

# SME WEEKLY NEWS

(27 March 2017 – 31 March 2017)

Countries	Highlights
<p><b>MALAYSIA</b></p> <p><b>Businesses urged to register with relevant government agencies</b></p>	<p>Business owners in Sarawak need to register under a relevant government agency in order to take advantage of the various training programmes, assistance or promotions available to them. Entrepreneur Development Assistant Minister, Datuk Mohd Naroden Majais said that it would be a shame for them to miss out, especially those running micro businesses online or on a part-time basis. "When I became assistant minister in 2005, I found that only 6,000 businesses were registered. By the end of 2016, there were over 50,000 under SME Corp. Malaysia Sarawak," he said. He estimated that there could be up to 40,000 microenterprises in Sarawak that have yet to register and urged the 60 federal and state agencies to work together and provide these entrepreneurs with the help they need. Naroden also urged Sarawak SMEs to increase their knowledge of harnessing information technology to their advantage. "The digital realm is no longer an option but a necessity. I hope that Sarawak SMEs will not become mere spectators but take advantage of state government's efforts to boost the ICT infrastructure in the next five years," he said.</p> <p style="text-align: right;"><i>(Source: The Borneo Post, 28 March 2017)</i></p>
<p><b>MALAYSIA</b></p> <p><b>SME Bank approves loans of RM11.02 million under OBF initiative</b></p>	<p>SME Bank has thus far approved loans totalling RM11.02 million through its Online Business Financing (OBF) initiative. Deputy Minister of International Trade and Industry, YBhg. Datuk Ahmad Maslan said the ministry aims to accelerate loan approvals for online Bumiputera entrepreneurs through the initiative. "So far, SME bank has approved loans to 82 entrepreneurs and ranging from RM20,000 to RM500,000," he added. Ahmad Maslan said the OBF initiative was launched in 2015 with a fund pool of RM10 million, but it has increased by RM1.02 million due to the concept of revolving funds. In addition to the funding, MITI has also provided further assistance to online entrepreneurs, such as office space at SME bank, to give room for starts-up time to flourish in the initial stages. "The e-trade programme by MATRADE has helped entrepreneurs sell their products on notable e-commerce platforms includes Alibaba, Amazon, Ebay and other local sites," he said.</p> <p style="text-align: right;"><i>(Source: Bernama, 29 March 2017)</i></p>
<p><b>MALAYSIA</b></p> <p><b>Malaysia-Shaanxi province trade to hit US\$400 million this year</b></p>	<p>The Ministry of International Trade and Industry hopes the country's trade with China's Shaanxi province will reach US\$400 million this year from US\$257.5 million in 2016. Second International Trade and Industry Minister, Datuk Seri Ong Ka Chuan, said the ministry, which had set an export target of US\$500 million next year, would ramp up promotional activities in the province. Ong said SMEs should use the e-commerce platform via the Digital Free Trade Zone (DFTZ) to tap the vast Chinese market. "To-date, they buy a lot of electronic components from us. There are lots of potentials for the export of white coffee and halal products," he told. Ong said stronger Malaysia-Shaanxi trade ties would help strengthen overall trade ties the country had with China. "In order to do that, we have to open up new area for trade. With the DFTZ and with Alibaba Group coming in, a lot of our SMEs can go to China through Alibaba platform," he said.</p> <p style="text-align: right;"><i>(Source: Bernama, 29 March 2017)</i></p>

<p style="text-align: center;"><b>MALAYSIA</b></p> <p><b>Potential SMEs to be identified for listing</b></p>	<p>SME Corp. Malaysia is working together with Bursa Malaysia to identify potential SMEs to be listed on the SME Market, which will be launched either in June or July this year. CEO of SME Corp. Malaysia, YBhg. Datuk (Dr.) Hafsa Hashim said a few companies have been identified and are currently undergoing the evaluation process. The proposed new SME Market hoped to facilitate greater access to capital market financing for the SMEs to support their developmental and lifecycle needs. "At the moment, we have identified our Four and Five Stars companies (under SCORE). We are looking into the data base of close to 600 companies that have been identified as having potential to be on the new SME Market. The new SME Market is meant for investors or equity funders to look through this catalyst and find ways to facilitate these companies in terms of pumping in capital. Once investors or equity funders take up the company, they will raise up the level of capitalisation before (the companies) are listed on Ace Market," she added.</p> <p style="text-align: right;"><i>(Source: Bernama, 30 March 2017)</i></p>
<p style="text-align: center;"><b>SINGAPORE</b></p> <p><b>Singapore to help SMEs thrive in digital economy</b></p>	<p>SMEs need to develop strong digital capabilities and raise employees' skills in order to stay competitive. Parliamentary Secretary for the Ministry of Trade and Industry &amp; Ministry of Education, Low Yen Ling said SMEs play a pivotal role in Singapore's development. Low remarked that SMEs need to continually innovate and scale up to be able to adapt to global disruption. "Our people have to be on a learning track constantly so as to develop new, deep and relevant skills," she added. The government is making intensive effort to encourage SMEs towards digitalization. Under the SMEs Go Digital program, the Infocomm Media Development Authority (IMDA) will work closely with SPRING Singapore's SME Centers to help SMEs build stronger digital capabilities. Data analytics is another area of great potential for SMEs. Low said SMEs can discover new opportunities and also make informed decisions through mining available information. She also stressed the importance of human capital development and lifelong learning for SMEs to achieve limitless potential and seize opportunities of the digital economy.</p> <p style="text-align: right;"><i>(Source: Global Times, 30 March 2017)</i></p>
<p style="text-align: center;"><b>SINGAPORE</b></p> <p><b>SME hopes pick up, but environment remains challenging</b></p>	<p>SMEs in Singapore have turned slightly optimistic about their prospects for the next six months, based on survey by the Singapore Business Federation (SBF) and DP Information Group. The latest SBF-DP SME Index showed a reading of 50.4, up by 0.6 points from the previous survey's 49.8, which was the first time the quarterly survey showed negative sentiment since it was started seven years ago (reading above 50 indicating optimism and below 50 reflecting pessimism). The survey, which polled about 3,600 SMEs in January and February, recorded improvements in all sectors – commerce/trading, construction/engineering, manufacturing, retail/food and beverage, business services, as well as transport/storage. Despite the uplift in sentiment, General Manager of DP Info, Mr Sonny Tan warned that the business environment faced by SMEs remains challenging. "SMEs need to adjust to slower sales growth while managing ongoing cost pressures such as high rents and wages. The good news is that SMEs are still prepared to make capital investments. This is welcome as it shows SMEs are confident enough to commit additional funds into the growth of their businesses," he said.</p> <p style="text-align: right;"><i>(Source: TODAY, 31 March 2017)</i></p>

