [on the petrochemical plant]. The business still needs mainland Chinese employees in Brunei for a bit more time" (Interview, July 3, 2022).

Foreign workers are no strangers to Brunei, as they accounted for 33.5% of the country's labour force in 2019 (Musa & Ananta, 2023). By 2019, Indonesian labourers occupied the largest number of foreign workers, with 23,121 persons, followed by Bengali, Filipino, and Indian labourers, with between 10,000 and 13,000 each.[13] They occupy labour-intensive and service industries, and they are preferred by local and Chinese companies over local employees for their hard-working and resilient character.

In 2018, there were approximately 13,000 mainland Chinese labourers in Brunei, most of whom are working for Hengyi Industries (Interview, Chinese Bruneian human resource manager, June 22, 2022). With the building completion of the petrochemical plant in PMB in 2019, the number of Chinese workers in Brunei decreased to less than 1,300.[14] This drastic drop is attributable to various factors. Besides the fact that many Chinese workers were brought in for the purpose of infrastructure building at PMB and were no longer needed after its completion, the closure of national borders during the pandemic and the tightening of foreign labour quota by Bruneian authorities have also contributed to the reduction of Chinese workers. It was reported that during the COVID-19 pandemic, over 20,000 foreign workers had to return home due to visa issues, and the Brunei government further limited the number of working visas to bring them back (*The Scoop*, 2021). Chinese companies, like many of their local counterparts that relied on foreign labours, suffered greatly in production due to the shortage of workers. These companies had little choice but to recruit local workers. However, our informant who works as a manager at a mainland Chinese enterprise noted:

> They [Bruneian workers] want to [work] in the office only. Sometimes I ask them to help in the workshop, and they'd say no because it doesn't match the job description. They just come for an internship for a day or two, and they can't even do the job, so I can only say that [they] are not suitable for [the position], because they are young locals who cannot shoulder responsibilities (Interview, Chinese manager, May 22, 2022).

This observation is consistent to Musa and Ananta's assertions below:

> They [local Bruneians] seek jobs in professional, managerial or technical sectors, and they have less preference for manual jobs… A majority of employers identify the lack of drive and awareness of the importance of leadership from an early age as an inhibiting factor for employability. The perception among some companies towards local jobseekers is that the youth are not sufficiently prepared and are riddled with issues such as quitting without notice, absenteeism and other disciplinary problems (2023: 317).

The labour challenge must be read in the context of high unemployment rate in Brunei and, paradoxically, the labour shortage experienced by these Chinese enterprises. Brunei has one of the highest unemployment rates among ASEAN countries (The ASEAN Secretariat, 2021). The average unemployment rate for Brunei from 2017 to 2021 was 8.0%, with a minimum of 6.9% in 2019 and a maximum of 9.3% in 2017.[15] The impetus for Brunei to attract FDI is to diversify its economy from hydrocarbon reliance and to create jobs for the locals. Hence, from the perspective of the Bruneian government, Chinese companies have not delivered the latter objective. As a HR manager informant reveals:

> The Brunei government felt very disappointed with a particular Chinese company. When this company signed the MOU with the Brunei government, it promised that it would provide many jobs for the locals, including graduates from the Institute of Brunei Technical Education. The government invested a lot of money to train these students but many of them were not employed by the company; the government's money was wasted. Currently, the Brunei government does not welcome many Chinese workers, and working visas are issued very rarely and slowly. Some employees [of this company] do not have working visas, so they have to go back to China every six months and then come again (Interview, Chinese Bruneian human resource manager, June 22, 2022).

However, the manager of another mainland Chinese enterprises reported the following:

> I know many college graduates here are not getting jobs, but why don't they apply to our company? We have many vacancies. Especially before each delivery date, the factory is very short of people. We even called the former employees one by one to ask if they would like to come back to work (Interview, Chinese manager, June 22, 2022).

Our informants revealed that very few local workers apply for jobs in mainland Chinese companies, even though these companies claimed that they are willing to hire local candidates without interviews and assessments. It is a public knowledge that local Bruneians prefer to work for the government over private enterprises due to the job security, attractive salary package and laidback culture (Musa & Ananta, 2023). As a Malay employee states, "The jobs in Chinese companies are all short-term (contract workers), not long-term, like government workers" (Interview, July 3, 2022). Due to the mismatch between the jobs offered by Chinese companies and the preference of local employees, it is unclear how these companies can contribute to local employment as a condition to their presence in Brunei.

