

SME WEEKLY NEWS

(2 January 2017 – 6 January 2017)

Countries	Highlights
<p>MALAYSIA</p> <p>New foreign worker levy rule weighs on manufacturers</p>	<p>Rubber gloves and manufacturing players are expecting a hit to their earnings following a ruling that they are now fully accountable for their foreign workers' levy. CIMB Research said in a report it was expecting a net negative impact of between 1% and 3% for glove companies, due to the high dependency on foreign labor within the glove industry. The research house said Top Glove Corp Bhd had the biggest foreign workforce among its peers at about 7,000 workers. "Hence, Top Glove's earnings will be the most negatively affected, assuming that no changes are made to the new ruling. Meanwhile, the SME Association of Malaysia National President, Datuk Michael Kang Hua Keong, said the association opposed the decision because employers would face more risk of losing legal foreign workers." As this will incur additional cost to businesses to employ the legal foreign workers, more illegal ones will start to come in. "Thus, the aim to manage foreign workers better through the move taken will not achieve its objective," said Kang. He said the industry players wanted the prime minister to look into the matter urgently and maintain the previous system, where levies were paid by the foreign workers from deduction of their wages.</p> <p style="text-align: right;"><i>(Source: The Star , 4 January 2016)</i></p>
<p>MALAYSIA</p> <p>The SME sector is able to go far</p>	<p>SME Corp. Malaysia optimistic rate of contribution of SMEs this year continues to grow between 1% and 2%, thus helping to achieve a contribution of more than RM800 billion or 40% to GDP by 2020. The Agency also sees the local SME sector could grow by between 37.3% and 37.5% in 2016, which showed the sector was sustain despite the current economic challenges. Chief executive officer YBhg. Datuk (Dr.) Hafsah Hashim said, there are a variety of economic issues during 2016 including Brexit, the contraction of the ringgit and concerns of industry players about the appointment of the President of the United States, but it does not give an adverse effect on the development of local SMEs. The Government together with SME Corp. constantly monitors the growth of local SMEs to ensure economic effect will not hinder SME contribution to GDP from year to year. "One thing we do is to ensure that SMEs can enjoy a good business environment, including the Government announced on corporate tax breaks to those who can drive business growth in a challenging situation." At the same time, we also continue to ensure the originating company can survive, compete and thrive despite the challenges in the current business environment," she said. This year SME Corp Malaysia continued to focus on promoting SMEs and start-ups a year to ensure that the overall domestic business sector can continue to grow.</p> <p style="text-align: right;"><i>(Source: Harian Metro , 4 January 2017)</i></p>
<p>THAILAND</p> <p>Facing the online retail world</p>	<p>Chinese e-commerce giant Alibaba Group recently announced that it would bring more Chinese products to sell in Thailand through the Lazada website, in which Alibaba has taken a controlling stake. Alibaba Group invested US\$1 billion (35.8 billion baht) for control of Lazada Group Southeast Asia, bringing the Chinese e-commerce giant to Southeast Asia and closer to its goal of shedding its home market reliance. Pawoot</p>