<p style="text-align: center;"><b>MYANMAR</b></p> <p><b>7th bank to offer SME loans</b></p>	<p>Kyaw Kyaw Maung, the governor of the Central Bank of Myanmar, says a seventh private bank, the Global Treasure Bank, will grant loans to SMEs. The Japan International Cooperation Agency (JICA) is disbursing 5 billion Japanese yen (Ks62 billion) to private banks via the Myanma Economic Bank. Director-general of the Ministry of Industry, Aye Aye Win said: “Japan will provide necessary assistance, such as cash, education and human resource development. In addition, Japan will help the country in upgrading infrastructure to provide a better business environment. Only then can Japanese businesses cooperate with firms here and invest in the country.” The JICA is due to grant an additional loan of Ks15 billion to SMEs this year.</p> <p style="text-align: right;"><i>(Source: ELEVEN, 26 March 2017)</i></p>
<p style="text-align: center;"><b>THAILAND</b></p> <p><b>Krungsri aims to be a main bank for SMEs</b></p>	<p>Bank of Ayudhya (Krungsri) plans to be a main bank for SMEs, with a loan-growth target of 6.8% this year. Combining Krungsri’s Thai expertise and deep understanding of customer needs with Mitsubishi UFJ Financial Group’s global strength in offering a comprehensive range of products and services, Krungsri aims to be the main lender and a main operating bank for SME customers. Head of Krungsri’s SME banking group, Sayam Prasitsirigul said the bank also aimed to help propel the National e-Payment Master Plan towards a digital economy to enhance the sustainable growth of Thai SMEs and the overall economy. He added that as the SME business segment is the backbone of Thailand’s economy, Krungsri had continuously focused on supporting SME entrepreneurs in growing their businesses. This year, Krungsri aims to expand its SME customer base and grow the SME loan portfolio, with a loan-growth target of 6.8% to 164.04 billion baht, up from 153.56 billion baht recorded in 2016.</p> <p style="text-align: right;"><i>(Source: The Nation, 29 March 2017)</i></p>

## SOARING WITH THE AEROSPACE SEGMENT

About 10 years ago, Lim Ngak Ee, the founder of Nagoya Plastic Industry Sdn Bhd, invested RM100,000 to train its workers to produce high precision components for aircraft. At that time, the company was a manufacturer of precision components for the electronics, automotive and medical device industries. Nagoya now makes precision plastic components for seats in helicopters and for the media systems of aircraft, supplying to US-based and European MNCs in the country.



The aerospace sector currently generates about 5% of Nagoya's revenue but Lim hopes to increase the segment's contribution to 20% in two to three years. There are about 10 local SMEs as well as players from China that are competing with Nagoya in the aerospace business. "One of our challenges is how to keep the cost of imported raw materials such as engineering resin from US, Japan and Germany low. We need to cap the import cost below 45% of the selling price for the margin to be reasonable. Thus, we need to constantly improve the manufacturing processes and invest in new equipment," he notes.

Additionally, the workers need to be trained to keep wastage at a minimal level and to complete projects on time. Shortage of skilled workers is another challenge for the company. "In our industry, it is difficult to be fully automated. There are precision parts that can only be produced with manual labour. "We can only automate 50%-60% of the production process," Lim says.

The main contributor to Nagoya's revenue is the automotive sector, making up about 40% of turnover. The company makes components for the rear lights and the cover used in the entertainment system of automobiles. About 90% of its business comes from supporting the MNCs in the country. Nagoya expects revenue of RM40 million for 2017, compared to RM30 million in 2016.

*(Source: The Star, 27 March 2017)*

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