Conclusion

Since the formal establishment of diplomatic ties in 1991, the bilateral relations between Brunei and China have grown steadily, especially in economic and trade co-operation, culminating to the collaborations on the BRI in recent years. Similar developments have been observed across ASEAN where economic ties with China have become the foundation to bilateral relations in the region (Cheong, 2021). While the scale and volume of Brunei's involvement in the BRI are much smaller compared to most of its ASEAN neighbours, Chinese FDIs in Brunei have contributed to the country's economic diversification. At present, the most prominent co-operation projects in Brunei are the Hengyi Industries, Muara Port Company, Hiseaton and Huludao Steel Company. The notable achievements in bilateral trade between Brunei and China notwithstanding, the success of these collaborations will still depend on whether issues related to publicity of the BRI in Brunei, measurable progress of the projects and labour controversies can be properly resolved.

Most of the emerging literature on China's engagement of the BRI in Southeast Asia have ostensibly focused on the macro level, particularly from a political economy, geopolitical and regional perspective. However, Chinese capital do not operate in an instrumentalist vacuum. They involve human actors such as managers and workers of Chinese enterprises, who live and negotiate their presence in the context of otherness in the host country. Hence, in order to gain a more comprehensive understanding of Chinese capital in the region, there is a need for ethnographic research that examines the meso- and micro-level perspectives. Such future research may address some of the following questions: How do Chinese businesses and their employees engage in cross-cultural communications and adapt to the local society? What cultural resources and strategies do they employ to negotiate their presence in the new society? What are the mutual perceptions between new Chinese migrants and local population, including the old Chinese community? The insights into the everyday cultural negotiations of these actors will not only give a human face to the BRI, but also shed important light on the practical operations of Chinese multinational corporations in the context of economic globalisation.

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Notes

1 According to the data of the Chinese Ministry of Commerce, in 2020, China's FDI is US$153.71 billion. See *2020 Statistical Bulletin of China's Outward Foreign Direct Investment*,http://images.mofcom.gov.cn/hzs/202111/20211112140104651.pdf.

2 Source: Population,Department of Economic Planning and Statistics, https://deps.mofe.gov.bn/SitePages/Population.aspx.

3 The sites of the ethnographic fieldwork conducted from February to July and August to October 2022 were a sole proprietorship manufacturing factory and a joint venture logistics and transportation company. In addition to participating observations, we also conducted semi-structured interviews with company management and employees.

4 In fact, it was claimed that China and Brunei had maintained close exchanges dating back to the fifth century when trade and official exchanges were established between dynastic China and the ancient state of Brunei (Hadi, 2012). The relations continued into the Song (960-1279) and Ming dynasty (1368–1644) (Shen, 2013). In Nanjing, China, the tomb of Manarejiana, the King of Boni (referring to Brunei) who died in 1405 when visiting China, was restored as a historical site by the Chinese government. The site is now a monument that commemorates the long relations between the two countries.

5 Chinese Ministry of Foreign Affairs official website. See, https://www.fmprc.gov.cn/web/gjhdq_676201/gj_676203/yz_676205/1206_677004/sbgx_677008/.

6 The Brunei-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA) is an ASEAN sub-regional area launched in 1994. The region includes Brunei and parts of Indonesia

(Kalimantan, Sulawesi, Maluku and Papua), Malaysia (Sabah, Sarawak and Labuan) and the Philippines (Mindanao and Palawan). The initiative was created to tackle the underdevelopment of these remote areas' socio-economic infrastructure.

7 According to information collected by the Brunei Research Center, Guangxi University for Nationalities, there are 42 registered Chinese company in Brunei by March 31, 2022.

8 See Country Report of the ASEAN Assessment on the Social Impact of the Global Finance Crisis: Brunei Darussalam. https://www.asean.org/wp-content/uploads/2012/07/Brunei.pdf.

9 According to ASEAN Stats Data Portal, the total import and export trade of Brunei in 2018 is US$10,729 million.

10 On September 17, 2022, Dr. Li Feng gave a speech at the Symposium on "Building China-Brunei Strategic Partnership: Opportunities and Paths for Guangdong-Hong Kong-Macao Greater Bay Area" organised by South China Normal University, China, and he mentioned the above content.

11 According to ASEAN Stats Data Portal, the total import and export trade of Brunei in 2021 was US$18,686 million.

12 From Ministry of Commerce of the People's Republic of China official website, http://www.mofcom.gov.cn/article/tongjiziliao/sjtj/yzzggb/202103/20210303042830.shtml.

13 Department of Labour, Brunei. Foreign Workers in Brunei. https://www.data.gov.bn/Lists/dataset/mdisplay.aspx?ID=946.

14 According to the *对外投资合作国别（地区）指南・文莱* (2020) [*Country (region) guide for foreign investment and cooperation: Brunei Darussalam 2020*] (2020: 35) edited by Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce of the Chinese Embassy in Brunei Darussalam, Department of Foreign Investment and Economic Cooperation of the Ministry of Commerce of PRC, at the end of 2019, there were 1,240 Chinese labourers in Brunei.

15 Brunei's unemployment rate in 2018 and 2020 was 8.7% and 7.7%. Source: World Bank portal, https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=BN.