	<p>Pongvitayapanu, president of the Thai e-Commerce Association and also founder of Tarad.com, says the local e-commerce market will continue grow between 25% to 30% in 2017, driven mainly by the proliferation of social commerce, greater choices and innovative services from multiple logistics and fulfillment players. Thailand is estimated to have 10 million to 15 million online shoppers and around 1 million individual sellers and online SME merchants. But Mr Pawoot is concerned about how local SMEs will compete with Chinese products, which are cheaper than locally-made ones. Despite this massive opportunity, SMEs are still relying on manual and cumbersome processes to operate their e-commerce businesses. Once orders are received and packaged, merchants have to go visit their local post offices to ship them. Phensiri Sathianvongnusr, chief operating officer of aCommerce Thailand, says a huge driver of e-commerce growth in Thailand are entrepreneurial SMEs who are selling products on social media platforms as well as in marketplaces like Lazada.</p> <p style="text-align: right;"><i>(Source: The Bangkok Post, 5 January 2017)</i></p>
<p style="text-align: center;">SINGAPORE</p> <p>SMEs call for more government help ahead of Budget 2017</p>	<p>The cost of doing business remains a top concern among bosses of SMEs here. But in a twist, a recent survey by the Singapore Business Federation (SBF) showed that many firms here feel challenged by the high amount of compliance and regulatory costs, more so than manpower costs a traditional bugbear for SMEs. The SBF's committee on SMEs is urging the Government to study, review and streamline compliance and regulatory related costs for firms. The SME Committee also urged the Government to hold back any planned increases in foreign worker levies across all sectors for 36 months, and repeated its call for Government landlords to take the lead in adopting a fair tenancy framework to give renters some relief, among other things. These suggestions were part of 21 recommendations the SBF's SME Committee is making to the Government ahead of Budget 2017. It also noted that to stay competitive in an era of growth that is centred on innovation and technology, Singapore needs to focus on creating new clusters of globally competitive companies.</p> <p style="text-align: right;"><i>(Source: The Straits Times, 5 January 2017)</i></p>
<p style="text-align: center;">PHILIPPINES</p> <p>Bank of China seeks 500 Filipino MSMEs</p>	<p>Bank of China is searching for 500 Filipino MSMEs that could be granted financing, technology and marketing assistance under its \$3 billion program to develop and promote Philippine enterprises. Francis Chua, chairman emeritus of the Philippine Chamber of Commerce and Industry (PCCI), said the Chinese bank will hold an MSME forum on 21 March 2017. The SME Forum is organized in cooperation with PCCI, International Chamber of Commerce of the Philippines (ICCP), Department of Trade and Industry and Silkroad International Philippines. The MSME Forum targets to gather 1,000 enterprises, 800 of which are Filipinos and 200 Chinese firms for business matching. From this pool of MSME participants will be chosen 500 Filipino enterprises eligible for financing and the local affiliate of China International Silkroad. The requirement is for the enterprise to submit a short company profile, which should include a request of the enterprise for technology, marketing and capital so it can expand and grow the operation. The \$3 billion China Bank financing is part of the \$24 billion commitment of China to the Philippines during the state visit of President Duterte to Beijing.</p> <p style="text-align: right;"><i>(Source: Manila Bulletin , 1 January 2017)</i></p>

LIVING OUT THEIR DREAMS



Three sisters took a chance with a small capital in an economic crisis and have managed to grow their brand beyond Malaysia. Few would think of starting a business in 2008, the year the sub-prime crisis erupted, especially so when only RM3,000 is available as your initial capital outlay. But Kuala Lumpur-based fashion house Mimpikita founder and managing director Nurul Zulkifli saw an opportunity during the economic crisis. The 34 year old went on to start a modest-wear fashion house with her sisters, Amirah and Syahira, which has since become a leading brand name in the industry. Mimpikita started out selling ready-made batik and kaftan offerings. The company then introduced its own designs for batik and bridal wear, and two years later, it opened its own flagship store in Bangsar.

Today, Mimpikita produces an average of 20,000 pieces of garment a year, which has a market value of around RM500,000 to RM1 million. Nurul says the company aims to increase its production by 10%-25% over the coming years. "The styles produced include ready-to-wear apparel, custom-made bridal wear and made-to-measure outfits for formal attire," she adds. The sisters have done well for themselves. Not only are they selling their products locally, Mimpikita has also gone beyond our shores.

At the moment, the local market makes up about 80% of Mimpikita's business. Mimpikita's products are also stocked in a multi-label curated shop called Studio One Twenty in Islington, London, and in Singapore's multi-label fashion house, Enpointe. In Malaysia, Mimpikita is available in its flagship store in Bangsar, as well as in Isetan and via its online website. "All the Mimpikita styles are designed exclusively in our studio in Bangsar and are outsourced to local manufacturers to produce the final product," Nurul says.

Materials for their products are sourced locally and from countries in the South-East Asia region. On the designs of Mimpikita, Nurul says the apparels are designed according to selected colours, visuals and images, themed around fantasies and escapism. "We want to create lasting designs that can be treasured for a long time and not just as a fad. "We like creating things with memory and we love the idea that women out there will wear our styles again and again," she says. Meanwhile, Amirah notes that the local fashion industry has become increasingly competitive. "The way we dress and our personal preference for styles influence much of what we design. We get valuable feedback which helps to make our designs unique. "As a woman, you can't help projecting yourself into your designs. "And being a woman designing for other women, it is important to communicate with them and to understand what they're feeling, to know how to create something beautiful that they would wear," says Amirah.

(Source: The Star, 2 January 2017)

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